

# 2016 ACER CORPORATE RESPONSIBILITY REPORT EXECUTIVE SUMMARY



## Message from the Chairman



2016 has been an exciting year for Acer as we celebrated our fifth decade since our founding. While rejoicing on our achievements in the ICT industry, we are also taking pride in our accomplishments in corporate social responsibility (CSR). Since our beginning, creating value, balancing interests and working towards sustainable development have driven us in everything we do, from our business operations to our extracurricular activities. We continue to make progress towards sustainable and responsible business operations. Among our many initiatives include our commitment to engaging with our suppliers and partners regarding sustainable development.

In the area of carbon emissions, we also continue to push forward in our fight against climate change and are on track to reduce our emissions by 60% by 2020. For the society, we remain contributing to our communities at large, one such area is education; where we are running programs and developing technologies to break down the digital divide.

Looking ahead, Acer will continue to strive for excellence and remain dedicated to transforming to a hardware + software + services company. In terms of end-users and customers, we will also continue to focus on the needs of people as a starting point for all we do, in the process creating more value for all stakeholders and achieving excellence



Chairman and CEO



## 2016 Sustainability Outcomes



**Dow Jones Sustainability Emerging Markets Index in 3<sup>rd</sup> Year**

MEMBER OF  
**Dow Jones Sustainability Indices**

In Collaboration with RobecoSAM

**FTSE4Good Index**



**FTSE4Good**

**MSCI's Global Sustainability Indexes in 3<sup>rd</sup> Year**



2016 Constituent  
MSCI Global Sustainability Indexes



**2016 Acer Corporate Responsibility Report**

**EcoVadis Gold Award**



**Best Customer Services Award**

from all over the world, Netherlands, France, Spain, German, UK, Austria.



# Corporate Responsibility and Sustainable Values



Acer's corporate sustainable development has entered the value creation phase. We have reviewed the overall operations and expectations of our stakeholders, and integrated Acer's targets in planning our corporate responsibility strategy over the coming decade. We will further deepen the integration of the organization and the overall value chain, gradually building towards stronger governance and innovation development goals that serve as a model for the industry.

## Acer Corporate Responsibility Policy

-  In order to meet the expectations of our stakeholders, we continually work to improve our daily operations through in-depth communication with those stakeholders, and through this, we have earned recognition and support from the market.
-  Driven by senior management leadership, Acer has implemented a top-down corporate responsibility policy and laid out concrete and feasible action plans closely linked with our products and services.
-  We effectively manage risks derived from sustainability issues and seize the business opportunities they present through our regional offices and subsidiaries.
-  In the future, we will continue to work side-by-side with our supply partners to implement corporate ethics, mitigate global warming risks, and resource efficiency.

In 2016, our value creation efforts have been in line with this strategy, and it has begun to show concrete results.

- 01** Deepening responsible corporate governance, strengthening non-financial performance, and managing sustainability risks & other opportunities
- 02** Leading innovation through products and services, combining low-carbon and sustainable technological innovations, and developing a new green economy
- 03** Establishing a model of sustainability, harnessing our influence, and helping the overall industry progress toward greater environmental, social, and economic benefits

## 2016 Sustainability Issues Management

Governance	Corporate Governance / Code of Conduct	Grievance Mechanism	Compliance
Economic	Customer Management	Innovative Products and Services	Innovative Research & Development
Environmental	Energy and Climate Change	Product Stewardship	Supplier Environmental Performance
Social	Customer Privacy and Data Security	Customer Health and Safety	Labor Relations and Employment

## Major Advocacy Initiatives

### Comprehensive Sustainable Development Issues

- World Business Council for Sustainable Development (WBCSD)
- Information Technology Industry Environmental Leadership Council (ITI ELC)
- Business Council for Sustainable Development of Taiwan
- Taiwan Corporate Sustainability Forum (TCSF)
- Center for Corporate Sustainability

### Human Rights

- Electronic Industry Citizenship Coalition (EICC)
- Responsible for Public-Private Alliance for Responsible Minerals Trade (PPA)
- Conflict-Free Sourcing Initiative (CFSI)
- Responsible Raw Materials Initiative (RRMI)

### Environmental

- CDP Supply Chain program
- Green Competitiveness Alliance



# Sustainable Supply Chain



“

Acer has committed to ensure the safety working environment of the supply chain, workers are respected and dignified, and that business operations are socially and environmentally responsible. We proactively assist suppliers to enhance their ability and encourage them to spare no effort for social and environmental responsibility

”



## Our Approach

- Adopt the EICC Code of Conduct as our standard of management and audit tool.
- Comply with Acer's Conflict Minerals Policy, and we support Conflict-free Smelter Program by real actions.
- Implement vendor CSR scorecard assessment to review the performance in CSR among our suppliers, and we follow-up the improvement by holding quarterly business reviews.



