

# Acer Corporate Environmental Report 2007



## Acer Corporate Environmental Report 2007

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## Introduction

In the late twentieth century, rapid development of information technology and products such as the PC, satellite and Internet became a driving force of globalization. The impact of globalization is reflected on weakening world governments in terms of decision-making and influence, and on the increasing power of multinationals. Although businesses represent the lifeblood of a nation's economy, they place excessive demand on the natural environment in pursuit of growth and stress the earth's ecosystems. As a result, earth-protection groups are calling on transnational groups to take up environmental, moral and social responsibilities.

"Sustainable Development" is widely considered the challenge facing corporations in the 21st century. One of the prerequisites to achieving sustainable development is by sincerely carrying out corporate social responsibility (CSR). In the past, a company's responsibility was about maximizing profits for shareholders and fulfilling CSR through the tax paying mechanism; that was all about social responsibility. Nowadays the definition of CSR has shifted from acting egoistic to altruistic. For

example, the World Business Council for Sustainable Development (WBCSD) defines CSR as "a business' commitment to contributing to sustainable economic development, working with employees, their families, the local community, and society at large to improve the quality of life."

In short, CSR covers three aspects, namely economic, environmental and social. The European Union's definition of CSR is: A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is for the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Company production, employment and investment should be committed to the improvement of employment quality and employment relation including respect for basic rights, equal opportunity, non-discrimination, maintaining high quality goods and services, ensuring human health and a good environment.

The traditional way to remind companies of their responsibilities is by moral appeal. Nowadays companies who do not actively

engage in CSR risk competitiveness and survival. To encourage effective CSR practice among enterprises, many regulations and standards have formed such as the Global Eight, which include the United Nations Global Compact, International Labor Organization Convention (ILO), the OECD Guidelines on Multinational Enterprises, ISO 14000, AA 1000 (AccountAbility), GRI (Global Reporting Initiative), the Global Sullivan Principles and SA 8000 (Social Accountability). Financial institutions are paying more attention to corporate sustainable development and therefore a number of indexes measuring sustainable performance are developed such as the FTSE4Good Index, Dow Jones Sustainability Index, PRI (Principles for Responsible Investment) and The Equator Principles. Emergence of these guidelines or indexes indicates that CSR is a growing weight in business operations.

CSR relates to a broad range of company activities. Acer has set up specific goals and is determined to attain them in a gradual and orderly manner.

Global warming, the key international environmental issue in recent years, has become one of the global focuses of sustainability. The greenhouse effect produced due to

excessive emission of greenhouse gases brings about abnormal climates around the world, indicating that the earth and our ecological environment are facing a great challenge. After negotiation for seven years, the Kyoto Protocol, an agreement on the global warming issue entered into in Kyoto, Japan, in December 1997, became effective on February 16, 2005. More than 160 countries have signed the protocol. It requests the governments of 39 industrial countries and regions around the world to reduce the emission of six greenhouse gases, including carbon dioxide and methane, by 5.2% before 2012 based on 1990 emissions. Many multi-national enterprises have taken action to promote a variety of emission reduction programs according to the protocol. Though we are neither engaged in manufacturing nor a major energy consumer, we fully understand the importance of reducing greenhouse gas emissions and preventing the deterioration of global warming. So, with the eco-design concept, we develop IT products with high energy-saving performance and encourage our suppliers worldwide to take energy saving and carbon reduction action to minimize the emission of greenhouse gases within the supply chain and life cycle of the product.

The OECD Guidelines on Multinational Enterprises state that enterprises should ensure timely and accurate disclosure of their activities, structure, financial situation and performance. Enterprises are also encouraged to apply high quality standards for non-financial information including environmental, social and shareholder reporting where they exist. Acer shares the same ideas and practices beginning with the transparency of financial disclosure. Under proper guidance and administration, uniformed accounting standards throughout its global operations and order transparency of the supply chain lay a solid foundation of mutual trust between Acer and its suppliers, which not only upgrades the level of technology but enhances the overall corporate competitiveness.

Regarding the disclosure of non-financial information, Acer established environmental communication channels in 2005, which include an email ([eco@acer.com.tw](mailto:eco@acer.com.tw)), environmental homepage, and corporate environmental reports. These channels enable the company to disclose information on its environmental management and performance such as efforts to comply with international environmental regulations, management of green supply chain,

products that meet eco-design requirements, and green office practices. Furthermore, Acer actively communicates with international environmentalist organizations such as Greenpeace and Silicon Valley Toxic Coalition (SVTC) to better sensitize itself with related issues as well as expectations of other sectors.

As an ethical and responsible enterprise, Acer believes in building a people-friendly environment that cultivates innovative thinking, and in creating a sustainable company while providing positive contributions to society. We regard the interests of our customers, employees and shareholders with foremost importance. With company growth and profitability achieved, Acer holds to the spirit of giving back to the society that sustains it and is committed to implementing CSR for sustainable operations.



## About this Report

The 2007 Acer Corporate Environmental Report is published following the first issue in August 2005 to summarily introduce the efforts and contributions of the Acer Inc. in the aspects of management, environment, and society during the period of the second half of 2005 and 2006. It discloses the implementation and results of the Acer in fulfillment of its corporate social liabilities.

As a sequential follow-up of the 2005 Report, the 2007 Report focuses on the activities in the Taiwan area and unveils the information of the Acer from August 01, 2005 to December 31, 2006. The Report focuses on activities in the Taiwan area, but contains data on employment relationships and social care of other areas around the world. The 2007 Report provides the following information:

1. The ideas of the President and CEO of the Acer Inc. on corporate social liability and sustainable management;
2. Overview of 2006 operational status of Acer;
3. ISO management system: operation of the 2006 Acer quality and environmental management systems;

- objectives of 2007 environmental protection;
4. Product environmental management: performance of implementation in 2006, such as development of energy-saving products, control of hazardous chemicals, etc.;
5. Green supply chain: Acer's practice in supporting suppliers for systematic management of their environmental affairs;
6. Customer relationship: Acer's quality management and customer service;
7. Employee relationship: Acer's practices in employee care, training and education, occupational health and safety, and environment protection of offices; and
8. Social care: Acer's contribution to society in 2006.

The 2007 Report is written with reference to the 2006 GRI Guideline G3 and conforms to the principles of legibility and practicability as specified in the Guideline. In addition to the information needed by stakeholders, the 2007 Report discloses the shortcomings and inadequacies observed during the preparation of the report and provides a reference for Acer to fulfill its corporate social liabilities.

The 2007 Report is deemed as one of the important communications between Acer and the shareholders, partners, employees, organizations of the public and private sectors, and the public. We hope that you can understand more about our ideas on environmental protection and sustainable development, the efforts that we make and the results that we achieve in these aspects.

### 2007 Acer Corporate Environmental Report

1. This report can be download at <http://www.acer.com/about/sustainability.htm>
2. If you have any questions about this report, please email [eco@acer.com.tw](mailto:eco@acer.com.tw)
3. This report adopts the GRI Guidelines (G3)





**Declaration from the  
Management  
—Chairman & CEO**

The Acer Group transformed itself at the end of 2000 and since then the management team with rich experience in international strategies has dedicated itself in the marketing of IT products. Since then we have strengthened our corporate competitiveness by adopting a unique **Channel Business Model**, which allows firm control of brand name, marketing, technology and products, global logistics, and service capacity. The model also permits better understanding of consumer demand and profit sharing among partners. As a result, Acer ranks the world's fourth largest PC brand in 2006, and is working aggressively to secure third place in 2007.

As the scope of business activities expands, Acer realizes its greater responsibility to society as an international corporation. Therefore, in addition to striving for business growth, we are devoted to achieving corporate sustainable development. Acer and its partner suppliers jointly pursue advanced technology and balanced operation to meet growing demand without sacrificing future generations and their needs.

Acer celebrated its 30<sup>th</sup> anniversary in 2006. As the leading hi-tech company in Taiwan, we led and witnessed the development and transformation of the IT industry in Taiwan over the past decades. When determining to rank Acer as one of the top three brand names in the world, we know that a sound economic environment is required to achieve the goal of sustainable management and development. The idea of our sustainable management is realized based on the strength of the enterprise that ensures steady profitability and continual growth and a positive attitude to fulfill the corporate social liabilities of Acer in the aspects of economy, environment, and society. In short, the vision of the Acer aims at sustainable management and development of the enterprise via a triple-win strategy of economic growth, environmental protection, and social welfare.

Corporate social liability involves a variety of issues. For example, global warming, the key international environmental issue in recent years, has become one of the global focuses of sustainability. Abnormal climates and ecological disasters that are brought about by excessive emission of greenhouse gases emerge gradually around the world and no countries or people can keep

themselves away from the threat to survival brought about by the greenhouse effect or exempt themselves from the responsibility to reduce carbon dioxide emissions and relieve the spread of global warming. Though we are not engaged in manufacture of products, as a brand company, we fully understand the importance of reducing the emission of greenhouse gases and preventing the deterioration of global warming problem. So, with the management and requirements of global suppliers, we develop IT products with high energy-saving performance to minimize the emission of greenhouse gases during the life cycle of products.

We serve our customers with innovative and forward-looking technology based on the philosophy of "Innovation and Care" in order to ensure steady growth of the enterprise, improvement of profitability, and interests of employees and shareholders. We will expand social care to environmental protection, human rights, supplier management, community interaction, public welfare, and all issues about the environment and sustainability that are widely discussed internationally. In doing so, we hope to establish a comprehensive and effective operation mechanism step by step

and launch different activities and projects to achieve the goal of sustainable management and development of the enterprise.



J.T. Wang

## President

Sustainable development is the mission for many enterprises worldwide, including Acer. With sustainable management as the goal of the enterprise, we are committed to fulfillment of the company's social liability and identify it with sustainable growth. We integrate the idea of corporate social liability in the culture of the company and, thus, enable the employees to think spontaneously from the viewpoint of social liability. Fulfillment of corporate social liability in every aspect is the mission that we will carry out in different ways, such as providing customers with environmentally friendly, innovative, and competitive products/services, providing employees with a healthy and comfortable work environment, maintaining human rights, observing international environmental protection standards, and contributing to society for public welfare. This demonstrates the determination of Acer to fulfill its corporate social liability and march toward the goal of sustainable management and development.

Our policy to be a socially responsible corporation is built around these principles: stable business operations, financial transparency, and care for the environment – while seeking winning partnerships for the company and its stakeholders. In addition to looking

after customers, employees and shareholders, ensuring the rights and welfare of the general public is our foremost concern. Environmental protection is one of our major tasks while developing our business steadily.

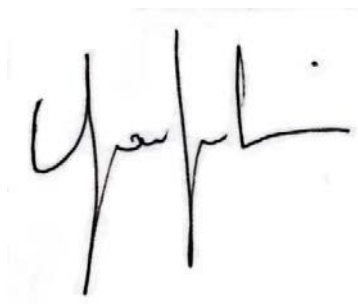
We persist in the ISO PDCA spirit and continually implemented all affairs related to environmental management in 2006. The sustainable development mechanism is launched accordingly. We are committed to fulfilling responsibilities to our customers, employees, shareholders, partners as well as society and the environment in a more organizational, systematic, and macro manner while continually contributing to society to realize the vision of sustainable management. The activities of environmental management that we promoted in 2006 include the following:

- Environmental management system: ISO14001 operation
- International environmental rules:
  - The Acer Environmental Protection Team observes EU RoHS and WEEE directives.
  - We observe UNFCCC, dedicate ourselves to the development of energy-saving products, and work according to the EuP directive.
- Management of products chemical substances:
  - Establish Acer's precautionary principles of chemical substances.

- Establish and announce Acer's Guidance of Restricted Substances in Products.
- Cooperate with ITRI in carrying out the HSF program to assess specific hazardous chemical substances and search for substitutes and alternative technologies. We are dedicated to restriction prohibition of the identified hazardous chemical substances within the given time limit.
  - ◆ Currently, we commit ourselves to eliminating PVC, BFRs, and Phthalates from all Acer products by 2009.
- Assessment and implementation of recycling program: We are implementing recycling programs in different forms according to laws and regulations of countries around the world. Other similar programs are described below:
  - Acer India Ltd. launched its self-recycling program in January 2006.
  - Detailed discussion was made with waste IT product treatment plants in Taiwan.
  - The EPA Plug-in to eCycling program has been assessed appropriately.
- The green supply chain is managed and reviewed continually.

- Environmental communication:
  - The “environmental” page of the Acer website is changed to the “sustainable” page and will be updated quarterly.
  - Positive communication will be made continually with stakeholders.
  - The Acer Corporate Environmental Report will be updated continually.

In 2007, we will continually take actions toward the goal of sustainable management, participate in more activities for public welfare, and carry out environmental management positively. While pursuing profit growth, we are committed to fulfilling responsibilities to our customers, employees, shareholders, and partners, as well as to society and the environment in a more organizational, systematic, and macro manner while continually contributing to society to realize the vision of sustainable management. We will embrace the mission of fulfilling social liabilities and lead the employees to the milestones of the next thirty years with the expectations of the public.



Gianfranco Lanci

## Business Operation

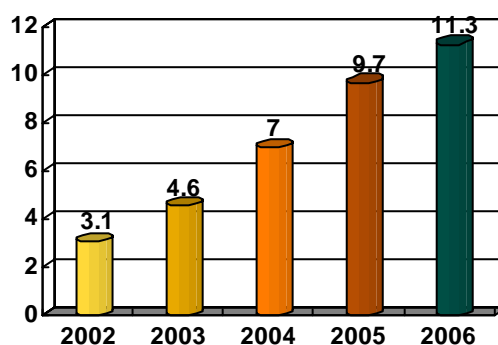
Established in 1976, Acer has undertaken a transformation into brand operation from 2000. Under the leadership of the Chairman and CEO, Mr. J.T. Wang, and President, Mr. Gianfranco Lanci, the employees of Acer are making efforts to challenge the leading PC brand names in the world with a unique channel business model. The service offices of Acer are deployed in five areas including Greater China, Asia and Pacific area, Europe, Middle East and African area, and Pan-American area to provide satisfactory service for customers around the world. Acer employs 5,300 employees worldwide, and is headquartered in Taiwan.

