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March 1, 2010

The Honorable Richard J. Durbin  
Chairman  
Subcommittee on Human Rights and the Law  
U.S. Senate Committee on the Judiciary  
224 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Tom Coburn  
Ranking Member

**Re: The Subcommittee's Letters of August 6, 2009 and January 29, 2010  
Addressed to Acer Inc. ("Acer")**

Dear Chairman Durbin and Ranking Member Coburn:

Thank you for the Subcommittee's letters of August 6, 2009 and January 29, 2010 addressed to Acer's CEO and President, Gianfranco Lanci. Mr. Lanci, J. T. Wang (Acer's Chairman of the Board), and I have discussed the letters and the issues they raise in detail, and Mr. Lanci asked that I respond on Acer's behalf. I apologize for Acer not responding more promptly to the questions posed in the August 6, 2009 letter. We greatly respect the Subcommittee's work and address its inquiries below.

The letters raise important and challenging issues of human rights, international law, respect for nations' local laws, international diplomacy, and corporate responsibility. As a company founded in Taiwan, Acer is sensitive to these issues, and we respect human rights throughout our companies' operations.

#### **I. Background On Acer**

Acer was founded privately in Taipei, Taiwan in 1976. Since then, it has become a global public company with over 6,500 employees that sells its products in North and South America, Africa, Asia, Europe, and the Middle East. Our primary products are hardware for individuals and businesses: desk-tops; notebooks; handhelds; tablets; servers and storage; LCD monitors; and peripherals.

We have succeeded through a commitment to creating value for our customers, our employees, our investors, and our business partners. Equally so, we have succeeded because we adhere to the core values explicitly set forth in our Standards of Business Conduct. We enclose a copy of these standards for additional information.

These standards emphasize our fundamental mandate to act as good corporate citizens. Specifically, this entails respecting human rights, following the national laws of the many countries in which we operate, respecting community standards and social



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norms, and maintaining high standards for ethics and safety. Our ethical pillar entails three distinct values: (1) playing a role in social growth; (2) caring for the environment across the business value chain; and (3) respecting people, diversity, and cultures. These standards are not just slogans – we train our employees in these policies, and we enforce them.

## II. The Global Network Initiative (“GNI”)

We have reviewed GNI’s existing principles, and its core principles of freedom of expression, privacy, responsible company decision-making, and multi-stakeholder collaboration are all important. For example, our Standards of Business Conduct make clear that protecting our customers’ privacy is one of our paramount priorities.

On February 22, 2010, GNI published a document entitled “Issues for Consideration in GNI Implementation,” explaining that the existing principles reflect the circumstances faced by internet and telecommunications firms. The document further explained that additional dialogue was needed to better evaluate how GNI could adapt the existing principles and implementation guidelines to apply to equipment manufacturers such as Acer. Consequently, GNI has initiated an Implementation Dialogue to achieve this objective.

Mr. Lanci and Mr. Wang have instructed me to closely monitor the GNI Implementation Dialog and consider the issues it raises seriously. Unfortunately, neither Mr. Lanci, Mr. Wang, nor I were aware of GNI’s open house last year and an Acer representative did not attend.

## III. Questions Regarding China

### A. Acer’s Business in China

Acer conducts three types of business in China. First, we sell computer equipment to individuals and businesses. Second, we sell computers to the Chinese government. Third, we provide after-sale services to individuals, businesses, and the government for Acer’s branded computers.

As of the third quarter of 2009, we have a market share in personal computer equipment of 3.3%. Our largest competitors in China are Lenovo, HP, Dell, Asus and Founder Electronics, with respective market shares of 24.3%, 15.4%, 7.4%, 6.6%, and 5.6%. (\*\* Data source: Gartner)

### B. Acer’s Approach to China from a Corporate Responsibility Perspective

Per the Subcommittee’s questions, we understand that the Subcommittee and the U.S. government have concerns about China with respect to freedom of expression and



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privacy. Preliminarily, we note that, under official U.S. government policy, Acer's base of Taiwan is a part of the People's Republic of China. Thus, any law with which Acer complies in China is considered to be the policy of our own governing nation state.

