

Fighting Forced Labour and Child Labour in Supply Chains Report
Acer America Corporation
May 23, 2024

As an importer of goods produced outside of Canada for sale in Canada, Acer America Corporation (“Acer America”) is submitting this report in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”).

a) Structure, Activities and Supply Chains

Acer America is a California corporation headquartered in San Jose, California. Acer America operates a sales and marketing office in Mississauga, Ontario and service centers in Mississauga, Ontario and Burnaby, British Columbia and employs 39 people in these locations in Canada. Outside of Canada, Acer America employs 432 people in North and South America.

Acer America is the importer of all Acer-branded computers (laptops, desktops, Chromebooks, and 2 in 1 computers) and computer-related products (monitors, mice) (hereafter, collectively “Acer Products”) for sale in Canada. Acer America sells these products through various retailers and distributors in Canada. In 2023, Acer America imported approximately 800,000 products into Canada.

Acer America purchases the Acer Products for importation and sale in Canada from its parent, Acer Incorporated. Acer Incorporated is a Taiwanese corporation headquartered in Taipei, Taiwan. Acer Incorporated and its affiliated companies constitute one of the world’s top ICT companies with a presence in more than 160 countries and employing more than 7,800 employees worldwide. Acer America and Acer Incorporated are hereafter collectively referred to as “Acer.”

Acer does not manufacture Acer Products that are imported and sold in Canada, but instead they are produced by contracted original design manufacturers (ODM). Our first-tier suppliers, with whom we contract directly, include ODMs, certain key component suppliers, and assigned suppliers. These suppliers are distributed around the globe, including Taiwan, China, United States, Israel, Malaysia, Thailand, the Philippines, Vietnam, Singapore, Japan, South Korea, India, Brazil, and Hungary. These first-tier suppliers, in turn, contract with second and third-tier suppliers for components necessary for the manufacture of Acer Products. Acer America also purchases certain component parts directly from ODMs and key component manufacturers to have parts available to service Acer Products in the Mississauga service center. A complete [list of our first-tier suppliers](#) can be found on the Acer Group website.

Acer engages directly and indirectly through its first-tier suppliers with certain raw material smelters and refiners as part of its responsible minerals supply chain program. These smelters and refiners are many steps upstream from Acer and not under its direct control. Acer relies on first tier suppliers to assist in their identification. A complete list of our identified smelters and refiners can be found in our [Responsible Minerals Report](#).

b) Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Acer Policies

Acer's general Environmental, Social, and Governance (ESG) policy seeks to guide companies on being environmentally and socially responsible to achieve long-term ESG development and move the world forward in a more sustainable direction. In addition, as ESG issues evolve requiring the market to change, we actively develop diversified businesses, innovate products and services, and explore new business models for efficient and sustainable operations. Our goal is to enhance group resilience, promote low-carbon and circular strategies, promote good labor practices, and create greater value for the group and society.

To address the problems of forced and child labor, Acer has created a number of company policies to govern how the company treats labor in its supply chain. The [Supplier Working Hours Policy](#) drives communication and cooperation with our suppliers to reduce excessive working hours in the supply chain and improve the health and morale of workers. The [Slavery and Human Trafficking Policy](#) and [Measures for Remediating Child Labor and Forced Labor](#) provide definitions, expectations, and remedial measures necessary to combat forced and child labor in the supply chain. Acer has also developed its [Responsible Minerals Sourcing Policy](#) to guide expectations and actions for responsible minerals supply chains, which includes but is not limited to working constructively with supply chain actors, industry groups, and civil society to conduct due diligence on Acer's minerals supply chains in alignment with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs).

Acer Responsible Supply Chain Management Mechanism

Since 2008, Acer has been a member of the Responsible Business Alliance (RBA), which is the world's largest industry coalition dedicated to responsible business conduct in global supply chains. The RBA is on the forefront of many social and environmental issues, including the use of forced and child labor, and has adopted the RBA Code of Conduct (the "RBA Code") to govern member conduct in the management of supply chains. [The RBA Code \(Version 8.0, effective January 1, 2024\)](#) contains sections explicitly prohibiting forced labor and child labor (Section A1 – Prohibition of Forced Labor and Section A2 - Young Workers).

Although it has a wider application, the RBA Code was originally developed for the electronics industry and is based on international labor norms and standards including the Universal Declaration of Human Rights, the ILO International Labor Standards, and the OECD Guidelines for Multinational Enterprises. Acer actively participates in the RBA allowing Acer to track international trends in corporate responsibility and benefit from the practical experience of its members in managing supply chain issues.

To implement the RBA Code and to address other company social and environmental initiatives, Acer developed the Acer Responsible Supply Chain Management (ARSM) system, which is a communications and data tool that enables Acer to communicate requirements and expectations to suppliers, collect supplier data, and summarize and analyze the data. Among the requirements of ARSM is that Acer and

Acer suppliers comply with the RBA Code, including the specific provisions that concern forced and child labor.