Acer's major IT products include mobile and desktop PCs, servers and storage, LCD monitors and high-definition TVs, projectors, and handheld/navigational devices. Acer's unique channel business model is instrumental in the excellent performance and steady growth of the company. Acer ranked as the

fourth PC brand name in the world in 2006 with a market share of 5.9% and a combined revenue of US \$11.3 billion.

### ◆ 2002~2006 Consolidated Revenues

Unit : US\$ billion



The brand name of Acer is widely recognized. It won the gold medal in the Reader's Digest "Trusted Brand" competition for eight consecutive years and is praised as the best computer brand name in Asia.

According to survey, Acer is recognized by Asian consumers as the most preferred and top-performing brand name in the PC category. Many awards were given to Acer's products in 2006 as well.

Products	Type	Country	Unit/Media	Award
Desktop	Aspire E series	Germany	Design Zentrum Nordrhein	Red Dot Award
Notebooks	TravelMate 8200	Germany	International Forum	iF Design Award
		U.S.A	Laptop Magazine	Editors' Choice
	Ferrari 1000	Japan	Japan Industrial Design Promotion Organization	Good Design Award
	Ferrari 5000	Japan		
Monitors	AL2423W	Malaysia	PC.com	PC.COM Choice Award
			HardWare Magazine	Silver Award
	AL2032WA	Malaysia	PC PRO	Recommended
	5 series	Germany	International Forum	iF Design Award
Digital Cameras	CU-6530	Taiwan	Taiwan Design Center	Good Design Product
		Germany	Design Zentrum Nordrhein Westfalen	Red Dot Award
Servers & Storages	Altos G530	Australia	PC User	Best products of 2006

## Business Strategy and Management

Since the transformation into brand operation in 2000, the management has adopted a “Three Ones & Three Multiples” strategy and the unique “Channel Business Model” to promote the brand in the global market. As a result, Acer has become the fourth largest PC brand in the world in 2006.

The “Three Ones” means “one company, one brand, and one global team”. The widespread product business groups and overseas branches are deemed as a team and a global strategy committee is established as the top management body of the team. The committee is comprised of the CEO of each product business group, the general

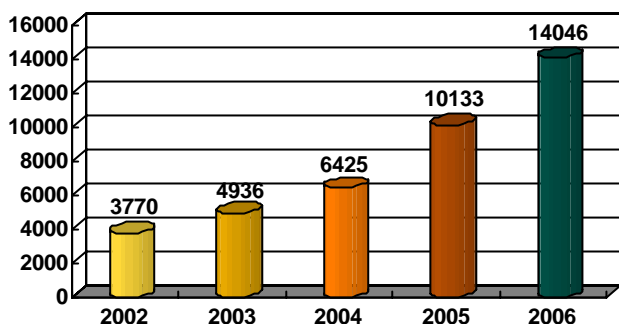
manager of each region, and the top management of the headquarters. “Three Multiples” means a business model of “multiple suppliers, multiple product lines and multiple channels” to integrate the resources of suppliers and channels, reduce costs, and improve competitiveness of the enterprise.

Unlike the traditional inventory and distribution approaches, the unique “Channel Business Model” focuses on delivering products to distributors directly from the suppliers. This model can reduce the on-stock cost and flexibly meet the requirements of the market. It is this model that helped us open up the European market, and we are applying this innovative model to other key regions to carry out our global management strategy.

● **Business Performance**

In 2006 Acer was the No. 4 ranking PC brand worldwide, with revenues of US\$11.3 billion. As for the notebook market, we ranked first in Europe and third internationally. The global sales volume of PCs in 2006 was double the sales volume in 2004.

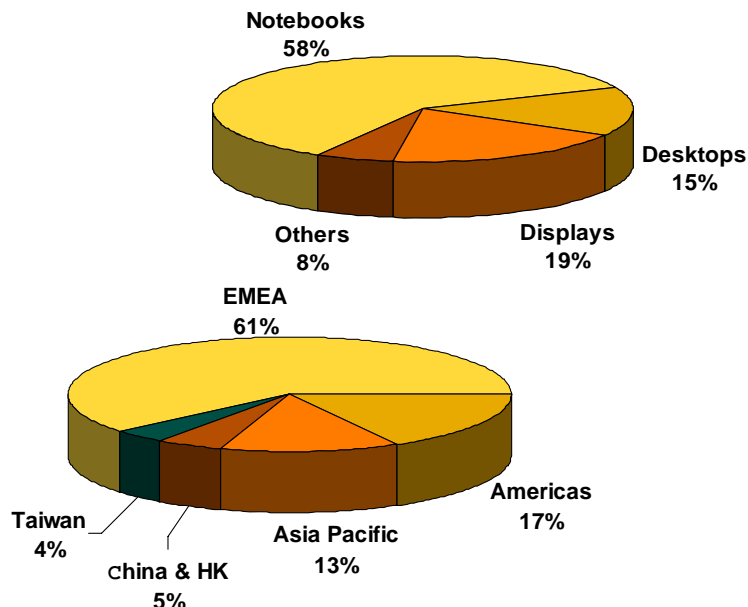
◆ **2002~2006 PC Shipment**  
 Unit : Thousands  
 Source : Gartner Dataquest



In addition to the outstanding performance in Europe, Acer is well-known in other countries:

- ◆ Acer has the No. 1 market share in Malaysia, Taiwan, Thailand, Italy, Czech and Russia.
- ◆ Acer has the No. 2 market share in Vietnam, Indonesia, Austria, Denmark, France, Spain, Poland, and eastern Europe.

◆ **2006 IT Revenue Breakdown by Products and geography (Total Revenue US\$9.88 billion)**



● **Business Culture**

“We use “fresh thinking” to pursue “innovation” and “contribute.” 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 thinking 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.

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 positive contributions to humanity and the planet.

**“Humanistic Values” Managerial Philosophy – Team Spirit**

- Autonomy/empowerment
- trust
- A academic tuition assistance
- Joint venture, stockholder sharing
- Fairness and equity
- Individual initiative and motivation
- Allowing staff to solve challenging issues
- Utmost integrity in pursue success

**“Respect Customers” Managerial Philosophy**

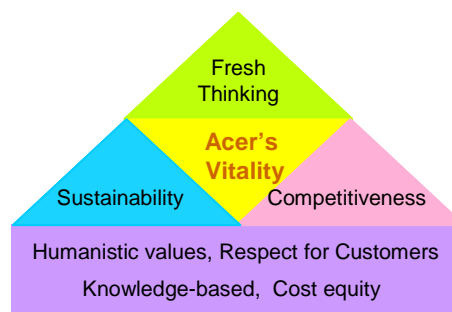
- Efficiency and quality to ensure customer satisfaction
- Efficient resource utilization, minimizing profit margins and maximizing sales
- Creating time efficiency and cost advantages
- Making positive contributions to society
- Designing added-value hi-tech products

**Knowledge-Based Managerial Philosophy – Open sharing knowledge**

- Encouraging leadership at all levels
- Challenging advanced technology
- Sustaining spirit to begin new ventures
- Facing difficulties, breakthrough bottlenecks, and creating value
- Promoting and developing 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





## ISO Management System

We use ISO standards as a tool for improvement of internal procedures. Acer quality and environmental management systems are established according to ISO 9001 and ISO 14001 respectively.

The ISO 9001 quality management system is a basis for us to ensure and improve the quality of our products and services. ISO 9001 provides a criterion for overall management of the activities that may affect the quality performance and ensure that the products and service of Acer are satisfactory to customers.

- **Acer's Quality Policy – Deliver zero-defect, competitive products and services on time**

Acer's quality policy places an emphasis on delivering zero-defect, competitive products and services to customers on time. The motto "proud to serve, proud of Acer" shows our commitment to providing professional services. We encourage innovative thinking in our endless pursuit to satisfy customer needs and provide the most cutting-edge technologies. We perform strict quality control to ensure safe

products and win the trust of our customers. Finally, we have developed an end-to-end customer service system to give customers a peace of mind.



We assess all possible impacts on the environment according to ISO 14001, covering all aspects related to design, manufacture, supplier management, market, and after service. We have established an environmental management system that conforms to the characteristics of the enterprise. In this system, the prevention of contamination and appropriate management are tools for the organization to implement spontaneous and continual improvement of the environment for the goal of sustainable management.

● **Acer's Environmental Policy**

*As one of the major suppliers of computers and computer peripherals in the world, Acer understands the impact that our products, services and operations may have on the environment. We are committed to:*

- ◆ *Reducing harmful effects on the environment by saving energy, recycling waste, and reducing pollution by using low-polluting technologies, environmentally-friendly materials. We require our suppliers to adhere to environmental regulations.*
- ◆ *Abiding to environmental regulatory requirements that are applicable to our industry.*
- ◆ *Enhancing pollution prevention initiatives continuously.*



● **Acer Global Eco Organization**

The Acer Eco Committee was formed in 2004, consisting of management from its worldwide regional offices. The IT Product Business Group in Taiwan along with senior executives in regional headquarters have formed taskforces responsible for coordinating and implementing Acer's environmental policy. All employees are expected to comply with applicable environmental laws as well as Acer's own environmental policy and programs.



**ISO Operation and Management**

Acer views the ISO system as a platform for managing corporate quality control and environmental affairs. An ISO implementation committee was established to

conduct specific planning, management, implementation and review. The committee keeps track of the overall ISO process, identifies quality aspects and significant environmental aspects; and determines goals, objectives and programs to facilitate continual improvement.

● **ISO Steering Committee**

To implement the quality and environmental management systems effectively and ensure continual improvement, the Acer ISO Steering Committee convened the sixth meeting in 2006 to discuss major issues as listed in Table S-1 The Committee also provided courses regarding development trends in international environmental protection, the corporate social responsibility of multi-national electronics and information enterprises, and benchmarking, such as Table S-2.

**Table S- 1 ISO Meetings**

Meeting	Agenda	Participants
1 <sup>st</sup> Meeting (04/26)	a. Schedule planning b. Definition of quality objectives c. Progress reporting d. Scoring of environmental aspects	Management representative secretary
2 <sup>nd</sup> Meeting (06/01)	Scoring and discussion of environmental aspects	Management representative secretary
3 <sup>rd</sup> Meeting (07/05)	a. Update and discussion of procedures b. Determination and discussion of major environmental aspects. c. Definition of 2006 environmental objects	Management representative secretary
4 <sup>th</sup> Meeting (08/23)	Internal audit initial meeting (schedule description)	Management representative internal auditors, secretary, personnel being audited
5 <sup>th</sup> Meeting (09/13)	Internal audit final meeting	Management representative internal auditors, head of the audited unit secretary, personnel being audited
6 <sup>th</sup> Meeting (09/27)	Management review meeting	CEO, management representative, division heads, secretary

**Table S- 2 Training and Education of Environmental Management**

Training Course	Instructors	Participants
Trends of international environmental protection (08/08)	External experts	Taiwan HQ members
Corporate social liability of multi-national electronics and information enterprises; benchmarking (08/08)	External experts	Taiwan HQ members

## Environmental Communication

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.

- **Acer Eco E-mail**

The public, employees, shareholders, suppliers, environmental protection organizations, and other stakeholders can give their questions, comments and suggestions to Acer via this electronic window:

[eco@acer.com.tw](mailto:eco@acer.com.tw)

- **Acer Sustainability Website**

The Acer environmental webpage was launched in January 2005. It will disclose more non-financial information to stakeholders so that they can understand the concepts of the Acer on sustainable management. The “environmental” webpage was then renamed “sustainability” in March 2006 and will be updated quarterly.

- Acer Sustainability Website (English version)

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

- Acer Sustainability Website (Chinese version)

[http://global.acer.com/t\\_chinese/about/sustainability.htm](http://global.acer.com/t_chinese/about/sustainability.htm)

- **Acer Corporate Environmental Report**

The 2007 Acer Corporate Environmental Report is published with reference to GRI G3 following the 2005 edition. It discloses Acer’s initiatives on sustainable development. The data of related performance are also listed in the Report so that stakeholders can understand the efforts made in the aspects of enterprise development, environmental protection, and social care.

- **Exchange with Environmental Organizations**

We take a positive attitude to the communication with domestic and international environmental protection organizations, including Greenpeace and SVTC, and discuss with them about recycling of waste products and restriction of hazardous 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 Domestic and International 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. Cooperating with professional organizations is the best way to ensure conformity with the international trends. Domestic and international organizations with which we cooperated from the second half of 2005 to the end of 2006 include:

- 2005 Industrial Technology Research Institute (ITRI)  
- Accumulation of EuP experience
- 2006 Taiwan Printed Circuit Association (TPAC)  
- Application of BFRs to PCBs and alternative technologies
- 2006 Institute of Environment and Resources (IER)  
- Environmental Information and Communication Management
- 2006 Industrial Technology Research Institute (ITRI)  
- HSF Planning (Hazardous Substances Free Planning)
- 2006 Plastics Industry Development Center (PIDC)  
- Information of newly developed plastic materials
- 2006 United States EPA  
- Flame Retardants in Printed Circuit Boards Partnership

## 2007 Environmental Management Objectives

We have set up five dimensions to realize environmental protection and management: environmental management system, green product development, product recycling and treatment service, green supply chain management, and environmental communication. Different sub-objectives are defined and implemented based on these five dimensions every year. The 2007 environmental management objectives of Acer are defined as below.

- **Implementation of the Environmental Management System**

The ISO environmental management system is a platform for us to handle internal environmental management affairs. So, we will persist in the ISO PDCA spirit and continually maintain operation of the system, including holding regular meetings of the ISO Promotion Committee, training and education for members of the ISO Promotion Committee, implementation of internal and external audits.