As a company originally founded in Taiwan, we are particularly sensitive to the differing positions that China, the United States, and other countries take on many issues, including the internet. In accordance with our Standards of Business Conduct, we respect and obey the local laws of the individual countries in which we operate. We apply this principle equally across all our global markets.

Significantly, as we state in our Standards of Business Conduct, we care deeply about human rights and ensure our company respects them. No government, including China, has ever asked us to do anything outside of its legislative, judicial, or regulatory process. Our customers have always been informed about their countries' policies with respect to our products. We believe that transparency is key to addressing some of the Subcommittee's concerns, and that has never been an issue with respect to our business in any country, including China.

We firmly believe our business operations within China as an ICT company facilitate open discourse, especially as we help bring personal computers to China's rural areas. Bringing personal computers to China's rural areas is a priority for the government, and we are pleased to help it accomplish that objective.

Thank you for including us in your considerations of important public policy questions. We hope you find our response helpful.

Sincerely,

Lydia Wu  
General Counsel

Attachment

# Acer Group

Acer Group  
Standards of Business Conduct

*We Serve with Honor  
and Work with Pride*

# Acer Group

Dear Team,

The vision of the Acer Group to become “A leading branded company empowering and enriching people through innovation and customer care,” gets closer to reality when all of us contribute to the common purpose of “Breaking the barriers between people and technology.”

Similarly, “Serve with honor and work with pride” is about our core values, which compel us to consistently strive to create value by being innovative, fast and effective.

These core values also drive us to constantly deliver what customers want in an ethical and caring environment.

This is done every day in every decision and every action by each one of us. We continue to build on our reputation for trust, integrity and honesty, both internally and externally, by appreciating people, their diversities and cultures. As good corporate citizens we respect human rights, local communities and compliance with laws, environment, ethics, safety standards, regulations and social norms.

We believe in turning slogans into reality by demonstrating our actions through our core values. Inspired by these values, we have formulated a Standards of Business (SBC) document to guide us on how we interact with each other, our customers, our business partners, our shareholders and the communities where the Acer Group does business.

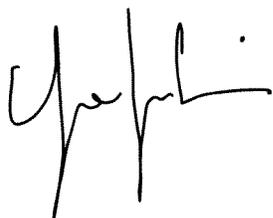
The reputation and success of the Acer Group around the world always depends on the individual and collective integrity of each one of us.

Hence, we strongly believe “Serve with honor and work with pride” is an integral part of our way of doing business globally. Adherence to the guidance in this document is required by all Acer Group employees around the world. Its implementation needs to be monitored rigorously and managers should ensure that all employees are aware of these principles and abide by them.

Sincerely,

**Gianfranco Lanci**

*CEO & President Acer Inc.*



**J.T. Wang**

*Acer Group CEO and Acer Inc. Chairman*



# Acer Group

*Acer Group Values and  
Standards of Business Conduct*

# Acer Group Core Values

The Acer Group values are the core beliefs we use as a frame of reference for any organizational decision. They act as a compass that guides us to achieve our mission of “Breaking the barriers between people and technology.”

We have organized our core values based on the way we should act and the pillars on which we should base our actions to guide us in conducting business and relating with each other.

## The way we must act

INNOVATIVE	
Rational Meaning	Emotional Meaning
Challenging the way of doing things and adopting new ideas	Think big
Supporting continuous improvement in processes and products	Think smart
Creating impact through original thinking	Think out of the box (innovatively)

FAST	
Rational Meaning	Emotional Meaning
Putting speed in execution at the heart of our operations	Think fast
Being proactive in making decisions	Act quickly
Anticipating changes ahead of competition as key to success	Get there first

EFFECTIVE	
Rational Meaning	Emotional Meaning
Doing the right things right	Clear objectives
Creating an empowered environment with clear responsibilities and targets	Clear responsibilities
Recognizing the power of being simple and attentive to the basics	Keep it simple

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## The pillars on which we must base our actions

VALUE CREATING	
Rational Meaning	Emotional Meaning
Generating profit for our shareholders	Value for shareholders (good dividends and share value)
Growing the business by achieving challenging financial and strategic objectives	Value for customers (good products, services, easy to do business with)
Leveraging on our key assets: brands, people, customers and channel	Value for employees (good company, environment, opportunities)