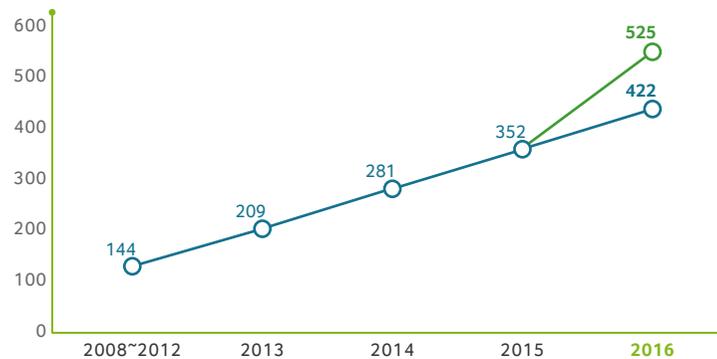
## Conflict Minerals Management

In 2016, we were able to identify 295 unique smelters in its supply chain. Acer saw an increase in compliant smelters from 213 to 244 in 2016.



## 2016 On-Site Audit Results

In 2016, we conducted on-site audits of the manufacturing plants of 70 higher-risk suppliers. Between 2008 and 2016, a total of 422 supplier audits have been carried out. Acer's tier one suppliers undertook a total of 103 audits of high-risk suppliers .

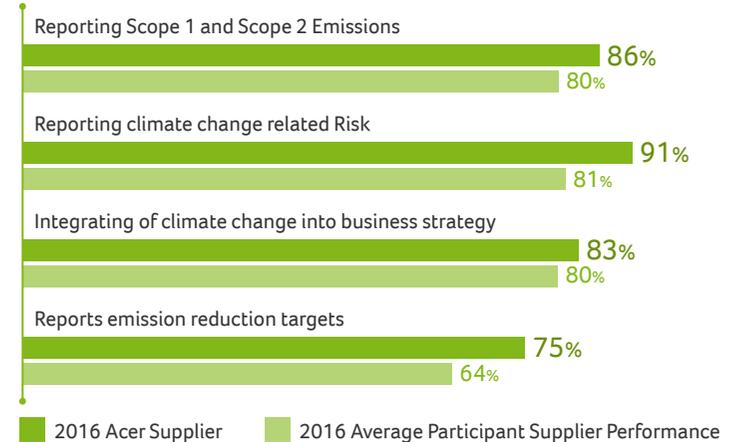


- cumulative supplier audits carried out by Acer and its tier one suppliers
- cumulative supplier audits carried out by Acer



## Managing Greenhouse Gases in the Supply Chain

Acer has been a member of this CDP program since 2008, in 2016 our performance was above the global supplier average.