- **Development of Eco Products**

We will focus on implementation of the HSF (Hazardous Substance Free) program in 2007 as the core of eco

product development activities. The Acer HSF program was launched in 2006 and we are committed to eliminating PVC, BFRs, and Phthalates from all Acer products by 2009. In addition, we will cooperate with suppliers to find alternative technologies and materials, and march forward to the pre-set goals in 2007.

We will cooperate with ITRI in carrying out the EuP directive and launch the ECO Profile construction program for Acer products in 2007.

- **Product Recycling and Treatment Service**

In addition to taking measures as specified in the EU WEEE directive, we will assess the feasibility of the spontaneous recycling program in the USA, India, and Taiwan in 2007. The EPA Plug-in to eCycling program, a spontaneous recycling program initialized by the Environmental Protection Agency of the USA, will be carried out in the USA as a trial to understand the effectiveness and results of the implementation.

- **Green Supply Chain Management**

We will integrate the requirements of the eco products and management system in 2007 to make the management of the green supply chain more complete.

- (1) Eco products: Review the products again and integrate currently applicable international environment-related regulations and incorporate them in the latest requirements of eco products.
- (2) Management system: In addition to the current quality and environmental management systems, suppliers will be requested to comply with the requirements of OHSAS18000 and SA8000.
- (3) Environmental information: Suppliers will be requested to provide relevant information to ensure conformance to the EuP directive and the requirements for reduction of greenhouse gases.

- **Environmental Communication**

We will continue to provide training courses with respect to the trend of international environmental protection and other major topics in 2007 to maintain uninterrupted outwards environmental communication. The measures for this purpose include the following:

- (1) Collect information about the trend of international environmental protection;
- (2) Keep good relationships with environmental protection organizations such as Greenpeace and SVTC; and
- (3) Disclose related information on Acer's "sustainability" webpage.

## Product Environmental Management

Acer is fully aware of the potential impact our products may have on the environment. Hence, our product design takes into consideration the ways to reduce environmental loading from the outset of production, in addition to user needs, functionality and added value.

We design products on the basis of the life cycle and the trend of international environmental protection. In response to global warming, we dedicate ourselves to the development of energy saving products with low CO<sub>2</sub> emissions to protect the Earth. We also conduct the control of hazardous chemicals and plan to assess restriction / prohibition of hazardous substances to avoid damage to the environment brought about by these substances. For easy recycling of discarded products, we are dedicated to the design of easily dismantled products and implement recycling according to relevant laws and regulations of countries worldwide.

We carry out reduction of product environmental impact in the following ways: “resources & energy saving design”, “restricted substances management”, “easy disassembly

design”, “packaging design”, “product recycling”, “product environmental information” and “green supplier management.”

## Resource & Energy Saving Design

Acer has always been dedicated to designing products with energy saving features. In 1992 Acer introduced the AcerPAC personal computer equipped with multimedia functions and automatic energy saving in the shutdown mode. In 1993 AcerPAC was awarded the Energy Star label by the U.S. EPA .

With deterioration of the global warming problem, we are devoted more to the R&D of energy and resources saving products according to the Framework Convention on Climate Change. The power management software – Acer ePower Management, for example, allows optimized power management for different work situations to maximize battery efficiency. In 2006, all Acer PCs, notebooks, and monitors are certified with the Energy Star mark.

- **Revision of the Energy Star**

To meet the international requirements for increase of energy consumption efficiency, the US Energy Star program has been

reviewed and updated to be a stricter standard for certification of products. The new version will be effective on July 20, 2007.

The old Energy Star standard only defines the power consumption of desktop PCs and notebooks in the hibernation mode. In addition to stricter requirements for power consumption in the hibernation mode, the new version additionally defines the requirements for power consumption in the standby and idle modes.

To cope with the new Energy Star standard, Acer has started to gather relevant information and has cooperated with suppliers to improve motherboards, increase conversion efficiency of power supplies, and enhance the power management of products in the third quarter of 2006. Currently, about 80% of Acer's notebooks comply with the requirements of the new Energy Star standard.

### Veriton 2800



1. The first **lead-free** Acer commercial computer.
2. **Space saving design:** 30% smaller than its predecessor.
3. **Resource saving design:** uses 40% less than its predecessor in raw material and weights reduced by 1.6kg.
4. **Energy saving design:** the energy efficiency ratio (EER) in the standby mode increases from 76.9% to 81.54%; EER jumps to 80.99% from 76.2% in operation.
5. **Low noise:** the noise measured is 29.5dB (40dB in EU Eco label)

● **Experience in EU EuP Directive**

On 7 June 2005, EU officials announced the Energy-using Products (EuP) Directive, which established a framework for the setting of Eco-Design Requirements for Energy-Using Products. The EuP Directive came into force on 11 August 2005.

Staying abreast of world trends, Acer coordinated with the Industrial Development Bureau (IDB), Ministry of Economic Affairs and Industrial Technology Research Institute (ITRI) to conduct a case study of Eco-Design compliant products in July 2005. The primary purpose of this study was to develop standard operating procedures of Eco-Design Requirements for Acer and review the current environmental assessment system so that Acer can improve the Eco-Design of products.



### Acer Morar: Experience in EU EuP Directive



#### Product Recycling Rate Estimation

1. Major material:  
Plastic 33.12%, Metal 17.62%, Mixed 18.35%
2. Estimated recycling rate according to EU WEEE Directive:  
Reuse + Recycling Rate: **70.2%**  
Recovery Rate: **96.2%**

#### Environmental Efficiency

1. **Low noise design:**
    - (1) Standby: < 35dB(A)
    - (2) Access to hard drive: < 40dB(A)
  2. **HSF design:**
    - (1) The mercury content of the monitor is less than 5mg (complying with RoHS Directive)
    - (2) BFR and PVC will be replaced gradually each year.
  3. **Energy saving design:**
    - (1) The transition time of the energy saving mode is less than 15 min.
    - (2) Energy consumption is less than 2W.
    - (3) The maximum energy consumption of the power cable is less than 0.75W.
  4. **The environmental load in the operation mode is reduced by 5.78%**
  5. **The environmental load in the standby mode is reduced by 55.78%**
- ※ 4 and 5 is calculated based on the EU Eco-Label Standard.



### uSFF PC



#### 1. Resources saving design:

3 liters, 1/10 of the conventional PC size with a weight less than 3kg and an area smaller than a sheet of A4 paper; the thickness is 6cm. *257.5 tons of materials used for motherboards are reduced per 1 million PCs.*

#### 2. Energy saving design:

When compared with traditional desktops, the decrease energy consumption by 48%, or 303Kwh per year.

#### 3. Easy disassembly design:

only two bolts need to be unscrewed for basic replacement and maintenance of the machine for convenient maintenance and recycling.

#### 4. Silent design:

Equipped with a special cooling fan to reduce the noise to 26dB in ordinary operation (30~35dB for conventional PCs)

#### 5. Environmental friendly packaging:

Up to 49.35% of packaging materials can be saved when compared with traditional desktops. *721 tons of waste packaging materials are saved from producing per 1 million PCs. This figure is equivalent to 14,420 trees, 8 m tall 16cm wide.*

#### 6. Transportation efficiency:

Less packing materials are used due to smaller volume, significantly reduced energy consumption, and increased transportation efficiency by 2.6 times.

## Restricted Substances Management

In reaction to progressively stricter international environmental protection restrictions on the use of chemical products and in an attempt to enhance controls in the use of various chemicals in the manufacturing of products, especially those deemed as hazardous, Acer is offering systematic management controls to ensure each supplier is able to meet requirements.

Acer is strongly committed to the protection of human health and the conservation of the environment. Hence, Acer upholds a cautious attitude regarding the use of chemical substances in its products. As to uphold the spirit of the precautionary principle, we abide by all regulatory standards concerning particular chemical substances.

### Acer Precautionary Principle

We adopt the principle of early prevention, assessing all potential hazards and chemical substances that may impact the environment.

1. Acer strictly forbids continued use of substances that have been confirmed by authorized appraisal agencies to cause irreversible damage to the ecosystem or human health.
2. If current scientific technology is unable to confirm certain substances to cause irreversible effects, Acer proactively assesses whether it should continue using such substances.
3. If there is a suitable and safe substitute substance available, Acer will opt to use the substitute. Before such a suitable and safe material is available, Acer will actively strive to research and develop suitable and safe substitutes.
4. In the case of a dispute, Acer takes responsibility by proactively gathering and providing related proof .

The hazardous substance management system of Acer is improved gradually to become a comprehensive mechanism that reflects the status quo of the global situation and meets international requirements. We establish an initial list of restricted harmful chemicals at the first stage according to international environmental protection regulations (such as RoHS). Communicating with stakeholders is conducted at the second stage. We also launch the HSF Plan at this stage to search for alternatives and technologies for three hazardous substances, in addition to defining the restricted / prohibited substances as specified in laws and regulations.

In the third phase, the “Guidance of Restricted Substances in Product” is established to overall control the hazardous substances which are more likely to damage the environment and conduct evaluations of such substances to search for alternative replacements. The purpose of the third phase is to summarize the previous two phases for a better enhancement of the hazardous substance control system.

- **Response to the European Union RoHS Directive**

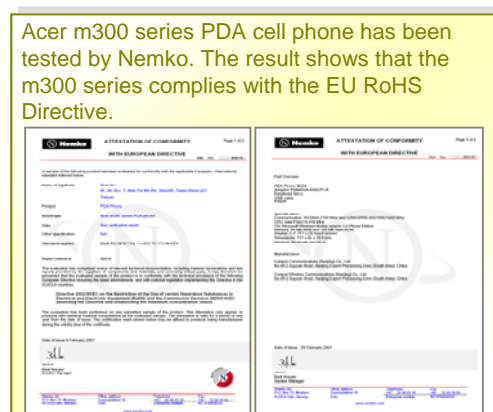
Since the European Union’s (EU) promulgation of the RoHS Directive, Acer has established a Global Environmental Safety Team to focus on related concerns. The primary tasks of this organization are to stay abreast of related regulations and information in each EU nation, and to establish an Environmental Safety Team at Acer’s Taiwan headquarters. This team is responsible for providing guidance, inventorying raw materials used in manufacture, switching to alternative materials, and verifying their effectiveness for each product line and each supplier of principal components.

To ensure all Acer products meet the requirements of the EU RoHS Directive, the Green BOM is implemented to inspect for the six

restricted substances (Pb, Cd, Hg, Cr<sup>6+</sup>, PBBs and PBDEs) in the incoming materials from suppliers to control the conversion of the material in use. Additionally, to make sure of the capability of providing equivalent quality for suppliers, the Qualified Product Assurance (QPA) system is implemented to the major component suppliers.

After the Green BOM and QPA inspections, Acer applies the Compliance Assurance System (CAS) to suppliers with product testing, sampling and onsite audits.

After the comprehensive execution of these management systems, all Acer products comply with the EU RoHS Directive on July 01, 2006. We furthermore cooperate with a third party to conduct RoHS testing on products and the results also show that all Acer products are in compliance with the EU RoHS Directive.



- **Hazardous Substance Free Plan (HSF Plan)**

Acer is aware that impact on the environment occurs at two stages - products manufacturing and waste treatment - during business operations. To solve this problem, we explain the impact in a broader manner based on the concept of Individual Producer Responsibility to reduce hazardous substances by selecting raw material carefully at the design stage.

Regarding the use of hazardous chemical materials, we follow environmental protection laws and international regulations, value the comments of environmental protection organizations, and accept their suggestions in a humble manner to initialize the HSF Plan (Hazardous Substance Free Plan).

The HSF Plan was established in 2006 on the basis of "Acer Precautionary Principle", and currently PVC, BFRs and Phthalates are to be replaced with alternatives for hazardous substance free design. The key factors for alternatives is that they must not detrimentally influence new product quality, safety, and reliability, and they must not endanger human health or pose worse environmental impacts. Acer pledges to prohibit PVC, BFRs and phthalates from use in all new Acer products by 2009.

To achieve the target to prohibit PVC, BFRs and phthalates from use in all new Acer products by 2009, we cooperate and coordinate efforts with a network of suppliers and major component manufacturers to systematically implement our HSF Plan. We are now establishing baseline data for PVC, BFRs and phthalates by maintaining updated inventories for the usage status of PVC, BFRs and phthalates in all our products. This measure will help our products become more environmentally friendly.

We have also sought technological assistance from professional environmental organizations to integrate the qualities of environmental protection and product manufacturing technology. In this way we hope to achieve our goal for all our products to be safe and free of hazardous substances in the shortest time possible. Acer has cooperated with communities since 2005. We joined the Taiwan Printed Circuit Board Association and Printed Circuit Board Standard Research Committee in coordination with all levels of the industry to collectively promote the inclusion of Taiwan's PCB sector in international standard agreements and relevant international conferences. In addition, Acer has become an active participant in the Flame Retardants

in Printed Circuit Boards Partnership plan, organized by the Environmental Protection Agency (EPA) USA, to stay abreast of current developments and standards in PCB environmental design.

Acer creates a long-term cooperative relationship with the Industrial Technology Research Institute of Taiwan (ITRI) to promote the HSF Plan with the support of its cross-industrial technology and rich experience in professional environmental protection technology and development of plastic materials.

Acer gave three presentations at the initial stage of the HSF Plan in the second quarter of 2006 to disclose the objectives to suppliers, explain the procedure of inspection in details, and declare the schedule for prohibition of PVC, BFRs, and Phthalates.

The first and the most essential stage of the HSF Plan is the inspection procedure. Since it involves the provision of raw material from upstream suppliers and it is difficult for many suppliers to acquire the information of the upstream and downstream suppliers during the inspection, Acer started to visit the upstream suppliers of major raw materials in the third quarter of 2006.

