



ACE COMPUTERS
Corporate Social Responsibility Report 2013

ACE COMPUTERS

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© Cover -----	1
© Table of Contents-----	2
1. Overview of Ace Computers Corporate Social Responsibility Report -----	3
1.1 Publication -----	3
1.2 Scope of the Report -----	3
1.3 Content and Guideline of the report -----	3
1.4 Contact Information -----	4
2. Commitment to Sustainability -----	5
3. Company Overview -----	6
3.1 Company Profile -----	6
3.2 Primary Products, Application and Services -----	7
3.3 Business Histories -----	8
4. Stakeholder Participation -----	9
4.1 Customers, Communities, Employees, Suppliers and Investors -----	9
4.2 Internal Communication -----	10
4.3 External Communication -----	10
5. Management Transparency -----	11
5.1 Corporate Governance -----	11
5.2 Anti-Corruption -----	11
6. Social Responsibility Management -----	12
6.1 Sound labor working protection -----	12
6.2 Employer of the local population -----	12
7. Environmental Safety Management -----	13
7.1 Overview -----	13
7.2 Environmental Management -----	13
7.3 GHG Reduction Management -----	13
8. Safety and Health Management -----	14
8.1 Emergency Management -----	14
8.2 Performance indicator of occupational disaster management -----	14
9. Awards -----	15
10. Application Levels of GRI G3 and Self-Declaration -----	16
11. Table / Index demonstrating the report's correspondence to GRI G3 standards-----	17



1. Overview of ACE COMPUTERS Corporate Social Responsibility Report

1.1 Publication

This is ACE COMPUTERS' Corporate Social Responsibility Report presenting Ace's ongoing efforts to develop a sustainable business in a constantly changing environment. The report, published in June 2012, covers Ace's 2012 corporate social responsibility performance. By announcing the report to stakeholders, Ace publicly declares its commitment and determination to implement sustainable strategies to support its economic, environment and social responsibility.

This Sustainability Report consists of reporting principles, report guidance, standards of disclosure, performance indicators and the performance of corporate social responsibility activity.

1.2 Scope of the Report

The focus of this report covers sustainability, environmental protection and social responsibility. The scope covers the corporate social responsibility activity in 2012 consisting of performance on all phases of the corporate social responsibility, which included environmental protection, economy, society, labor, product responsibility, and human rights.

1.2.1 Period of the Report

This report covers our performance activity on the corporate social responsibility for the period April 2012 ~ March 2013.

1.2.2 Companies Covered by the Report

Unless otherwise annotated, ACE COMPUTERS shall mean Ace Computers

1.2.3 Publication Frequency

We will publish this report annually.
Next release: Scheduled in June 2014

1.2.4 Change from the previous report

Updated all categories affected by changes in the past 12 months. The report establishes existing company policies and procedures. Furthermore, the current legal and regulatory framework has been reviewed to ensure full compliance.

Ace's annual Corporate Social Responsibility Report is available for public inspection and is available to download from the Ace homepage for further scrutiny of our operating conditions. Link: <http://www.acecomputers.com/csr2012.asp>

1.3 Content and Guideline of the Report

We have referred to the Global Reporting Initiative (GRI)'s GRI Sustainability Reporting Guidelines 2006. (GRI G3) to write the report based on the requirements of level C.

1.4 Contact Information



ACE COMPUTERS

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2. Commitment to Sustainability

Pursue the material and spiritual well-being of employees, customers and all stakeholders surrounding Ace's business through rightly contributing to the progress and advancement of society

Under this management philosophy, Ace Computers strives to establish a sustainable business by providing high performance and high quality products at reasonable prices and in return earn long-term customer's trust from the national market.

Locating our headquarters operation, development and manufacturing operations in the USA allows us to quickly and more precisely respond to market needs and enables us to better serve our customers and business partners nationwide, while maintaining high quality production of technically advanced products.

In recent years, as environmental consciousness has become more important, Ace Computers started to take firm corporate initiatives toward environmental protection.

From the product development perspective, we have always been environmentally conscious in our designs as our founder was a degreed environmental engineer and anxiously sought to incorporate more environmentally friendly technologies into our product line as a way to distinguish them from our competition. Innovations such as our product line incorporating features like Power Factor Correction (PFC) power supplies and "80Plus" technologies in our "Vision Series" desktop line for which we were formally recognized by the US government in 2003 at the Federal Office Systems Expo well before there even was an "80Plus" program. Our current desktop line is our 8th generation of the "Vision Series" desktop line. Today since there are more eco-technologies available, we place strong emphasis toward adopting as many green-concepts and technologies as possible in our new products such as low power consumption functions, recyclable materials and reduction of hazardous substance usage, in order to provide greener products to the market.