CUSTOMER-CENTRIC	
Rational Meaning	Emotional Meaning
Recognizing that customers are the essence of our business	Love and respect our customers
Placing first priority on listening and satisfying customer needs	Listen, learn and improve
Delivering first class products and services	Walk the talk (delivering on our promises)

ETHICAL	
Rational Meaning	Emotional Meaning
Being a good corporate citizen by playing a role in social growth	Trust, respect and honesty
Caring for the environment all across the business value chain	Care for the environment
Building on trust and honesty internally and externally by respecting people, diversities and cultures	An example to others

CARING	
Rational Meaning	Emotional Meaning
Creating an attractive workplace and ensuring a proper work-life balance	Energetic and inspiring workplace
Providing employees with development and professional growth opportunities	Growth potential
Fostering teamwork and collaboration	Teamwork

## **Standards of Business Conduct**

It is Acer Group policy to fully comply with all laws and regulations governing our people and operations around the world and to conform to the highest legal and ethical standards.

Our Standards of Business Conduct (SBC) are formulated to guide the way Acer Group employees behave with each other, our customers, business partners, our shareholders and the communities where Acer Group does business.

Should any provision conflict with the local laws or regulations, the one with highest standard under the law will apply.

### **Our Work Environment is Caring**

1. We embrace high standards of ethical behavior and treat all colleagues fairly, with dignity and with respect. One of our core values is “caring”.
2. We embrace the diversity and culture of all members of the team and provide a work environment free from discrimination (based on race, color, age, gender, sexual orientation, ethnicity, religion, disability, union membership or political affiliation) and harassment.
3. We fully comply with laws related to working hours, minimum age (no child labor or forced labor) and benefits, and we ensure that all our suppliers comply with these requirements.
4. We provide fair remuneration and always comply with the applicable national statutory minimum wage.
5. We comply with all applicable health and safety regulations to provide all our employees a healthy and safe working environment.
6. We provide facilities, training programs, time and subsidies to support employee creativity and career development.
7. We protect the personal information of employees and the board of directors and respect their privacy and the need to protect their personal information.
8. We ensure fairness in hiring, do not employ or make anyone work against his/her will, and use objectivity in promoting and fairness in terminations.
9. We clearly understand and respect the scope of authority given, and do not autonomously override these parameters.

### **The customer is the reason for our existence**

- We welcome customer opinions and endeavor to develop and improve products and services that satisfy customer needs.

# Acer Group

- We promote constant technological innovation and improvement to produce safe, high quality products for our customers.
- We respond to requests and queries of customers in an honest, prompt and appropriate manner.
- We walk the talk (deliver as per the commitment) to earn customer respect and loyalty.
- We provide reliable information to our customers regarding products and services.
- We conduct our sales, service and marketing activities utilizing sound business practices and are fully in compliance with all applicable laws and regulations.

## **Fair Competition**

- We earn our customers' trust through quality and value-adding products and services and through ethical and legal behavior.
- We compete with competitors fairly in compliance with any and all laws and regulations enacted for the purpose of maintaining free and fair competition.
- We do not make untrue statements about our competitors or their products and services.
- We abide by all antitrust laws and regulations. In particular we will not enter into agreements or arrangements with competitors to lower, raise or stabilize the prices of our offerings.
- Likewise, we will not enter agreements or reach understandings with competitors to bid on public or private contracts or to "divide up" markets, territories, customers, product or services or to limit availability of any of our offerings.

## **Respect for Environment**

- We comply with all applicable laws and regulations related to the environment.
- We promote the research and development of advanced technologies, products and services that benefit the environment.
- We support continuous improvements in environmental protection.

## **Intellectual Property Rights**

- We comply with all intellectual property rights laws and regulations, including patents, trademarks and copyrights. We respect the legitimate intellectual property rights of third parties.
- All ideas and inventions conceived by any employee during the term of employment that relate to Acer Group's business are the exclusive property of the Acer Group. This standard applies regardless of whether the employee was acting alone or with others.

## **Conflicts of Interest**

- Employees are prohibited from engaging in any activity, investment or association that creates, or appears to create a divided loyalty between the employee and the Acer Group.