To better understand the use of chemicals and new technology with respect to raw materials, we conducted 4 visits to plastic raw material suppliers and 5 visits to motherboard raw material suppliers. The implementation result of the HSF Plan till the end of 2006 includes:

- ✘ Hold 3 supplier meetings.
- ✘ Summarization and verification of the supplier inspection results.
- ✘ Visit three plastic raw material suppliers (4visits)
- ✘ Visit five motherboard raw material suppliers(5visits)
- ✘ Understand and gather information about the use of raw materials, and the current status of upstream suppliers in R&D and technology of alternative substances.

### ● Guidance of Restricted Substances in Products

The “Guidance of Restricted Substances in Product” is established in 2006 to manage the use and evaluation of hazardous substances, and the suppliers are strictly requested to comply with requirements of the guidance.

Acer compiled a new “Guidance of Restricted Substances in Products” at the end of 2006. The guidance divides chemical substances into three categories: banned substances, current restricted substances and future restricted substances. Future restricted substances are further

divided into two more categories: those having an established schedule for restricted use and those currently under evaluation for restricted use. Materials under evaluation for future restricted use are handled based on prevention principles. They are placed on a future restricted material list for review from which a schedule is then drawn up for phasing out their use. The execution of the schedule is according to the HSF plan.

The list of future restricted substances for use is reviewed according to the trend of hazardous chemical substances control and the information from relevant environmental protection communities. Applying the sorting policy to choose from the possible restricted substances and furthermore base on the evaluation points to set the “Currently under evaluation for restricted use.”

**The screening principles and the evaluation points of Acer’s restricted substances in future**

※**The screening principles**

1. Substances shown to adversely affect the environment, user health or safety.
2. Substances possibly requiring hazardous waste management measures.
3. Substances for which the process of handling its discarded products has a severely negative affect on the environment.
4. Substances confirmed to have been used in an information technology product.

※**The evaluation points**

1. Technical feasibility.
2. The affect the restricted use or banned substance has on product quality and safety.
3. Any negative affect substitute technology would have on the environment.

Alternatives are tested commonly by Acer and suppliers to ensure that they do not affect the quality, safety, and reliability of products, bring no harm to human health, are not harmful to the environment. After such testing, future prohibited substances under evaluation are scheduled to be restricted or banned from use and to be a “Having an established scheduled for restricted use.”

### Acer's Restricted Hazardous Substances List

#### ※Banned Substances

HCH, PCBs, PCTs, Asbestos, SCCP, PCNs, TBT, TPT, Azo compounds, PCDDs, PCDFs, PCP, NP/NPEs, PAHs, alkylphenols, Ozone Depleting Substances based on Montreal Protocol

#### ※Restricted Substances

Pb, Cd, Hg, Cr<sup>6+</sup>, Ni, PBBs, PBDEs

#### ※Restricted Substances in Future

\* Having an established schedule for restricted use (By 2009)

BFRs, PVC, Phthalates

\* Currently under evaluation for restricted use

Antimony, Arsenic, Beryllium, Bismuth, Selenium

## Easy Disassemble Design

Acer promotes easy recycling and treatment of discarded products. Acer product design principles emphasize modularization, and components that are easy to dismantle and recycle. Acer also emphasizes labeling that provides clear information about the use and recycling of plastics, and requires its suppliers to comply with these design requirements.

Acer led the way in screwless PC designs back in 1991 and to this day we continue to research and improve screwless assembly methods.

Advantages of the screwless design are:

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

### Acer's dismantle /recycle design principles

- Whenever possible, only one type of plastic is used per component.
- Make every effort to avoid bonding and soldering different materials.
- Make every effort to avoid using surface adhesive technologies on plastic components.
- Affix recycling labels that are easy to read and durable on all products.
- Affix material labels on all plastic parts and components weighing 25g or more according to ISO 11469 or ISO 1043 requirements to facilitate separation.
- Put recycling label on all batteries.

## Packaging Design

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 the packaging of four notebook models, and worked towards reducing the use of materials and establishing labeling standards for packaging material.

### Acer's Packaging Principles

- Minimize packaging
- Use recyclable and reusable packaging materials, such as paper and PE
- Avoid excessive use of polystyrene as packaging material
- Limit use of packaging materials containing hazardous substances
- Include material labels such as plastics or paper to facilitate separation and recycling

An evaluation on reducing the filling material for packaging projectors was conducted in 2006. Originally, EPE was used as the filling material for packaging projectors because of its smaller volume and better effect than Styrofoam. However, with the advancement in the development of filling materials and the requirements of Acer's environmental protection policy, air bags have become the replacement for EPE after evaluation.

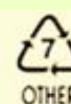
### Air Bag:

**Air bags are composed of tow layers made of LLDPE and NYLON with the features of anti-stretch and balancing.**

Air bags consist of 95% air and 5% plastic membrane, and are totally flat before filling with air. They can greatly reduce storage space and decrease the cost of stocking and transportation. In addition, air bags can closely cover the products to make the overall package even smaller and cut down on the size of cartons allowing more loads in transportation. Air bags are environmental friendly due to recyclable compositions and the characteristic of producing less waste because they can provide the same protection with less usage. Under such evaluation, Acer decided to use air bags as the new filling material for new model projectors in 2007.



After unpacking the product, the air in the air bag will release and the volume will be significantly reduced. In addition, air bags are made of recyclable materials.





## Product Recycling

Technological advancements continually propel the evolution of new IT products that bring convenience to people's lives in their workplace, entertainment, and leisure. From another perspective, the rapid replacement of products is resulting in the generation of large amounts of waste electronics and electrical products. The present problem of treating waste electronic and electrical products has already become among the most pressing international environmental protection issues. It is also a major environmental protection concern at Acer.

In the past, most waste electronic and electrical products were not treated; instead, they were usually burned or buried, causing serious environmental damage. Acer believes its responsibility extends beyond the design, manufacture, and sale of products, to include the recycling of discarded products. Confronting this issue, Acer supports the concept of Individual Producer Responsibility and believes that this will place "easily recyclable design considerations" as an important feedback mechanism directly reflected in product design. In this phase of product design, Acer

continues to work toward detachable product designs.

Until each manufacturer's responsibility systems are fully established, Acer reaches out to assume the manufacturers' product recycling responsibilities. Acer is working to comply with the EU's WEEE Directive and each nation's laws requiring participation in recycling systems, as well as planning for recycling of waste products.

- **Taiwan**

Recycling of waste IT products in Taiwan is handled through a publicly managed and operated system. Operators receive fees from the Resource Recycling Management Fund based on annual operation volumes and recycling clearance and disposal rates. The Recycling Fund Management Board under the Environmental Protection Administration, Executive Yuan, is in charge of determining recyclables, issuing treatment subsidies, auditing and verifying treatment volumes, and managing recyclers' treatment and administrative operations. Taiwan offers a wide spectrum of waste IT product recycling channels, able to utilize clean-up teams, second-hand goods operators, resource recycling organizations, and recycling locations established at IT product

retail sales sites. Taiwan has eleven registered waste IT product treatment enterprises. These diverse channels have made it possible to obtain over 90% of required resources from recycled waste IT products.

Acer coordinates efforts with Taiwan's recycling system by not only making annual payments to the Resource Recycling Management Fund, but also participating in public hearings on recycling, clearance and treatment fee rates to better understand Resource Recycling Management Fund operations and provide suggestions on recycling, clearance and treatment fee rate adjustments.

Based on our extended producer responsibility, Acer has visited several principal waste IT product recycling factories in Taiwan in 2006 to understand the recycling and treatment process, and follow-up recycling material routes as well as current problems. The information collected during these visits will help to adopt relevant environmental protection measures. Plastic casings of waste IT products containing spray paint or gilded finishing create more difficulties with recycling and treatment. Acer has turned this problem over to our design division and will continue to work closely with recyclers and recycling factories in

the future to better coordinate recycling and product design channels.

- **Europe**

The EU's WEEE Directive officially came into effect in August 2005, aimed at minimizing the environmental impact of waste products by reducing amounts of waste electronics and electrical products, and increasing resource recycling and reuse rates.

As Acer products are sold in every nation throughout Europe, we have been able to establish firm foundations in local recycling systems and have worked to comply with the EU's WEEE Directive standards. Taking into consideration each nation's unique conditions, Acer also cooperates with the Hellmann Corporation to carry out product recycling for the entire European region. Consumers with waste IT products are asked to contact certified local recyclers to ensure proper treatment.

**Recycling Channel Contact**  
**Information for European Nations:**  
<http://global.acer.com/about/sustainability34.htm>

● **United States**

The U.S. waste electronic product recycling laws are the responsibility of respective states. Each state pursues a different approach with varying rates of success. The improper handling of waste electronic products results in a waste of resources as well as environmental and health hazards. The U.S. EPA has therefore come out with a Plug-in To eCycling Campaign. The campaign encourages voluntary consumer cooperation by promoting the donation of old information products and providing lists of recycling centers prepared to handle waste electronic products. Upon learning of this campaign, Acer has taken active steps to understand and evaluate its execution and benefits.

In 2003, the U.S. state of California promulgated the Electronic Waste Recycling Act, which set the framework for a waste electronic product recycling system. Acer in California has fully cooperated and complied with related regulations. The California government has made it convenient for the public to recycle waste electronic products by establishing a reuse and recycling search engine. The public can search for recycling channels and attain related contact information based on location.

Moreover, many non-governmental organizations (NGOs) are leading the way in promoting the importance of properly handling waste electronic products. NGOs are also actively promoting the implementation of waste electronic product extended producer responsibility. The U.S. Silicon Valley Toxics Coalition (SVTC) is an example of one NGO that urges consumers to choose products from companies with recycling plans or products that have registered with the EPEAT. The SVTC further supports extended producer responsibility legislation and consumers can also use lists provided by the SVTC to find recyclers in their areas.

The Basel Action Network (BAN) has also initiated the Electronics Recycler's Pledge of True Stewardship campaign in the U.S. The campaign seeks to gain assurances that waste electronic products will not be incinerated, buried or shipped to developing countries. BAN is willing to provide information regarding the process of recycling waste electronic products as well as a detailed list of recycling industry signatories to the e-Stewardship Initiative. Acer thus encourages consumers in the U.S. to channel all their waste electronic products to the recyclers listed by SVTC and BAN.

**SVTC – The List of Responsible Recyclers:**

[http://www.computertakeback.com/the\\_solutions/recyclers\\_map.cfm](http://www.computertakeback.com/the_solutions/recyclers_map.cfm)

**BAN : U.S. Responsible E-cyclers:**

<http://www.ban.org/pledge/Locations.html>

● **India**

According to inspections conducted by environmental groups such as Greenpeace, BAN and the SVTC, the dumping of global waste electronic products is already gradually shifting from China to other developing nations such as India and some countries in South America. The high value of recycling old electronic products means there are many recyclers willing to get into the business. But after the essentials are stripped, the remaining parts of waste electronic products often contain heavy metals that cause severe soil and water source pollution when exposed to the environment. Inappropriate handling of discarded electronic products not only causes environmental damage, but can also endanger the health of workers lacking appropriate equipment or technology. In the wake of the trend for advanced nations to establish regulations on waste information product recycling management systems, Acer feels there is an even greater need for similar regulations to address the

problems of recycling systems in developing countries.

In order to reduce the instances of inappropriate treatment of discarded information products, Acer has made plans for an e-Waste Program to recycle our products in the burgeoning Indian market. The program will take website or e-mail registrations followed by consumers sending their old items back to Acer India for treatment. Recyclable items include desktop computers, notebook computers, screens, projectors and servers with the consumer assuming the costs: shipping fee plus recycling and treatment fee (1000 Rupee, (approximately US\$22.6). Despite the fact that consumers are assuming the costs, the program is Acer's initial step into product recycling. We plan to provide even better recycling services in the future and would like to gradually implement an EPR to help fulfill our corporate responsibilities toward society.

**Acer India e-Waste Program's Website:**

<http://www.acer.co.in/ewaste/default.asp>

- **Japan**

In accordance with Japan's Law for Promotion of Effective Utilization of Resources. Acer in Japan has thus coordinated to comply with related laws.

**Acer Japan Recycling Website:**

<http://www.acer.co.jp/service/recycle.html>

**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 Declaration

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 2006, Acer has listed environmental information for 30 notebooks, 40 desktop PCs, three servers, two LCD monitors and four projectors.

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 end of 2006, Acer has received TCO '99 certification on four CRT monitors and six LCD monitors, and TCO'03 certification on five CRT monitors and 44 LCD monitors.

**Acer's Product Environmental Information:**

<http://global.acer.com/about/sustainability16.htm>

## Green Supply Chain Management

Since transforming into a brand name operation, Acer has adopted the “Three Ones & Three Multiples” management strategy, which means “one company, one brand and one global team,” and “multiple suppliers, multiple product lines and multiple channels”, and outsourced its R&D, manufacturing and distribution to professional suppliers. This strategy can effectively integrate the resources of the suppliers and channels and improve the competitiveness of the enterprise. However, the brand, marketing, technology and product, global logistics, service capability, and investigation of customer requirements are in the hands of Acer. Moreover, we apply the innovative Channel Business Model to other areas outside America and Europe to carry out our global management strategy.

The IT industry is changing rapidly with new technologies that are developed at every moment and Acer takes the management of new technology applications into serious account. For example, nano-technology has become essential for the development of

cutting-edge technology. However, there are potential problems with the safety of nano-technology and they may affect the environment and human health. Acer will keep collecting relevant information and conduct a careful assessment of nano-technology and take the responsibility of supervision in case any supplier plans to apply this technology to production.

Acer and suppliers have established a co-life relationship and can survive in the global market only through common faith and effort. The idea of “one company” is formed as the basis for management of the supply chain. We determine the objective and suppliers propose implementation plans.

The continual growth of the global market weakens the awareness of impact on the environment and society, and the environmental performance of suppliers becomes more important in the aspect of the supply chain. As a result, environmental protection has become a focus in supply chain management in addition to production and operation management. In other words, the environment is incorporated in the existing supply chain management mechanism to establish a green supply chain management system.