To ensure effective implementation of ARSM, Acer's procurement department in conjunction with Acer's ESG office, develops and executes supply chain ESG management plans that are supervised by Acer's Corporate Sustainability Committee and Board of Directors. Those plans require Acer to carry out annual on-site RBA Code supplier audits. That requirement is met either by Acer conducting its own audits or through RBA's Validated Audit Process (VAP), a shared audit program managed by the RBA and executed by RBA-approved 3rd party audit firms. The audits ensure compliance with the RBA and provide Acer a deeper understanding of the working environment and human rights conditions of workers.

ARSM not only requires that Acer's first-tier suppliers comply with their social and environmental responsibilities, but also makes them responsible for extending these requirements to their own suppliers and suppliers of their suppliers, i.e., Acer's second- and third-tier suppliers. Acer requires first-tier suppliers to implement risk assessment and management of the second and third-tier suppliers, including requiring compliance with the RBA Code. Acer keeps a Supplier ESG Scorecard on every supplier that measures the supplier's success in implementing the RBA Code in its supply chain. When higher risk second-tier suppliers are identified, Acer may conduct its own on-site audits or enlist shared audit programs as mentioned above.

Supplier Engagement

Acer also uses the RBA Supplier Engagement Process, which combines membership collaboration, training, and access to tools, such as the RBA Code of Conduct and RBA-Online, a sustainability data management system to map and manage the supply chain, view data analytics, conduct self-assessments and audits of suppliers, and share information upwards to RBA member customers. This enables Acer to take advantage of a range of supplier social and environmental management approaches, to engage and work with suppliers through multiple channels on the importance of addressing particular social and environmental problems and improving their compliance. The implementation of such management approaches entails assessment, validation, and ongoing improvement. Through management measures at every stage, Acer and our suppliers are able to work together effectively to establish a sustainable supply chain with a focus on environmental and social issues. To uphold our responsibility, to educate our suppliers and to help them understand international trends, Acer holds annual supplier ESG communication meetings and related training sessions. This not only communicates internal trends to the supplier, but also helps them appreciate and uphold their own social and environmental responsibilities.

Supply Chain Labor Rights Management Process

At the core of Acer's responsible supply chain management is a multistep process that includes supplier commitments, risk assessments, on-site audits, and education and training.

Supplier Declaration

Acer requires manufacturing suppliers to sign our Declaration of Compliance with RBA Code of Conduct. Suppliers must not only provide us with relevant information on social and environmental responsibilities, but also verify that their own and their suppliers' operations conform to Acer's human rights standards, meaning that their workers are treated with respect and dignity. New suppliers must pass a social and environmental responsibility risk assessment and sign a pledge to comply with the RBA Code of Conduct to qualify as an Acer supplier.

Supplier Risk Assessments

Acer's risk assessment of its suppliers includes the following factors: results of supplier self-assessment, level of risk regarding plant location, supplier business relationship with Acer, and past audit results. We also strive to take into consideration the concerns of stakeholders. Suppliers are expected to undertake an annual self-assessment of its labor practices to ensure that they are in compliance with the RBA Code.

Supplier Audits

After the risk assessment – based on the above factors – has been conducted, Acer requires suppliers to conduct regular RBA on-site audits (or SA-8000 certification) to ensure compliance with the RBA Code of Conduct. These audits enable Acer to not only confirm compliance with the forced and child labor prohibitions, but also gain a deeper understanding of the working environment and the human rights conditions of the employees. We continue to improve the social and environmental responsibility in Acer's supply chain.

In 2023, we conducted a total of 83 audits of first-tier suppliers, 100% of which were on-site audits. These include 4 new suppliers that began production of Acer products in 2023. Implementation methods include: third-party audits (Acer managed or auditee managed), RBA Validated Audit Process (VAP), BSCI, SA-8000, accreditation, etc. Also, we continued to carry out and monitor auditing activities for second-tier supplier factories, of which individual or shared audits were performed on 1145 factories. Finally, we monitored the audit activity for third-tier suppliers, of which 693 were performed in 2023.

Corrective Action and Remediation. If a supplier's self-assessment or audit reveals issues or findings, then Acer may require additional education and training. In certain cases, Acer may also

require additional audits or closure audits by an accredited 3rd party verification agency to ensure that findings have been corrected and closed.

As soon as any violations occur, our suppliers are required to follow Acer measures and policies to ensure that workers are afforded their basic human rights and appropriate treatment. Our ultimate goal is to ensure that our supply chain is free from forced or child labor.