- The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on behalf of the Acer Group.
- Employees must disclose any such relationship and refrain from making decisions on behalf of the Acer Group that may have the effect of benefiting an employee personally outside of the employee's scope of employment with the Acer Group.
- We make decisions in the best interest of the Acer Group and refrain from business dealings with outside firms that result in improper gains to outside individuals or entities.
- Employees may not directly supervise or participate in hiring or promotion decisions that affect the employee's spouse, domestic partner or immediate family.
- Questions or concerns about whether a particular circumstance constitutes a conflict of interest should be directed to the Acer Group's Human Resources Department or Legal Department.

### **Vendors and Other Business Partners**

- We offer equal opportunities to all qualified companies and individuals seeking to do business with the Acer Group. Acer Group employs a fair and objective evaluation process in the selection of business partners.
- We pursue cooperation with our business partners in a mutual effort to promote a healthy trading environment and maintain a fair trading system.
- The Acer Group does not engage in discrimination prohibited by law in its selection of business partners.
- We endeavor to do business only with partners that uphold the Acer Group's high standards with regards to ethics, human rights, health, safety and environment and expect all business partners to comply with all relevant laws and regulations as well as with Acer Group Supplier Code of Conduct.

### **Corporate Communications**

- We conduct corporate communications with integrity on the basis of objective facts to enable customers, shareholders, potential investors and employees to obtain a reasonable understanding of Acer Group activities.
- All corporate communications are issued in cooperation with the Acer Group's Corporate Communications Department, including disclosure of business information to analysts, newspapers, magazines, radio, television stations, and all other media.

### **Advertisements**

- We ensure that our advertisements are truthful, accurate and comply with all relevant laws and regulations. Although we may make valid comparisons of our offers to the offerings of

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our competitors, we do not unfairly disparage our competitors.

- All advertisements should be created with a sense of responsibility toward the public.
- We do not promulgate advertisements that would be deemed disrespectful or offensive to customers.

## **Accounting**

- We shall comply in full with all laws or regulations regarding accounting and will conduct proper account management and financial reporting.
- All employees are required to promptly report all cases of suspected financial or operational misrepresentation or impropriety.
- We do not make any false or misleading entries in Acer Group's books or records for any reason.

## **Lenders and export credit compliance**

- We conduct our business activities in full compliance with all applicable laws and regulations of the respective countries in which we do business.
- We will disclose all relevant material facts in connection with obtaining financing from an export credit agency or from other lenders.

## **Financial Interest in other Companies**

- While employed by Acer Group, employees cannot invest in or work with customers, suppliers or competitors of the Acer Group except in their capacity as an Acer Group employee.
- Employees must refrain from receiving, or giving the appearance of receiving, improper personal benefits as a result of their position in or affiliation with Acer Group.
- Conflicts of interest may not always be clear. Any exception to Acer Group's conflict of interest standards must be approved by senior management or the Board of Directors.

## **Prohibition of improper payments**

- We observe prohibitions on payments that are illegal or improper under generally accepted sound business practices and local law.
- We will not let business dealings on behalf of the Acer Group be influenced by personal or family interests.

## **Gifts and Entertainment**

- We provide or accept gifts that are reasonable complements to business relationships but not those that may create undue influence--or even the appearance of undue influence--in decision making.

- All employees, regardless of position or responsibility are prohibited from accepting gifts or other items of value that exceed 5% of their weekly salary or 50 US Dollars, from any business relations such as suppliers, customers, or government officials. The limit is decided on economical value and ethical acceptable standards in the recipient's respective country or culture. Consult Acer Group's Human Resources Department or Law Department to address circumstances in which gifts in excess of this amount are received or proposed to be given and it would be against Acer Group's interests to refuse item(s) offered or otherwise adhere to the limit stated herein.
- Customary business amenities such as meals and entertainment may be offered or accepted if at a reasonable level and not prohibited by law or normal business practice. Examples of acceptable entertainment opportunities include attendance at sales events, product launches or professional seminars. The offering or acceptance of gifts and entertainment is strictly prohibited in circumstances where such offering or acceptance violates local law.
- Entertainment expense needs to conform to laws and policies of the country or region where the expenses are incurred. Employees are expected to be mindful of their and Acer Group's image, and hence exercise good judgment in the choice of gifts and entertainment and make choices which are in good taste and which will not embarrass the Acer Group or the other party.