- **Environmental Management System**

As a brand management provider, we emphasize quality and environmental management systems and request all suppliers to establish such systems accordingly. Now, all Level 1 suppliers of Acer have passed ISO9001 and ISO14001 certification. To better fulfill the corporate social liability and sustain the overall supply chain management, we will further request all Level 1 suppliers to comply with the requirements of OHSAS 18000 and SA8000 so as to ensure that no violation of the regulations on occupational safety, health and human rights is committed and the ideal of Acer's sustainable management is observed when producing products for Acer.

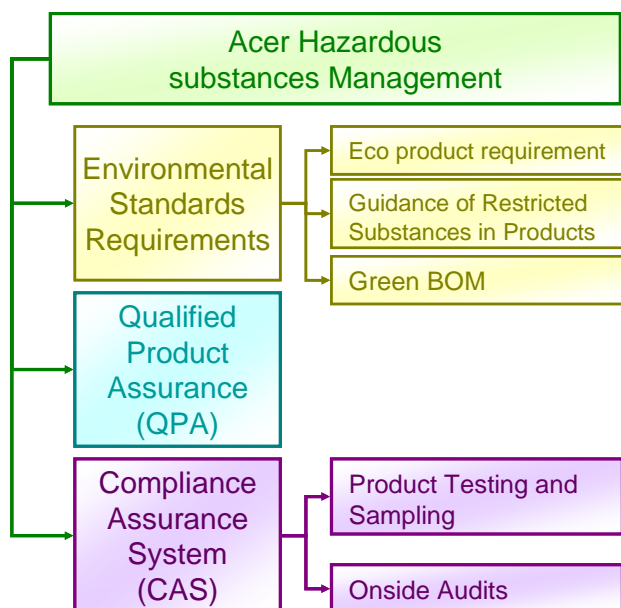
- **Eco Product Requirement**

New hi-tech IT products create a more convenient life for us. However, impact on the environment is produced from exploitation of resources, manufacturing, transportation, use to disposal. Acer focuses on developing environmentally friendly green products by minimizing the load on the environment in the product life cycle.

To guarantee an environmentally friendly design for all products, we define a series of basic requirements for design of products with energy saving, easy recycling, and low toxicity characteristics (i.e. Eco Product Requirements), and request all suppliers to observe these requirements. In addition, all suppliers are requested to observe related laws and Acer's requirements with respect to supply of components, packaging, and batteries. We also request suppliers to establish an appropriate lead-free process, including the specifications of the board material, depending on the type of the motherboard that they produce. Particularly, we have established the Acer Precautionary Principle for restriction of hazardous chemical materials and control them systematically.

- **Management of Hazardous Chemical Substances**

Acer's management of suppliers' use of hazardous chemical substances can essentially be divided into three systems: Environmental Standard Requirements, Qualified Product Assurance (QPA) and Compliance Assurance System (CAS). This dual stage management framework guarantees product quality and ensures the restricted use or elimination of hazardous chemical substances.

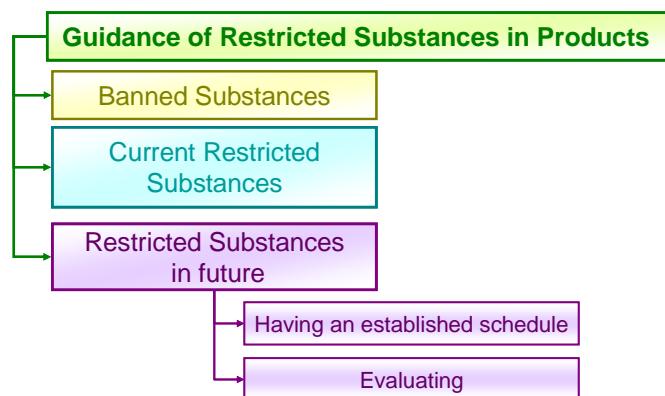


### 1. Environmental Standard

**Requirements:** Acer environmental standard requirements include: Eco-product requirements, Guidance of Restricted Substances in Products and a Green BOM list. Acer provides these three documents to suppliers and requests compliance with related standards.

- ◆ Eco-product requirement : All of Acer's suppliers should meet the requirements put forward by Acer. Additionally, suppliers must provide Acer with related product environmental data, which will be regularly compiled and issued by Acer.
- ◆ Guidance of Restricted Substances in Products: In order to more conscientiously

control the use of chemical substances in the manufacture of company products, Acer compiled a new "Guidance of Restricted Substances in Products" at the end of 2006. The guidance divides chemical substances into three categories: prohibited substances, current restricted substances and future restricted substances. Future restricted substances are further divided into two more categories: those having an established schedule for restricted use and those currently under evaluation for restricted use. The execution of the schedule is according to the HSF plan.



The HSF Plan was established in 2006 on the basis of "Acer Precautionary Principle", and currently PVC, BFRs and Phthalates are to be replaced with alternative substances for hazardous substance free



design. The key factors for alternative substances is that they must not detrimentally influence new product quality, safety, and reliability, and they must not endanger human health or pose worse environmental impacts. Acer pledges to prohibit PVC, BFRs and phthalates from use in all new Acer products by 2009.

To achieve the target to prohibit PVC, BFRs and phthalates from use in all new Acer products by 2009, we cooperate and coordinate efforts with a network of suppliers and major component manufacturers to systematically implement our HSF Plan. We are now establishing baseline data for PVC, BFRs and phthalates by maintaining updated inventories for the usage status of PVC, BFRs and phthalates in all our products. This measure will help our products become more environmentally friendly.

Acer held three presentations on HSF Plan, visited plastic raw material suppliers four times and motherboard raw material suppliers five times in 2006.

◆ Green BOM: All suppliers are expected to conduct product chemical substances use inspections based on this model. The scope of these inspections include article 5.1 of the guidance concerning “prohibited substances” and article 5.2 concerning “currently restricted substances.” The results of the inspections should be recorded on the Green BOM, showing the ratio of hazardous chemical substances contained in each part before submitting the list to Acer. Submitting the Green BOM is a preliminary step to determine whether suppliers are carrying out the stipulations in the “Guidance of Restricted Substances in Products”.

## 2. Qualified Product Assurance (QPA):

We assess the suppliers of major components for their capability of complying with relevant environmental protection regulations, providing environmentally friendly products, and maintaining the quality of supplied components. Currently, the system assembly and major component suppliers are capable of supplying products that conform to applicable environmental protection regulations.

### 3. Compliance Assurance System

**(CAS):** After implementing the product Qualified Product Assurance (QPA) phase, Acer then focuses on the CAS of its suppliers, because we believe that suppliers can effectively minimize risks with a quality management system.

◆ **Product Testing and Sampling:**

Each supplier must submit an appropriate product test report in order to demonstrate compliance with the “Guidance of Restricted Substances in Products.” Additionally, we carry out a sampling test plan on any dubious product in order to ensure Acer products adhere to our pledge to meet environmental protection standards.

◆ **Onsite Audits:** The scope of these audits includes both system and manufacturing. System audits comprise execution conditions and results. Our suppliers’ management systems and inspection of the manufacturing processes continuously ensure that production complies with Acer’s environmental protection standards quantity

and quality requirements.

Acer has a regular inspection plan with suppliers in order to enhance evaluations for the suitability of chemical component use in products. This plan seeks to weed out any chemical components that do not meet standards listed in the Guidance of Restricted Substances in Products or any future environmentally problematic materials. Acer hopes that this plan will help reduce the volume of chemically hazardous substances being used in the future.

Through the green supply chain management system, Acer is able to supervise and manage suppliers to ensure conformance with all environmental regulations, such as EU RoHS directives. Acer's products have met the requirements of RoHS since July 1, 2006 due to our systematic management strategy.

In the fourth quarter of 2006, we cooperated with NEMKO to carry out RoHS tests for our products. The result also shows that all our products meet the requirements of the RoHS directive. We will continue the management of suppliers in a systematic way.

Acer m300 series PDA cell phone has been tested by Nemko. The result shows that the m300 series complies with the EU RoHS Directive.

**Nemko** ATTESTATION OF CONFORMITY Page 1 of 2  
WITH EUROPEAN DIRECTIVE Ref. No. 80476

A sample of the following product has been evaluated for conformity with the applicable European / International standard referred below:

Name of Applicant: **Acer Inc.**  
8F, 8F, Sec. 1, Hsin Tai Wu Rd., Hsiehshih, Taipei Hsion 221  
Taiwan

Product: **PDA Phone**

Model/type: **Acer m300 series PDA phone**

Date: **See verification report**

Other specification: **N/A**

Standards applied: **Draft IEC 62311 Ed. 1 - IEC TD 111/04/CEV**

Report reference: **80476**

The evaluation has comprised review of relevant technical documentation, including material declarations and test reports provided by the suppliers of components and materials, and screening critical parts. It may therefore be presumed that the evaluated sample of this product is in conformity with the technical provisions of the following European Directive including the latest amendments, and with national legislation implementing the Directive in the EUEEA countries:

Directive 2002/95/EC on the Restriction of the Use of certain Hazardous Substances in Electrical and Electronic Equipment (RoHS) and the Commission Decision 2005/618/EC amending the Directive and establishing the maximum concentration values.

The evaluation has been performed on one submitted sample of the product. This Attestation only applies to products with identical material compositions as the evaluated sample. The attestation is valid for a period of one year from the date of issue. The certification mark shown below may be affixed to products being manufactured during the validity time of the certificate.

Date of issue: 09 February 2007

  
Einar Kvisatser  
Section Manager



Nemko AS P.O. Box 73, Blindern N-0314 Oslo, Norway	Office address Gustavshjem 30 Oslo	Telephone +47 22 96 03 30	Fax +47 22 96 06 50
		Enterprise number NO 97442852	

www.nemko.com

**Nemko** ATTESTATION OF CONFORMITY Page 2 of 2  
WITH EUROPEAN DIRECTIVE Ref. No. 80476


Part Overview

PDA Phone M300  
Adapter PSAA05A-050(CP)-R  
Earphone Vico  
USB cable  
Pouch

Specification:  
Communication: WCDMA 2100 MHz and GSM/GPRS 900/1800/1900 MHz  
CPU: Intel PXA270 416 MHz  
OS: Microsoft Windows Mobile version 5.0 (phone Edition)  
Memory: 64 MB RAM and 128 MB flash ROM  
Display: 2.5" TFT LCD touch screen  
Dimensions: 117 x 65 x 15.9 mm  
Wireless: Bluetooth and W-LAN

Manufacturer:  
Compal Communications (Nanjing) Co., Ltd.  
No.68-2 Suyuan Road, Nanjing Export Processing Zone (South Area), China  
Compal Wireless Communications (Nanjing) Co., Ltd.  
No.68-2 Suyuan Road, Nanjing Export Processing Zone (South Area), China

Date of issue: 09 February 2007

  
Einar Kvisatser  
Section Manager

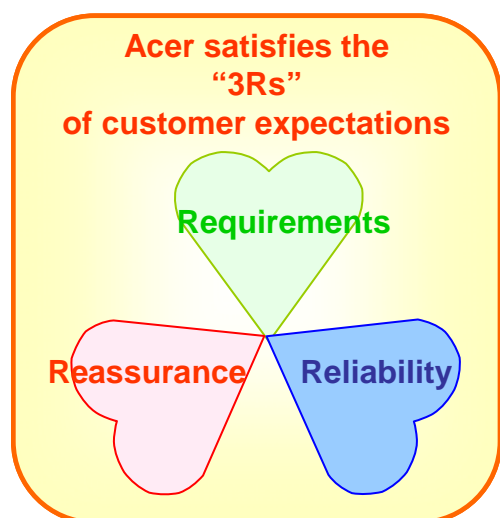
Nemko AS P.O. Box 73, Blindern N-0314 Oslo, Norway	Office address Gustavshjem 30 Oslo	Telephone +47 22 96 03 30	Fax +47 22 96 06 50
		Enterprise number NO 97442852	

www.nemko.com

## Client Relationship

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 meets 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

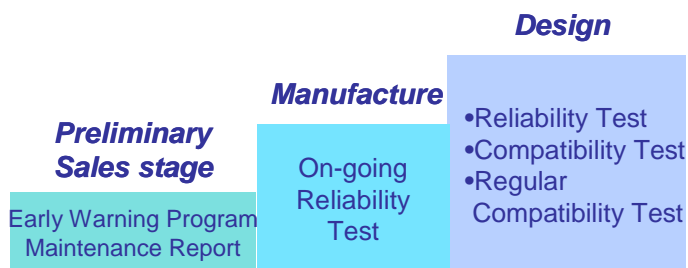
The Acer quality management system is established based on ISO9001 to ensure overall management of the activities that may affect the quality and achievement of customer satisfaction.

***“Deliver zero-defect, competitive products and services on time”*** is Acer’s Quality Policy. 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.

The after service department of Acer prepares product service reports

regularly to provide information on defects, cause of the occurrence, impact brought about by the defects, and solutions. The report will be used as a reference for follow-up design or repair of products.



## Customer Service

Customer satisfaction is one of the most important tasks of Acer. We provide state-of-the-art technology for customers with the latest thinking and total solutions for innovation and contribution. Acer's target customers include large, medium and small enterprises, governmental agencies, and individual consumers. In addition to providing different information products to meet the requirements of each target customer, we construct a computerized information management center to provide all customers with easy-to-use, efficient, flexible, reliable, and end-to-end electronic services.

With "customer focus" as the corporate culture, we establish a complete after service system on the basis of customer orientation and our

professional knowledge. The service offices of Acer are deployed in five areas including China and Hong Kong, Taiwan, the Asia and Pacific area, Europe, the Middle East and Africa area, and the Pan-Americas area to provide satisfactory service for customers worldwide.