There have been many new environmental related regulations being introduced recently, such as RoHS, Energy Star and StEP for e-waste issues, and the social responsibilities for environmental protection are becoming critical for corporations. We highly respect these responsibilities and comply with these regulations and strictly satisfy all these requirements.

In 2012, we developed a new server line using only 90%+ power supplies aimed at US Government agencies, which are far in advance of the current requirements for power efficiency by Energy Star standards. These new products, which are more environmentally friendly than past products are going to be our standards going forward. We intend to introduce more products with higher efficiency power supplies for the desktop space as well.

As for our mid to long-term corporate commitments, we consider the development of environmentally friendly products as one of the most important corporate objectives for our business operations. Through these activities, Ace Computers intends to contribute to a better environment.

Last and of most importance, I would like to extend my sincere appreciation to all those related with Ace Computers for warm and sincere support including our component partners, vendors and customers. We relentlessly improve ourselves to become better partners and citizens of the Earth.

June 1, 2013

ACE COMPUTERS

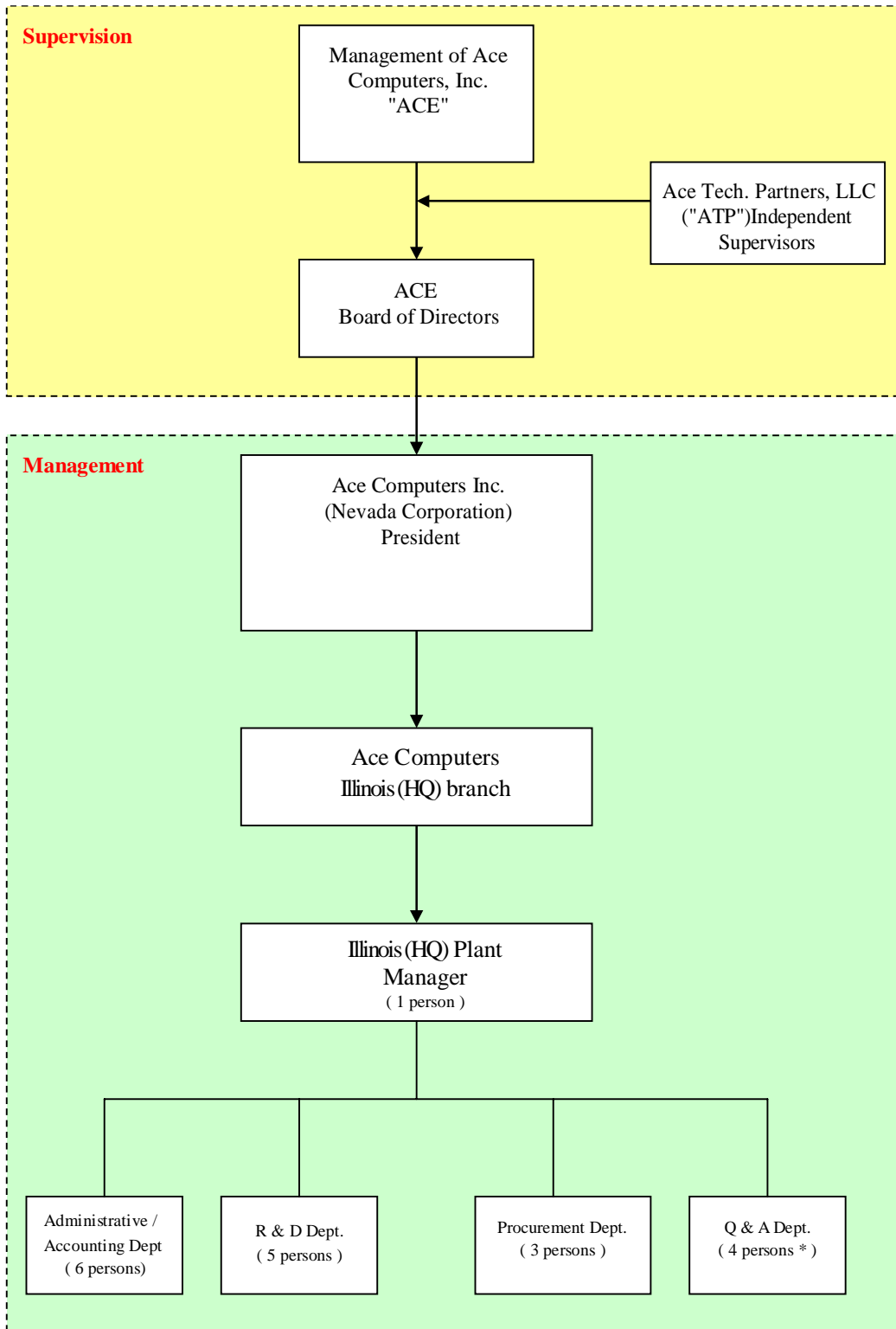


John Samborski, CEO

3. Company Overview

3.1 Company Profile

In principle, unless otherwise noted, ACE shall mean ACE COMPUTERS



3.2. Primary Products, Application and services

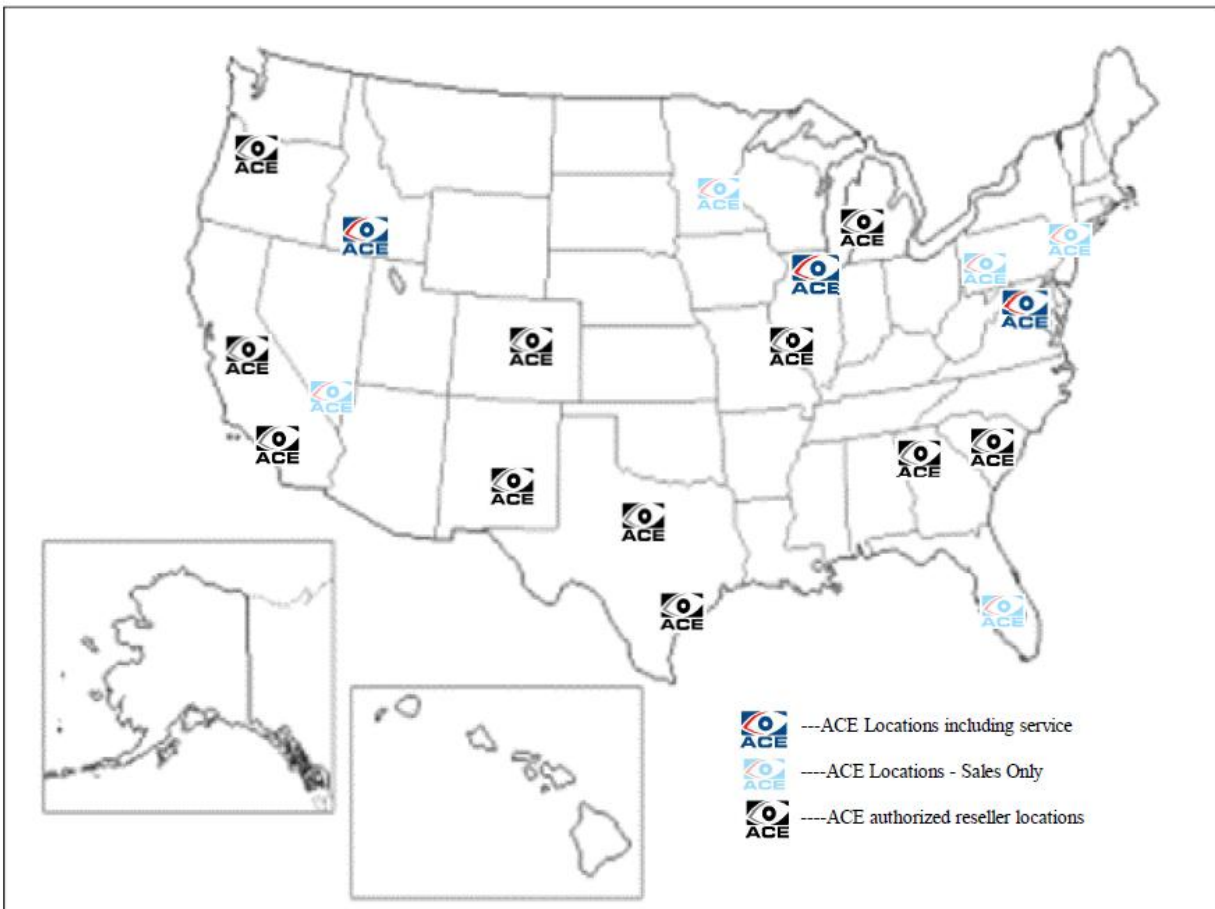
We started researching, developing and manufacturing personal computer peripherals in 1983 and built accessories like memory cards, video cards and other peripherals for Apple II series computers and then shifted to the Intel-compatible market shortly thereafter. We then decided that we would prefer to establish the ACE brand of PC's rather than just supporting other vendors. ACE branded products and technology have included desktop and notebook style PC's, workstations, servers and now tablet PC's. To ensure that our technology and services satisfy customer needs, we have 3 additional service locations across the nation, where we strive to provide the utmost support to all customers nationwide.