### + 2017 Targets

**70** suppliers

Conduct on-site Audits

**100%**

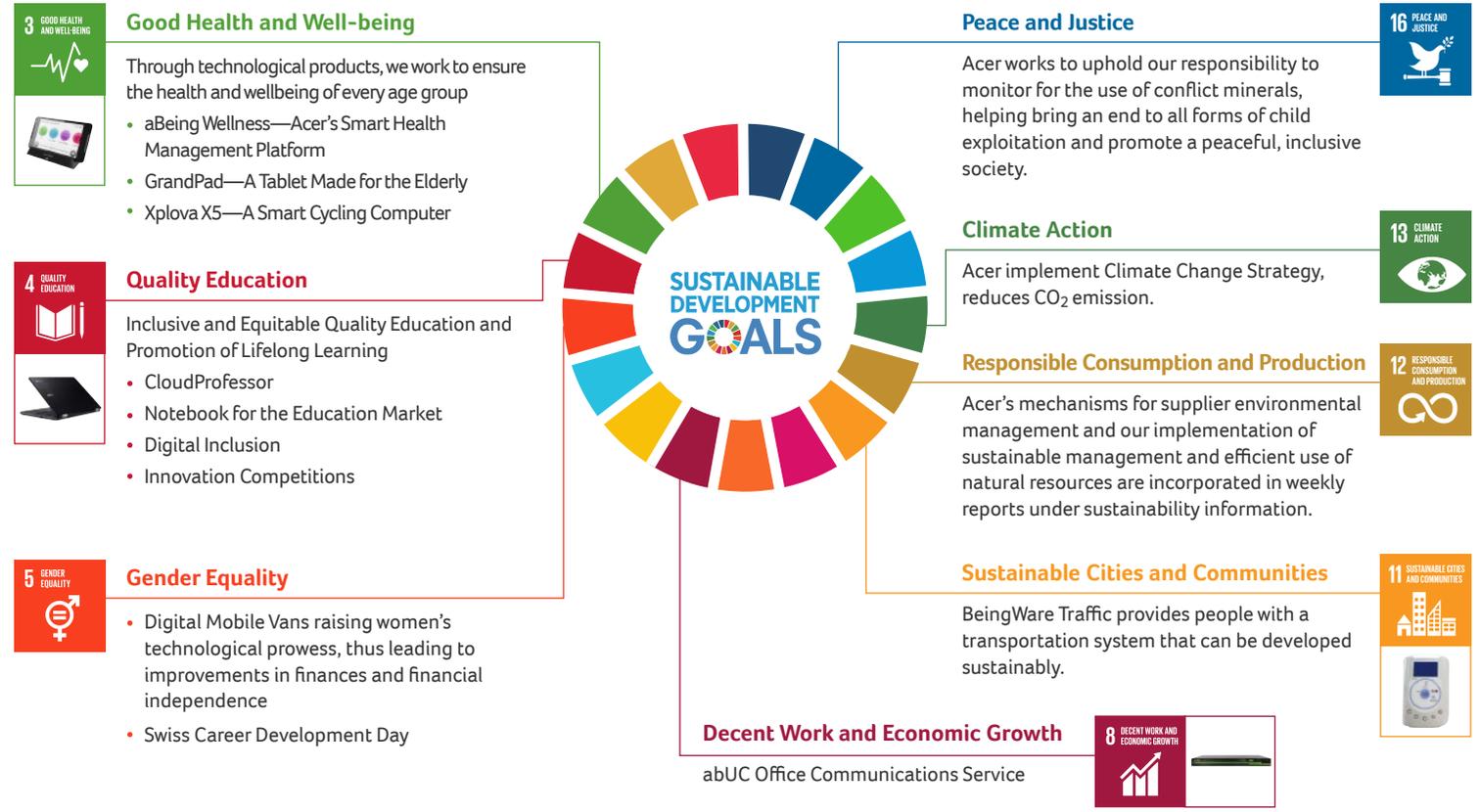
Supply chain to use 3TG conflict-free resources

# Technology for the future

“ Innovation is one of Acer’s core competencies. We are committed to research, development, and innovation, as well as to gaining a deep understanding of what both customers and markets demand. By combining these with cutting-edge technology, we are able to provide products and services that are innovative and reliable. We also share resources with our partners through a variety of channels, creating innovative cooperation in this rapidly changing industrial environment and mutually seizing the possibilities. ”

## United Nations Sustainable Development Goals (SDGs)

Acer has linked technology, products, and services with the UN goals; laying out a business development strategy; and looking at how we can continue employing our core competencies to address the needs of society and the UN SDGs. By spreading technology, Acer aims to help through innovative solutions to problems, improved quality of life, and realization of visions of sustainability.



 **2016 Performance**

**737** patents

**↑12.86%** Number of patents growth over the previous year

**⊕ Mid-Long Term Target**

**links SDGs**

Reinforcing links between innovative products/services and SDGs.

## A Mission to Protect the Environment



“

We insist on upholding our responsibility to the environment, making use of renewable energy and putting in place energy saving and carbon reducing measures. In addition to providing safe, harmless products, we also strive to stay on top of both the risks and opportunities presented by climate change, continuing to reach for our goal of being an environmentally friendly company.

”

### 👉 2016 Performance

CO<sub>2</sub> ↓ 53%

Total emissions reduced compared with the baseline year 2009.

⊕ Long-Term Target  
By 2020 Green Energy  
↑ 50%

CO<sub>2</sub> ↓ 60%

Continue to use green electricity or renewable energy in our operating locations worldwide to achieve 60% carbon reduction target by 2020.



### Responding to Energy and Climate Change

20 million kWh accounting 47% of Scope 2 green electricity usage in Acer Group

19,658 tons of carbon emissions Scope 1 and Scope 2 (market-based)



### Towards Green Packaging Design

↑ 97%  
Recycled paper

We are continuing to focus on the environment and on researching applications of green, environmentally-friendly materials. Laptop models moved to recycled paper, increasing from 80% in 2013 to 97% in 2016.

↓ 40%  
Designed case smaller

Launch a new case with a special internal chassis design for specific desktop that makes more effective use of the interior space with a streamlined external appearance and size.



### Reduce CO<sub>2</sub> Emission of Transportation

↑ 3% Overall decreased in air shipping, and increased 3% in rail shipping, largely reduces CO<sub>2</sub> emission.

↑ 77% China domestic shipments of notebook increase a 77% in rail shipping.