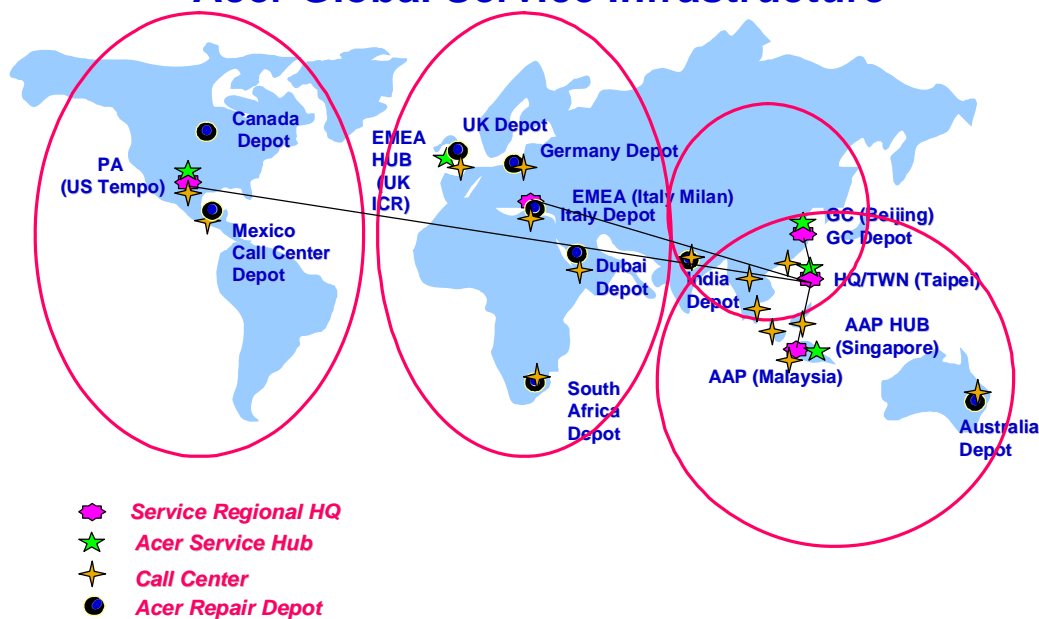
### ● China Area Services

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.

## Acer Global Service Infrastructure



### ● Taiwan Area Services

The "Acer Service Island" of Acer Taiwan provides cross-regional and cross-brand service for customers on the island via one service headquarters, nine direct service centers, eight digital on-site service centers.

Multiple special service projects are available for different types of products and users to meet special requirements of customers in a positive and efficient manner.

#### ◆ 258 Service Commitments

A two-year warranty is provided to components of all Acer notebook series products from

monitor, motherboard to small components like power cable, excluding batteries and complementary peripherals.

The 58-minute quick service project of Acer is unmatched in the industry. It can meet the emergency requirements of customers. When more inspection is required and the service cannot be finished within 58 minutes the direct service center will provide a substitute unit for emergency use.

#### ◆ Home-repair/delivery Service

The Acer home-repair/delivery service is available to all products no matter what their brand names are and no extra

fees will be charged. We are committed to transparent service charges, professional service, standardized operations, and smooth calls to solve the service problems that individual household users may encounter.

In addition to providing a convenient service opportunity for customers, the home-repair/delivery service project can improve environmental performance effectively. By arranging the schedules of engineers in Acer's service center, the energy that customers consume for their journey to and from service centers and their location can be avoided. The professional service engineers may reduce the number of waste products or components thanks to their professional knowledge and, thus, minimize waste of resources.



### ◆ Enterprise Real-time Service

The "Enterprise Real-time Service" program was launched in 2006 for enterprise customers. It is currently at the trial stage with the following five features:

- (1) Portable service: Service engineers are equipped with advanced e-equipment and stand-by 24 hours a day. They provide the best on-site service for customers no matter where they are.
- (2) Real-time service: Customers need only to dial the 0800 hotline. The system will determine the "prior connection and quick dispatch" immediately and the call for service will be completed within 5 minutes. The engineer will personally contact the customer within 20 minutes for confirmation and arrangement of the service time.
- (3) Professional equipment: Service engineers are equipped with a complete set of service tools and can start the diagnosis and repair of digital products in time.
- (4) Transparent service: The service information is posted on the website for enterprises to enquire.

(5) One-stop on-site service:  
 When arriving at the site, the service engineer will diagnose the digital product, test it, and solve the problem. If the product cannot be repaired in one-stop service, a free unit will be provided for emergency use.

◆ **One Charge for Unlimited Services**

The "Enterprise Real-time Service" program was launched in 2006 for enterprise customers and is currently at the trial stage. With rich experience in information maintenance and service, we provide enterprise customers with a combination of "one charge for unlimited services" to ensure the most effective maintenance with the lowest service cost.

◆ **Empowering Technology**

Acer's long-term mission has been to *break the barriers between people and technology*, and therefore strives to develop convenient and reliable IT products and technology for users to master and enjoy.

In 2005 Acer introduced a series of Empowering Technology products, including notebook computers, desktop computers, LCD TVs and projectors. With a press of an Empowering Key the user is able to configure frequently used function settings in three simple steps. Such innovations fully demonstrate Acer's priority on users' convenience over the years of development and innovation. Acer's brand and mission are well illustrated through these handy and reliable products and services.





## Employee Relationship

In 2006, there were 5,300 Acer employees working in over 100 countries worldwide. Acer respects diversity, creating an optimal work environment that allows people to fully actualize their potential and maximize efficiency. Acer employees extend throughout the globe, and the respective labor laws of each country or region are met with full compliance.

## Employee Management and Communication

Acer's managerial philosophy treats its staff not merely as employees, but business partners: it fully empowers and trusts its employees, sharing profits with them in hopes of mutual prosperity. The Acer staff code of conduct is also established based on such trusting management.

Acer understands the importance of communication between the company and employees. Communication forms a channel to convey the company's objectives and practices, and in turn, helps the company understand the needs and thoughts of employees. This process helps establish common ground to

build strong relationships and develop teamwork. Acer has a very open and innovative outlook on "communication" and has designed programs, such as the Gardener's Meeting, multilevel employee discussions, and business counseling services to achieve these objectives.

### Acer employee 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 company's physical and intangible assets
5. Actively maintain the company's good reputation, avoid negative conducts
6. Clearly understand and respect the scope of authority given, and do not autonomously override these parameters
7. Avoid involvement in any behavior or act that could pose a conflict of interest with your personal affairs and the company's interests; if this occurs then these matters should be disclosed accordingly
8. Do not utilize your professional authority to accept bribes or kickbacks
9. Do not utilize the company's computer network system to carry out inappropriate acts
10. Do not engage in illegal or inappropriate activities

- **Gardener's Meeting**

A regular meeting set up by the headquarters, offering colleagues a chance to participate in the company's policy making operations and gather colleagues' opinions on how to improve the company. This provides a level platform for colleagues and the company to communicate and interact with each other. The main goal is to increase employee interaction, discuss employee relations, improve the work environment, heighten productivity, and uplift the company's operational efficiency.

At present the ratio of "Gardeners" to employees is 1:97, which means roughly there is one "Gardener" elected out of 100 employees. In 2006, there are 22 "Gardeners" in total in the Taiwan area.

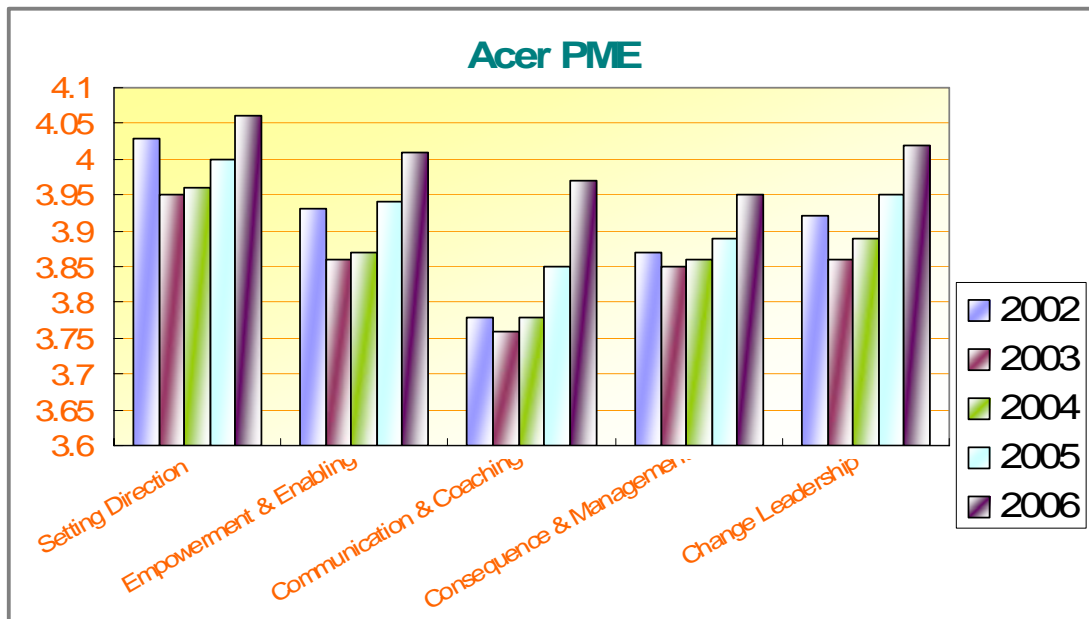
In 2006, there were four gardener gatherings held, bringing forth 11 proposals in total. These proposals were presented in the gatherings by the gardeners after consulting opinions from the employees, and would be informed to relevant units for implementation after discussion and chairman resolution. The implementation status would be documented in written form and then announced on the Acer intranet for reference.

- **People Management Effectiveness ( PME)**

To efficiently improve the talent management capabilities of Acer heads, five capability indexes are set for managerial officers based on the operation and development requirements. These indexes are: "Setting Direction", "Empowerment & Enabling", "Communication & Coaching", "Consequence Management", and "Change Leadership".

From 2002 to 2006, there have been five feedback surveys for employee recognition of their supervisors' talent management. These surveys manage to understand the competence of the level supervisors in terms of their talent management using grading sheets. There is about a 90% in average employee participation rate each year in Taiwan area (employees unqualified for the survey are excluded).

After the survey, accompanying managerial courses (such as "breakthrough talent management") were also held in order to optimize the event influences. Indeed, the surveys have suggested that the overall talent management capability of Acer has been gradually and significantly improved, thanks to our efforts.



- ※ The perfect score of each item is five points.
- ※ Qualification for survey:
  - (1) More than three team members; and
  - (2) All team members have worked for more than three months and are planning to leave the company any time soon.
- ※ The average response rate from 2002 to 2005 is 78.2%.

## Jobsite Safety and Health

To ensure that employees work in a healthy and safe work environment, Acer has implemented various measures for occupational safety and health, including workplace safety management, fire-fighting exercises, and office CO<sub>2</sub> concentration check. These seamless managerial measures contributed to a zero occupational injury occurrence from the second half of 2005 to 2006.

**Acer's definition of occupational injury occurrence :  
Illnesses, injuries, disabilities, or death incurred from buildings, facilities, raw materials, materials, chemicals, gases, vapors, dust and/or operational activities in the work place, and other occupational causes.**

- **Jobsite Environment Safety Management**

At the Acer headquarters in Taiwan, a security guard is stationed at the main entrance checking the credentials of all guests and authorizing permission of entry. During normal office hours employees and guests must provide identification card access for entry into the general office areas. Entrance into laboratories and

information management system facilities requires an additional authorized jurisdiction access card. On official holidays and during the evenings of regular work days, entry into the office area requires an access card and also a PIN. In addition, to further heighten the safety of female employees, entry into women's restrooms requires card access to pass through the security system and inside these restrooms emergency alarms and telephones have been installed to provide a double measure of protection.

- **Fire Safety Drills**

The priority of the office building safety is fire fighting, that's why Acer emphasizes on fire-fighting exercises. Except for the two regular drills each year required by the management commission of the building, General Affairs carries out random drills based on actual conditions and assigns employees for training as required by the Fire Department.



Acer has organized its own firefighting unit set up for the initial line of self-defense in the case of an emergency. The firefighting unit consists of an escape assistance squad, fire-extinguishing squad, reporting squad, first-aid squad, transport squad, and safety and prevention squad. Its primary mission is to conduct initial fire extinguishing efforts and evacuate employees in the case of a fire emergency, thus reducing the impact of disaster.

● **Emergency Training**

Besides the workplace safety measures above, Acer also arranges emergency training courses each year for its employees in case of unexpected emergencies, such as first aid, emergency exercise, and hazard prevention.



● **Others**

To assure the health and safety in the office area, each year Acer arranges various examinations by professional examination agency, such as drinking water quality, office

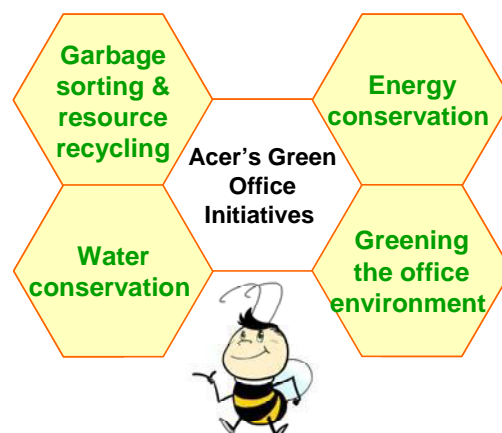
area CO<sub>2</sub> concentration, in order to provide a safer working environment for all employees.

**Examinations in 2006**

Item	Time (s)	Date	Result
Drinking water	4	March June Sep. Dec.	Comply with standard
Legionellosis	1	11.06	Negative
CO <sub>2</sub> concentration	1	04.19	Lower than legal standard (5000ppm)

**Green Office**

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 & 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.