As of the end of 2023, a total of 135 deficiencies were identified among suppliers with scores below 160 or with priority non-conformance issues. As of December 31, 2023, improvement measures have been implemented for all 135 deficiencies and continuous tracking has been achieved. This includes addressing 5 priority non-conformance issues, all of which have been addressed with a 100% implementation rate for corrective measures. Additionally, corrective action rates have been provided for other non-compliance issues, with a 100% implementation rate as well.

Supplier Training

Acer holds annual supplier ESG communication meetings and related training sessions. This not only communicates internal trends to the supplier, but also helps them uphold their own social and environmental responsibilities. Through our communication and cooperation with improvement in all aspects of labor rights.

Grievance Mechanism

Acer has established the Stakeholder Grievance Mechanism, allowing the communication of potential violations of Acer's Standards of Integrity Management & Business Conduct or the RBA Code of Conduct. The purpose is to protect the rights of stakeholders, promote communication with stakeholders, and strengthen corporate governance. The internal audit office serves as the liaison window for complaint reporting and handling within Acer.

Responsible Minerals

Due to the potential for certain raw materials to be sourced from CAHRAs, Acer has identified priority minerals for supply chain engagement and due diligence. Acer identifies priority minerals for engagement based on nationally recognized data, industry tools, and methods to assess materiality to Acer business and level of risk. These smelters and refiners are many steps upstream from Acer and not under its direct control. Acer relies on first tier suppliers to assist in the identification and risk assessment. Currently, Acer priority minerals include gold, tin, tantalum, tungsten, cobalt, and mica. The priority minerals list is reevaluated on an annual basis.

Acer operates a responsible minerals due diligence program to help protect human rights, avoid contributing to conflict, and to minimize social/economic and environmental risks when sourcing any priority minerals. Acer designed and continues to implement its due diligence measures in accordance

with the following internationally recognized 5-step due diligence framework in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from CAHRAs.

1. Establish strong company management systems;
2. Identify and assess risks in the supply chain;
3. Design and implement a strategy to respond to identified risks;
4. Carry out independent third-party audit of smelter/refiner's due diligence practices; and
5. Report annually on supply chain due diligence.

Acer releases its [Responsible Minerals Report](#) each year at the end of June, which includes a detailed description of the due diligence measures performed, a list of the smelters and refiners in Acer's supply chain, and their audit conformance status.

c) Parts of the Business and Supply Chains That Carry a Risk of Forced Labour or Child Labour and Risk Management Steps

Acer has identified the following as high-risk areas in its supply chain:

Student Workers. Acer has identified student workers and interns in the electronics supply chain as a group at a high risk for being used as forced labor. In this regard, Acer has implemented the RBA's Guidelines for Good Management of Interns (Student Workers). It is also an issue that is addressed by the audits described above. We have established a five-stage "Management Steps for Student Workers and Interns" for assessing the use of students and interns in our supply chain. We require that student workers do not exceed 20% of total direct employees. Direct labor refers to employees who are directly involved in the manufacture of a specific product or in performing a service.

- Screen vocational school partners - Confirm schools are licensed. And the schools have established legally compliant cooperation agreement and arrangements.
- Take on student interns - Verify that student interns have been legally released. Verify that no accepted interns are first-year students or otherwise in breach of ban on child labor.
- New interns trained and helped to adapt - Ensure interns fit into new environment.
- Internship - Implement legally compliant intern management.
- End of internship - At the end of internship, evaluations must take place.

Excessive Work Hours. Excessive working hours are one of the most common labor problems in the supply chain. Working too long can have a negative impact on the health and safety of employees, as well as on their work-life balance, productivity, and morale. As a member of the Responsible Business Alliance, Acer requires suppliers to comply with the RBA Code of Conduct and [the Acer Supplier Working Hours Policy](#). Through supply chain working hours policies, we communicate and cooperate with our suppliers to reduce excessive working hours in the supply chain and improve the health and morale of workers. It is a factor considered in the audits of supplier compliance described above.

In 2023, we focused on the following areas.

- Strengthened multi-skill training to enhance manpower flexibility;
- Strengthened pre-training to improve productivity;
- Pre-scheduled in advance according to capacity demand forecast;
- Implemented the working hours control system and connected the employee ID card; and
- Continued to increase the proportion of automation to reduce manual dependence.