### **Protection of Company assets**

- We use company assets only for legitimate business purposes and not for personal benefit.
- All assets should be handled appropriately and with care to avoid loss, theft or damage. This includes physical assets, intellectual property rights, and information assets.
- The Acer Group name, logo, information, equipment, property, time and other resources may not be used to engage in outside activities which have not been sanctioned by the Acer Group.
- Employees must only utilize the company's computer network system and other IT resources for legitimate business purposes, must observe IT security requirements and must refrain from utilizing such resources for unethical or illegal purposes.

### **Confidential Information**

- Employees are expected to safeguard all or any confidential information pertaining to Acer Group companies or business units and not use such information for personal benefit or in a manner that would harm Acer's interests, either during or after employment.
- We take care to protect the confidential and proprietary information with which we are entrusted by our current and former employees, customers and suppliers.
- We use personal data only for appropriate purposes and protect personal data in accordance with all applicable laws, regulations and company rules.

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## **Insider Trading**

- Inside information is information not readily available to the public that an investor would consider important in deciding whether to buy or sell a company's stock. Examples of inside information include unannounced mergers and acquisitions, unannounced product strategies, marketing plans and vendor contracts.
- We are not allowed to share "inside" information (that is not known to public) with anyone other than people with a legitimate business need to know within the Acer Group companies or business units and who have agreed or otherwise have an obligation to safeguard the information.
- All non-public information must be used only to further the Acer Group's legitimate business interests and not for any undue advantages or personal gains.

## **Drugs and Alcohol**

- During legitimate business entertainment or other Acer Group events where consumption of alcohol is authorized, we will ensure that our alcohol consumption is moderate and at reasonable levels. We take care to ensure the use of alcohol does not create a safety risk.
- We do not sell, possess or use illegal drugs.

## **Political Contributions and Activities**

- The Acer Group does not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations and company rules and such contributions are deemed appropriate and authorized by senior management.

## **Community Relations**

- We actively participate in developing communication with the local community to encourage and maintain mutual respect and understanding.
- We undertake all activities in harmony with the community, by respecting the local culture and community traditions and customs.
- We actively participate in social and community activities, and voluntary services.

## **Business Travel**

- All business travel must be for legitimate business purposes and must be in accordance with the Acer Group's regional/country travel policy.

## **Membership on Corporate Boards or Advisory Committees**

- Employees must ensure that their membership on corporate boards or advisory committees does not, either directly or indirectly, conflict or create the appearance of conflicting with their responsibilities as an Acer Group employee.

Making the Right Choices,  
Seeking Guidance and Reporting Suspected Violations  
**If you are unsure about a decision,  
ask yourself the following questions:**

1. Is it legal and ethical?

2. Does the action comply with Acer Group values, policies, and guidelines?

3. Would I feel comfortable telling my managers, colleagues or other people who are important to me about the decision?

4. Would I feel comfortable if the decision was published in the newspaper?

**If the answer to any of the above is “NO”,  
simply, do not do it!**

The Acer Group Standards of Business Conduct supersedes all other company policies, procedures, instructions, practices, rules and verbal representations to the extent they are inconsistent or less restrictive than the Acer Group Standards of Business Conduct. Acer Group business units may, however, adopt procedures that are more restrictive than these Standards or may issue modified rules if necessary to comply with local law. Any violation of these Standards or violation of applicable laws or recognized ethical business standards will subject every involved employee at any level to disciplinary action up to and including termination.

If you have a question about what constitutes a breach of the Acer Group Standards of Business Conduct, if you see or hear about illegal or unethical conduct affecting the Acer Group or you are aware of somebody doing something dishonest, destructive, illegal or otherwise not in the Acer Group's best interests, contact Acer Group management, the Acer Group Human Resources Department or the Acer Group legal Department. Such contacts may be made formally (such as by letter) or informally (such as by having an informal discussion about your concern with your supervisor).

All reports are treated confidentially. No retaliation will be undertaken against individuals who report suspected violations in good faith and the identity of those making such reports will be protected to the extent consistent with the law and Acer Group policy.

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