**2004~2006 Acer Taipei’s Resource Recycling Records**

Item Unit	Paper (kg)	Steel & aluminum cans (kg)	PET (kg)	Aluminum lined carton (kg)	Glass bottles (kg)
2004	4,314	107.4	100.7	14	12.4
2005	975	71.5	68	13.3	9.3
2006	1,180	80.9	74.1	15.3	2.4
Item Unit	Ink cartridges (Unit)	Toner cartridges (Unit)	Fluorescent light tubes (kg)	Dry cell batteries (kg)	
2004	242	423	208	30	
2005	17	157	240	50	
2006	14	196	187	15	

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

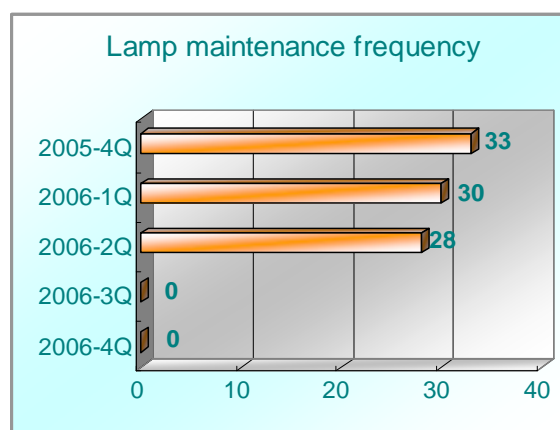
waste management organization.

◆ **Energy Conservation**

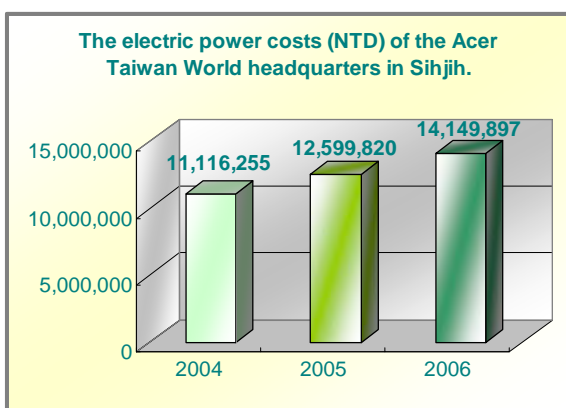
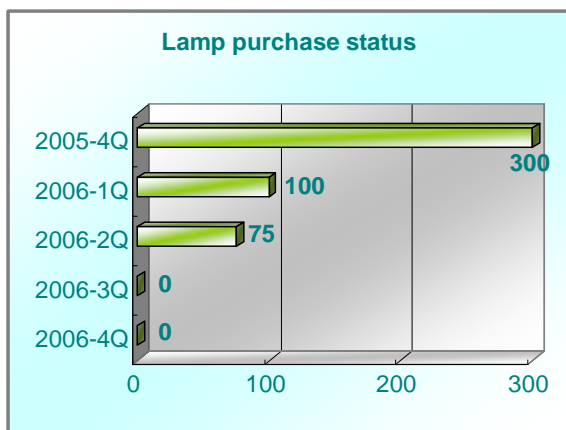
In the office, we strive to promote energy conservation in various ways. For example, in designing our offices each floor is divided into sectors, each of which has its own master power switch. The last colleague to leave the office need only flick one switch to turn off all the lights and air conditioners in one sector.

From 2005, Acer started to replace traditional 20W\*4 fluorescent lamps with anti-glare electronic ballast lamps. This not only improves lighting efficiency and the average illumination of the office area (up to 850(Lux)), but also reduces maintenance frequency. Statistics tell that the times of lamp maintenance and the amount of lamp purchase in 2006 has significantly decreased after the replacement.

**Lamp maintenance frequency**



### Lamp purchase status

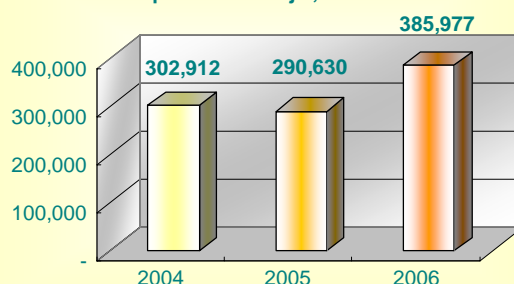


- ※ The Acer building has only one electric meter. The electricity consumption of Acer is calculated by the ratio of the actual occupied area to the whole building.
- ※ Monthly electric costs= Contract capacity charge (1681KW)+Energy consumption+ Capacity overuse.

### ◆ 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.

The water costs (NTD) of Acer Taiwan World headquarters in Sihjih, 2004-2006



- ※The Acer building has only one water meter. The water consumption of Acer is calculated by the ratio of actual occupied area to the whole building.
- ※Monthly water costs=Basic charge+ Water consumption+ Waste disposal charge collected on commission

### ◆ Office Greening

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.



## Employee Care and Benefits

Acer's Human Resources Headquarters has set up an Employee Relations Department, also known as the "Employee Concern Department," assuming the role of communicating the company's concern for its colleagues and forming a bridge for colleagues to express opinions about the company. This department strives to provide colleagues with an optimal balance in their professional and personal lives, advance the spirit of teamwork, and promote a sense of authority that will allow each colleague to feel pride in being a member of the Acer family. Acer has established a Benefits Committee to provide employees a work environment that is healthy, safe, and allows them to achieve an optimal balance in their professional and personal lives.

### ● Employee Benefits

- ◆ **Insurance:** employees are provided with the best care and protection. Employees receive labor-, health-, group-, and family accident insurances.
- ◆ **Leave of absence:** leave of absence includes sick leave, personal reasons, maternity leave, paternity leave, mourning leave, and special leave.
- ◆ **Preferential product activities:** aside from providing special employee discount prices on the purchase of Acer products, the Benefits Committee and the Gift Department cooperate with other companies to offer employees preferential prices on other companies' products. The Gift Department held 20 discount activities in 2006.
- ◆ **Group activities:** employees are encouraged to get together outside of work and organize group activities where they can share interests and build friendships, and better balance their professional and personal lives. There are 10 clubs organized so far, including sports, communion, studying, flower arrangement, and volunteering.
- ◆ **Yearend activities:** each year the Benefits Committee plans yearend activities, such as organizing outings, watching movies, sports competitions, and mountain hiking to supplement employee activities.



- ◆ **Fitness incentives:** special arrangements are made with fitness clubs that provide employees with discounts to encourage greater participation in exercise activities.
- ◆ **Counseling assistance:** this program provides employees with professional, personal, and psychological counseling.
- ◆ **Labor/employees' Pension Fund Management Committee:** complies with the laws and regulations of each country/region to allot sufficient amounts of capital for retirement preparation funds, thus guaranteeing employees' retirement benefits.
- ◆ **Employee health examination:** Chief supervisors are provided with regular health examination in contracted hospitals. For normal employees, Acer arranges in-office health examination, examination result explanation, and personal consultation.

**2006 Acer Health Activities**

Activity 1: Employee Health Examination

Time : September, 2006  
 Location : 15 operation points in Taiwan area  
 Participants: 1,384 people

Activity 2: Health Curriculum

- Traditional Chinese healthy diet for high-tech enterprise employee
- Healthy diet
- Health care and preventive medicine

- ◆ **Benefits:** benefit funds come from withholdings of the company's revenue and employees' salaries. The items include fixed benefits for three holidays and a birthday; marriage-, childbirth-, hospital stay-, and funeral subsidies; self-serve benefit funds; friendship benefits; and service benefits.

**2006 Employee Benefit Usage**  
 (Employees for individual benefits /total employees of Taiwan)

- Wedding subsidy : 3.14%
- Childbirth subsidy : 5.43%
- Hospitalization subsidy : 1.73%
- Funeral subsidy : 2.89%

### Acer Employee Care

- Joy Board: Includes newcomer and senior employee lists, and information about newly wed couples and newborn babies, sharing their pride and happiness.
- For wedding and funeral arrangements of employees, the secretary of each department sends e-mail to all employees and inform them to express their blessing or regards.
- Free borrowing of magazines and books
- Free transportation for employees who work overtime in the night
- Each employee is assigned with a computer

### Employee Activities

#### Taiwan

2006 is the 30<sup>th</sup> anniversary of Acer. For this event, the Welfare Committee of Acer Taiwan designed various activities in each month under the theme of “30 Years of Acer, An Adventure of Dream Chasing” for all employees to celebrate this significant event.

#### “Seek 30” Acer Photography Contest

An event to find the past, record the present, and explore the future of Acer, in which daily life in Acer is presented in a creative and photographic way.

Ten photos were picked by employees and judges for the favorite photos, and three were picked for professional photography out of 33 contest pieces. Representatives of these picks are exhibited in the Sijhih world headquarters.



One of professional photos



One of favorite photos

#### “Run 30” Acer Sports Festival

To improve physical strength and promote team building, the Welfare Committee held various amateur contests

including basketball, baseball, and golf. The total number of the participants was 558.



■ **“Dream 30” Acer Intellectual Curriculum**

The Welfare Committee arranges a series of intellectual curriculums by celebrities of professional fields, in hope that the employees may learn about useful “know-how” for daily life besides the professional field in free time.

**Acer 30 Multiple Dimensional Lectures**

- Mu-Hua, Ruan- Purchase for Happiness, Smart Family Finance Management
- Huai-Chen, Peng-Embrace Your Family by Heart
- Pei-Yu, Chang-Tips for Budget Travel
- Vivian-Lucky Star Sign, Extend Your Relationship
- Kevin –Handsome, Beautiful, Fashionable
- You-Fu, Huang- Diy Fong-Shuei, for Luck and Good Life
- Shih-Ping, Cai- Everything about Him and Her and Mate-Finding

■ **“Love 30” Ocean Party –Acer Family Day**

To Acer, the employee’s family is as important as the employee himself. The Welfare Committee held the “Love for 30 Ocean Party=Acer Family Day” during 2006 summer vacation to invite all employees and their families to have a great time. There were over 4,000 participants on that day, more than any Acer Family Day attendance ever. The wonderful party included various family fun contests and an evening show, marking a fun, energetic, and warm interlude in the 30<sup>th</sup> anniversary.



■ **“Relax 30” & “Harmonize 30”**

Subsequent to the hot summer beach party, in autumn the Welfare Committee organized various tour activities including Paintball/Hot Spring Refreshing Trip, Hwatao Kiln

Classic Tour, and European Castle Romantic Excursion to help spiritual relaxation of the employees in natural landscapes, away from the urban intensity and stress. Employees and their families altogether, there were in total 1,600 participants at these refreshing activities.



■ **“Merry 30” Acer Revelry**  
In the busy industrial society, career success may very likely be achieved at the expense of searching for a significant other. To create romantic encounters for those single employees, the Welfare Committee planned the “Merry 30” Christmas party for the chance of a lifetime.

■ **“Progress 30” Acer Climbing Competition**

In this year, the Acer Climbing Competition reached its 7<sup>th</sup> anniversary. The competition, a tradition of Acer, is a race of physical strength and stamina held in the Acer office building with an increasing number of participants year on year (there were in total 530 competitors in 2006). For the 30th anniversary, the climbing was significant in its implication to anticipate a higher achievement for Acer in the next three decades.



◆ **Acer Singapore**

On Christmas Eve, 2006, an evening banquet was held for commendation for excellent and senior employees.



◆ **Acer India**

Acer India held a three-day leadership training camp for employees.



Other regional divisions such as Mumbai, Nagpur, Pondicherry, Bangalore also have corporate travel or celebration events.

◆ **Acer Thailand**

In November, 2006, a Family Day event was held to relieve the working pressure of the employees. There were in total 190 employees and 152 family members in the Dream World away from the working pressure, having a wonderful time together.



◆ **Acer Philippines**

There are regular summer trips and Christmas parties each year.



◆ **Acer South Africa**

Acer cares and treats its employees like family. The South Africa division staff voluntarily held medical fund-raising activities for those employees' children with congenital diseases.



**Educational Training**

Acer's educational training program is built upon the foundations of the business operational strategies and

business development plans. The goal of this program is to increase work skills, improve employee attitude and behavior, and eventually increase individual and teamwork efficiency. In these ways, educational training can ensure the long-term competitiveness of the company.

Acer's talent developmental activities are multi-dimensional. Besides lectures, workshops, and study groups, the employees also experience task-oriented activities such as task instructions, job rotation, and external errands. Acer also provides high potential/ key talent education opportunities (such as key talent trainings and follow-ups, fast-track program, and other significant international trainings) as well as subsidy and incentive bonus for certification examination to help employees' career development.

To help the employees apply the training to their jobs, the Learning & Development Department has been continuously improving the training process and lecture quality as well as guiding the trainees to apply what they learned to their jobs.

Supervisors are encouraged to give instructions to their corresponding trainees and the trainees are encouraged to share insights and experiences with each other in order that organization performance will be

improved in a nice group-learning atmosphere.

The objective of the education and training is set based on the implementation status of the previous year and the employee requirements. The new education and training plan will be established in the end of the previous year, and the new courses in the first two months will be announced in the annual transition.

At present there are three main systems of education and training: Supervisor talent management capability training, job-oriented professional training, and general education (new employee training included), all of which are assisted with e-learning project to enhance the results.

● **Manager Management Talent Training System**

The management focuses on accuracy, efficiency, simplicity, and concentration, helping managers to improve their abilities, such as strategic thinking, strategic practicing, problem analysis, and problem solving.

● **Job-oriented Professional Training System**

It emphasizes on the functional skills, such as branding, marketing, logistics, and efficient management of the service process.