### Improving Energy and Environmental Efficiency

With regard to environmental information on our products, we communicate such information to customers through various certifications and labels in our adherence with the demands of each region's purchasers, including US EPA's ENERGY STAR® Program, Taiwan's Green Mark, TCO Certificate, and EPEAT.



## Employee Relation and Development



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Acer is keenly aware that corporate development is built upon our staff and our community, and is thus deeply connected to society. The greatest value a business can create is that which is used to strengthen the community, and as such, by caring for our staff and their families, and by putting our core competencies to work toward community welfare, we strive to use our resources and influence as a stable force for progress.

”



### Recruitment

#### Cloud-based talent recruitment system

Acer is able to bring together various sources of recruitment and performance information, collect them in an established data warehouse, and analyze its staff data in order to bring together our personnel resources to support global competitiveness.



Case discussion and sharing in course on Delegation Skills training.

#### “New Acer Seed Program received over 700 applications for 14 openings

Acer selected 14 individuals from a pool of 700 applicants as part of its summer internship program.



### Remuneration Policy & Incentives System

#### Salaries are competitive in each region's job market

We comply with labor laws of each location and do not discriminate on the basis of gender, religion, race or political affiliation. We consult salary survey information from management consultancies to ensure our salaries are competitive in each region's job market.

#### Bonuses for R&D staff receiving patents

We provide bonuses for R&D staff receiving patents, and award their outstanding achievements at the AGM. We also give public recognition to business and product teams who have should outstanding performance or have developed a breakthrough product.



EMEA Swiss - Lugano management participate in training in interdepartmental negotiations and conflict management.



### Employee Benefits

#### Over 14 employee communication events, with more than 1,104 participants

1. Innovative business units discussed Acer's goals, strategies, and future directions for development at "Fantastic Acer" seminars.
2. The Global President and CEO holds quarterly Employee Representative Meetings.
3. 「Acer Daily News」 、 「Acer Good News」 enables colleagues to receive prompt access to media information relating to the Company.

#### Over 36,000 people

participated in company events

We hold a wide range of activities for our staff and their families, including staff trips, family days, festival celebrations, film viewings, art events and seminars.

#### We had 19 staff clubs and held over 608 employee activities.



### People Development and Career Growth

#### 19,129 attendees / 52,272 man-hours

To ensure the quality implementation of such training, all training is done in accordance with the "Management Process of Internal and External Training." All training was done in accordance with the principles of operational necessity, gender equality, and equal opportunity.

## The Power to Change the World



“

Throughout decades, Acer has committed to a culture built around people, a spirit of charity, and a combination of professional capability and contribution to society. We are promoting and popularizing science to be among our missions, and we strive to make use of our influence in the industry to light the way forward with a commitment to “a scientific heart that opens minds to the world.”

”



### The Core of Acer's Community Engagement Efforts



**Education**



**Environment**



**Charity  
Philanthropy**

Our main focus areas are:



Increasing digital inclusion, offering more people access to knowledge through technology.



Cultivating the next generation of scientists and technologists, creating opportunities for the youth.



Deepening the application of technology in education, using technology to transform education.



Addressing the lack of educational resources to help children continue their education.

Through the Digital Mobile Van, Acer has been bringing free computer education for 6 years to groups in remote areas of Taiwan who lack opportunities to engage with technology.

In 2016 we applied the "social return on investment" (SROI) method to calculate the qualitative and quantitative value of this project to help us optimize resource investment strategies.



**2016 Performance**  
Charity Contribution  
**\$1.06 million USD**

Acer's global community engagement amount.



#### Making Dreams Possible Video

Acer's brand value is to bridge the digital divide, which highlight the importance of talent cultivation. We collaborate with foundations globally which shares the same ideas to spread education.



### Creating Opportunities for Youth

**BeingLife Creativity Competition** : With the concept of the "Internet of Beings," this competition creates user-centric ideas and provides a competitive platform for bringing young people together in mutual creation.

**2016 "Creative Stars" Acer Battle** : This competition is built around smart hardware and the Internet of Things. In 2016, a total of 85 pieces were entered into the competition by individuals, Taiwanese schools, and startups.

**Longterm Smile Competition** : Over 10 years, the competition hosted over 1,768 teams and now offers the biggest prize out of all Taiwanese collegiate entrepreneurship competitions. In 2016, registration rates rose 10.6% since 5 years ago.



### Charity and Philanthropy

Many Acer volunteers are enthusiastically participating in charity activities in America, United Kingdom, South Africa, Singapore, Netherlands, Switzerland and France. Our activities include organizing fundraising, visiting nursing homes and donating computers and supplies. This not only supports the community but also strengthens our connections and relationships to communities and society.

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