Responsible Minerals. Responsible minerals sourcing continues to be a risk and focus for Acer. In alignment with step 5 of the OECD Guidance, Acer issues its [Responsible Minerals Report](#) each year, outlining the steps taken to conduct due diligence on priority minerals in its supply chain during the previous year and the results of these efforts.

d) Any Measures Taken to Remediate Any Forced Labour or Child Labour

Acer has taken pro-active measures, which are described above, to avoid the problems of forced and child labor in its supply chain. These measures, in conjunction with Acer's continued commitment to rid forced and child labor from its supply chain, means that Acer's supply chain should not carry a high risk that forced or child labor is used.

e) Any Measures Taken to Remediate Loss of Income

Our audits have not uncovered any situations which necessitated remediation of the loss of income to vulnerable families. We have discovered no incidents of forced or child labor involving vulnerable families in our supply chain to date.

f) Training Provided to Employees on Forced Labour and Child Labour

Supplier Vocational Education and Training

Beginning in 2022, we have encouraged on-the-job training for suppliers and their employees. The scope was to provide training on the RBA Code of Conduct (including: labor rights, environment, safety and health, ethics, etc.) and on the anti-bribery policy. The training was conducted for the related indirect and direct employees in the plant. After the supplier's initial training plan was developed and sent to Acer for content review, the supplier's training team conducted on-the-job employee training. In 2023, a total of 455,685 people participated in the training, with a total of 500,376 hours. Looking ahead, we will continue to promote on-the-job education and training to enhance the establishment of

ESG-related knowledge among suppliers and expand the number of suppliers and practitioners impacted.

Supplier ESG Communication Meetings

Acer holds supplier seminars and an annual Supplier ESG Communication Meeting to discuss the latest ESG development trends, supply chain challenges and the actions to be taken to address problems, including labor issues. By encouraging communication between the Acer executives and the executives of our suppliers, it may strengthen mutual cooperation and potentially enhance environmental and social responsibility in the supply chain. We held our last annual Supplier ESG Communication Meeting in December 2023. In 2023, 143 suppliers participated.

RBA Code of Conduct Training

We continue to monitor changes to the RBA Code of Conduct and consult with suppliers on implementing those changes. We also update our education and training to our suppliers (and internal staff). Following the training sessions for suppliers on the RBA Code of Conduct Version 7 in previous years, we are planning to recruit relevant personnel to participate in the training activities after the release of the RBA Code of Conduct Version 8.

Online Training

In addition to developing our own courses, we also actively collaborate with third-party professional organizations to offer online courses to enhance and effectively disseminate our expertise on relevant topics to suppliers. In 2023, a total of 16 webinars were held, with a total of 32 teaching hours accumulated. The course types are as follows:

Environment Courses

Greenhouse Gases, Carbon Management, Carbon Disclosure, Sustainable Materials, Product Restricted Substances Control, Chemical Management, Green Product Regulations, and Fluoride Regulations

Social & Labor Courses

Fire Safety, Machinery Safety Protection, Child and Youth Labor, Human Rights, Wage and Hour Management, Due Diligence, and Improvement Methods

Acer Employee Training

Finally, Acer requires all employees to comply with the Acer Group Standards of Integrity Management and Business Conduct (SBC). We continuously and regularly promote policies related to Acer's SBC and conduct online training courses for employees around the world to promote employee awareness of compliance with regulations. The SBC also includes provisions relating to supply chain issues, including

the use of child and forced labor. All human rights training has been effectively implemented, such as strengthening information security awareness training, ESG, business conduct guidelines, anti-corruption, and personal data protection training, with a completion rate of at least 85% in all regions.

Compliance with the SBC is a factor used to evaluate employee performance. Acer's Global Employee Performance Review incorporates SBC, which requires supervisors to assess performance while also considering employees' commitment to conducting business legally, ethically and with integrity. Acer collaborates with supervisors and colleagues to set annual work goals at the beginning of each year. Mid-year discussions are held to align objectives, and performance evaluations are conducted from the end of the year to the beginning of the following year. The aim is to effectively develop employees, provide timely rewards, establish a talent pool, and adjust organizational goals through performance assessments. The individuals involved in the performance assessment process are primarily full-time employees. They begin by conducting a self-evaluation and then undergo a review by their supervisors. The assessment does not include employees on short-term contracts or those still in the probationary period. In 2023, the proportion of employees worldwide involved in performance evaluations reached 87%.

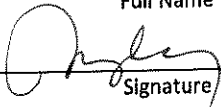
g) Assessing Effectiveness in Ensuring Forced Labour and Child Labour Are Not Used

Acer's participation in the RBA and engagement with its suppliers, as described in Acer's responses above, describes a process that Acer has implemented that enables it to stay current on forced and child labor issues and their mitigation, to understand the current conditions of employment in its supply chain, to engage in a dialogue with its suppliers that encourages compliance, to monitor its suppliers' compliance with good supply chain practices, to audit its suppliers to confirm their compliance and to provide training that makes employees of the supplier sensitive to these issues. Acer believes that this is a good formula for succeeding in avoiding problems with forced or child labor in Acer's supply chain.

Attestation

"In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above."

NGA LH

Full Name


Signature

CFO

Title
5/28/2024

Date

"I have the authority to bind Acer America Corporation."