**Manager Management Talent Training System**



● **General Education**

It emphasizes self-management, innovation, caring, and service based on the core values of Acer (interests, service, professionalism, efficiency, and energy). The main courses encompass customer interaction modes, customer complaint handling, team building, as well as English verbal communication. For example: Most Common Errors, Essential & Advanced email Writing, Meeting Language, Presentation Skills, Proposal Writing ◦

**2004~2006 Employee educational training in Taiwan**

Year	2006	2005	2004
Employee capacity	1,732	2,181	2,606
Internal training hours	9,957	13,818	21,848
External errand hours	4,988	5,245	10,064
Average training hours per person	8.6	8.7	12.2
Average training cost per person (NT)	2,456	2,640	2,864

**Diversity and Equity**

Acer is a microcosm of the global village and we have made our mark in every corner of the world. We are attentive to the national, cultural, religious, ethnic, customs and gender of our diversified staff and strive to create impartial environments that respect differences and accommodate for diverse needs. Acer believes that diversity in the workplace fosters greater diversity of creative stimulus and spurs greater innovation and growth for the company.

In terms of internal system, Acer always bases the bonus and promotion on the personal performance and contribution with a view to create a fair work environment, which includes a universal position level system with the same assessment criteria without any sexual, racial, or regional discriminations.

Each year Acer carries out feedback surveys for employee recognition of their supervisors' talent management for an alternative information source of the high-level supervisors, in hopes of creating a free communication channel.



## Social Care

Acer holds to the spirit of giving back to the society that sustains it and actively participates in philanthropic activities. Acer promises to contribute to the society at large, believing that actions speak louder than words. On behalf of the company and employees, Acer translates the corporate spirit of innovation and care into action to uphold positive values and make contributions to the best of its capacity.

## Acer Foundation

Founded in July 1996, the Acer Foundation was established through donations from personnel of various departments throughout the company. Acer Foundation's mission is threefold: research and develop technology and management; cultivate talents; and reward and promote service.

Acer upholds the concept that “embracing technology allows us to widen our horizons.” Acer Foundation believes the key to working together toward an international alliance of wisdom requires a long period of cultivation, drawing on the strengths of all disciplines to develop scientific

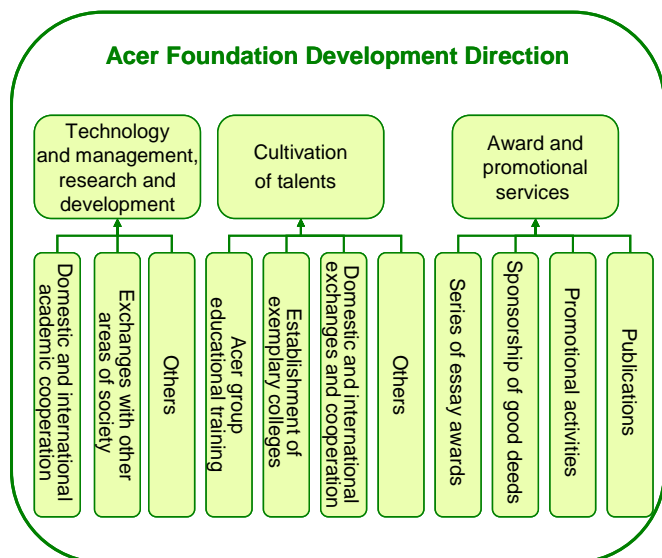
knowledge and train talented professionals. Internally, through public welfare and cultivation of talents, we aspire to help society prosper, raise the standards of academic research and accelerate the establishment of Taiwan as a technology island. Externally, we adopt a cosmopolitan view in hopes of fostering international talents and strengthening international cooperation and exchange to promote global economic prosperity.

- **Research and develop technology and management:** through cooperation and international exchange between industry and academia, we aim to upgrade production, enhance international competitiveness of corporate Taiwan, and promote Taiwan's experience on the international stage.
- **Cultivating talents:** we have established two personnel training centers – Aspire Academy and IC Design Academy. These institutions integrate many years of Acer's accumulated experience in business management and information technology, and introduce first-rate management courses and teachers from the E.U. and U.S. On the one hand, these academies provide long-term training to personnel

required for corporate internationalization in the Asia region. On the other hand, they provide an opportunity to cultivate the talents of E.U. and U.S. region corporate personnel dispatched to the Asia Pacific region.

channel to contribute their spare time and energy to public welfare service. Apart from providing opportunities for interaction and friendship between colleagues from different departments and backgrounds, Acer Volunteers leads to new life experiences and personal growth through volunteer activities that give back to society and manifest corporate responsibility.

Acer Volunteers now has nearly 130 members who volunteer their knowledge. Activities mainly revolve around Acer's core business and involve setting up Internet service, computer repair, software design, and providing assistance to disadvantaged minority groups. Among the numerous activities held by Acer Volunteers since its establishment include donating computer equipment to Taiwan's rural Pingtung county and installing computer classrooms for the local aboriginal children there, setting up free computer maintenance clinics at annual community gatherings, promoting child sponsorship programs, donating resources to related charitable organizations, and holding annual donation drives for charity.



- **Reward and promote service:** we promote public welfare activities by rewarding academic or corporate research in information technology and business management. We realize long-term rewards and promotion of deeds that comply with Acer Foundation objectives are necessary to broaden the effects on society.

**Acer Social Welfare**

◆ **Acer Taiwan**

Acer Volunteers Committee was established in October 2004 for the purpose of giving colleagues a

## Acer Volunteers' Activities

- **05/02/2005 Donation of 10 computers to Maka Village, Pingtung County**

Maka Village is a remote aboriginal settlement. When doing the field survey, Acer volunteers found that the resources for local people were poor and, hence, donated 10 computers and organized computer-learning activities in the hope of narrow the gap between "town and country".

- **07/10/2005 Organization of 2005 Computer Summer Camp for Aboriginal Children in Pingtung County**

Twenty aboriginal children of the 5<sup>th</sup> and 6<sup>th</sup> grades from different elementary schools lived happily together with Acer volunteers at the camping site for two days.

- **08/19/2005 Organization of the Computer Summer Camp for Camphor Tree Elementary School in Sijhih**

During the two-day camp activities, Acer volunteers taught the children how to use computers to access the Internet, make cards, and make homepages for themselves. The children were invited to visit Acer's office building in Sijhih.

- **10/14/2005 Cooperation with Grace Christian Church to organize a charity flea market and collect 52 cartons of clothes and daily commodities**

Grace Christian Church, located at Tianmu, organized a charity flea market to collect funds for under-funded Christian hospitals in Hengchun. Acer volunteers invited the employees of the Acer Group to participate in this great activity.

- **11/15/2005 Organization of a film festival; foster children of WorldVision participated in the activity**

Acer volunteers brought 100 children, including the foster children of WorldVision and children of prisoners, to the festival. In addition to watching a Harry Potter movie at the Neihu Miramar multiplex, the children were invited to take the ferris wheel, a new landmark of Taipei City.

- **02/23/2006 Cooperation with the Rotary Club to organize a blood donation activity**

175 bags of blood were collected during the blood donation, a great achievement during Chinese New Year when blood was needed badly.

- **01/20/2006 Organization of the charity funds collection activity at the end of the year – "Let Love Circulate" to collect funds for the Association of Early Intervention Program, Consumers' Foundation, and United Way International**

The funds collection activity was held before the Chinese New Year so that Acer's employees could share their happiness of the Chinese New Year with the people who needed help.

- **04/17/2006 Donation of six computers to Syin-Lu Foundation**

These computers were used to replace the machines of more than five years use.

- **04/17/2006 Donation of nine computers to the "Thailand-Myanmar Border Information Volunteers" of Chung Yuan Christian University**

Early 2006, Acer volunteers supported the Thailand-Myanmar Border Information Volunteers of the Department of Management Information Systems, Chung Yuan Christian University, with notebooks and projectors for establishment of a digital opportunity center at the Thailand-Myanmar border. These machines were important for local people to open a window on the world. Local young people would be trained with the equipment and encouraged to improve their information capability.



◆ **Acer China**

The Acer colleges and universities in China launched the "Acer Care" program in 2006 to help students who are not able to pay high tuition. This program will last for five years and 1,200 students from 80 colleges and universities are expected to acquire financial support from the program. The total amount of the donation is about RMB3.6 million.

Acer gives financial support to the students and provides them with the opportunity for part-time jobs. In addition, Acer is concerned about their spiritual life and plans to provide supported students with psychological consultation, training in job skills as well as activities of the Earth and living environment, care of people, and other similar activities.

The "Acer Care" program reflects the characteristics of Acer's enterprise culture – Humanism and Human Care. Starting as an initial step, Acer hopes to cooperate with more enterprises that have the same wish to ensure long-term effective implementation of the program.

◆ **Acer Philippines**

Acer Philippines organized many public welfare activities in 2006, such as visiting orphans and patients, and assisting local churches in distribution of food.



◆ **Acer Sri Lanka**

Acer Sri Lanka took the initiative in fosterage of children.



◆ **Acer Middle East**

In 2006, Acer Middle East organized charity activities, blood donation, recycle of resources, and many other public welfare activities.

◆ **Acer U.K**

In 2006, Acer U.K. organized many social welfare and money donation activities. For example, personnel were asked to wear specific costumes on a theme day and collect funds for children suffering from rare diseases. In addition, Acer U.K. organized anti-cancer activities,

supported football players, supported the Plymouth Association of the Blind and Deaf for its Xmas charity bazaar, and promoted recycle of resources internally to benefit the company and do something for environmental protection in favor of this planet.

◆ **Acer Indonesia**

In 2006, Acer Indonesia and Microsoft Indonesia donated 20 computers to schools in Surabaya and Malang, hoping that every student in Indonesia has the same opportunity for information education.



## Future Prospects

Sustainable development has become an indispensable part of the management strategies for an enterprise. This is one of Acer's visions, too, and we believe that positive interaction with the public and stakeholders is the basis for sustainable development of Acer. In the past, we interacted with customers via products and services. In the future, we will establish closer relationships with customers, communities, and society in fulfillment of our social liabilities.

"Environmental Management" is selected as our initial step toward the goal of sustainable development. In 2005, we cooperated with our suppliers to launch the integration of environmental management mechanisms. Starting with the issues of global concern, such as use of hazardous chemicals, recycling of products, and prevention of global warming, we determined the objectives and plans to implement environmental management systematically and march forward to the goals steadily.

We will dedicate ourselves to realization of our commitments. Your comments and suggestions are welcome, so we can have the opportunity to do our best for sustainability of the Earth and the future of the human race.

## Glossary

Terms	Definition
<b>AA1000</b>	<b>Account Ability 1000</b> established by the Institute of Social and Ethical Accountability. It is a unified standard for balances between the accounting, auditing, and reporting systems.
<b>BFRs</b>	<b>Bromine flame retardant</b> with high fire resistance and commonly applicable to plastic materials of electronic products and PCBs.
<b>ePower Management</b>	<b>Acer-developed power management software</b>
<b>EMS</b>	<b>Environmental Management System</b>
<b>EuP</b>	<b>Directive of Eco-design Requirements of Energy-using Products</b>
<b>Flame Retardants in Printed Circuit Boards Partnership</b>	<b>The Flame Retardants in Printed Circuit Boards Partnership</b> program of the Environmental Protection Agency (EPA), USA
<b>Global Compact</b>	<b>Proposed by Kofi Atta Annan, general secretary of the United Nations in 1999, to initiate nine basic principles for enterprises to observe with respect to human rights, labor standards, and environmental protection.</b>
<b>Greenpeace</b>	<b>The Greenpeace organization</b>
<b>GRI Guideline</b>	<b>Global Reporting Initiative</b>
<b>HSF Plan</b>	<b>Hazardous Substance Free Plan</b>
<b>ILO</b>	<b>International Labour Organization Convention</b>
<b>ISO</b>	<b>International Organization for Standardization</b>
<b>Kyoto Protocol</b>	<b>According to the Kyoto Protocol, industrial countries or areas must reduce the emission of their greenhouse gases by 5%, in comparison with 1990 emissions, during the period 2008 to 2012.</b>



Terms	Definition
<b>OECD Guidelines on Multinational Enterprises</b>	A spontaneous commercial behavior standard that contains suggestions of the governments around the world for multi-national enterprises with respect to their management behavior.
<b>OHSAS18000</b>	Occupational Health and Safety Management System
<b>Phthalates</b>	Di(2-ethylhexyl)phthalate (DEHP)
<b>Plug-in to eCycling Plan</b>	A voluntary cooperation plan initialized by Environment Protection Agency, USA, to encourage donation of old information equipment and recycling of disposed information products.
<b>PME</b>	People Management Effectiveness
<b>PVC</b>	Polyvinyl chloride with high fire resistance, softness, ductility, and other engineering characteristics; it is commonly applicable to cables and wires of various electronic products.
<b>RoHS</b>	Restriction of Hazardous Substance
<b>SA8000</b>	Social Accountability 8000 established by SAI (Social Accountability International) as the first international standard regarding social liability management systems and ethical codes.
<b>SVTC</b>	Silicon Valley Toxics Coalition
<b>TCO Mark</b>	The TCO Development Series mark, which is the most commonly used mark for display manufacturers.
<b>The Global Sullivan Principles</b>	It urges enterprises to observe laws, take responsibility, integrate these principles in their management strategies, including internal policies, procedures, training and reporting systems, on a long-term basis and dedicate themselves to implementation of these principles to promote harmony and understanding, facilitate the development of cultures, and maintain the peace of the world.
<b>WEEE</b>	Waste Electronics and Electrical Equipment, an EU directive.

## Acknowledgement

The 2007 Acer Corporate Environmental Report is published following the 2005 issue to disclose the management and implementation measures of Acer in 2006 in the aspects of economy, environment, and society. The Report positively unveils the financial and non-financial information of Acer to the public.

In addition to the Institute of Environment and Resources, we would like to express our appreciation to Professor Shen Yong-Shun of the Department of Environmental Engineering, Dayeh University, for his guidance and assistance in writing of the Report. Your comments on errors or incompleteness, if any, of the Report are welcome. We will use it as a reference for improvement of the next version and hope you can give support and encouragement to us continually.