3.3 Business History

- 1983: Established in Madison, Wisconsin as an Apple® II peripheral manufacturer.
- 1983: Established ACE branded computer offerings, originally as an Apple® II compatible and soon thereafter to Intel® compatible platforms.
- 1989: Start manufacturing Intel® 80486 based platforms with tremendous growth.
- 1993: Start manufacturing Intel® Pentium® based PC's for the corporate market.
- 1994: Focus sales towards vertical markets - Education, Engineering, Government agencies
- 1998: Became the world's 2nd Intel® Premier™ Provider(Now called Technology Provider-Platinum)
- 2001: Became Microsoft® Gold™ System Builder
- 2002: Established 5 year GSA Schedule Contract for sales to the US Government.
- 2003: Entered the VAR 500 of top 500 VARs/resellers in the US.
- 2004: Received award from Federal Office Systems Expo for "Best Government Desktop" - Vision Series
- 2006: Entered into Energy Star agreement with the US EPA for Green technologies
- 2008: ACE obtains ISO-9001 quality system certificate
- 2009: ACE establishes 5 year contract with Western States Contracting Alliance (WSCA)
- 2009: Enters into an agreement with EPEAT for environmental registration of our products
- 2011: Establish new 5 year contract with the State of Wisconsin for Ace branded personal computers.
- 2012: Establish new 5 year contract with the State of Georgia for Ace branded personal computers.
- 2013: Establish new contract with the US Air Force for Network-Centric Warfare products "NETCENTS 2".

ACE Corporate, Sales and reseller locations



4. Stakeholders Participation

For a long time, our advanced technology, excellent products and services have obtained customer support and trust with the “ACE” brand established nationwide for over a quarter of a century repeatedly and by offering the best quality and services to meet customer needs past, present and for the future. Through establishing a good communication network, we can fully understand stakeholder needs and ideas. With our established and unobstructed channels of communication we aim to understand the issues and problems that stakeholders experience.

4.1 Customers, Communities, Employees, Suppliers and Investors

This report mainly divides stakeholders into 5 groups, namely customers, communities, employees, suppliers and investors as follows:

4.1.1 Customers

- a. Customers cover our customer companies and customers themselves.
- b. Frequent communication takes place with our customers to provide and exchange information regarding products on a regular basis and implementing customer satisfaction surveys annually.
- c. Topics:
We hold close contact with customers, inform them of our products regularly and ensure products meet reliability and quality expectations. We phase in “Green” initiatives and technology with the hope to apply the concept of environmental protection.

4.1.2 Communities

- a. Communities cover the local communities, non-government organizations, industry bodies, government experts and the media.
- b. Communication frequency: declare publicly from time to time and convene a conference if deemed necessary.
- c. Topics:
Through newsletters, statements and environmental action, we express to the stakeholders our determination to implement the major environmental criteria and keep implementing relevant measures to reduce any negative impact on the environment.

4.1.3 Employees

- a. Employees include current employees, future employees and retired employees.
- b. Communication frequency: use of various communication channels for on-going dialogue, including a labor management conference every six months.
- c. Topics:
For company and employees, we maintain good labor relations and provide many communication channels so employees can fully express their feelings. Examples of which are: weekly department meetings, regular company meetings and the six-month employee forum. Not only does this achieve a harmonious relationship between employers and employees by prompt responses via intranet but it also ensures that we understand employees’ needs and gain their opinions in the development of the company.

4.1.4 Suppliers

- a. Suppliers include component suppliers, distributors, agents and other resources.
- b. Communication frequency: a factory audit at least annually along with a monthly meeting with suppliers, distributors and their agents.

c. Topics:

The purpose of meeting with suppliers is to ensure and demand that their products comply with international regulatory requirements. We question the suppliers about the relevant environmental laws and regulations, such as the prohibited and limited use of substances. The Procurement Department grasps the major supplier’s situation on product technology, quality, cost, and delivery.

4.1.5 Investors

Investors include the shareholders plus financial & insurance corporations. The unobstructed communication channels enable us to implement risk management effectively and the transparency of information enables the investors to understand the situation of business operations. Ace is privately held at this time.

4.2 Internal Communication

1. Communication through documentation

Make use of the company intranet and communicate the matters stated as below during the ISO meeting:

Items	Propagandize other than the intranet
Environmental policy	Post in the bulletin board; all members carry the quality and environment motion card
Environmental objectives and subjective (including performance)	Post in the bulletin board
Other articles	Post in the bulletin board where appropriate

2. Communication through meetings

To convene a regular meeting, or ad hoc meetings, when problems occur to understand the situation effectively, interact positively and achieve the objectives.

4.3 External Communication

1. By newsletters, statements and environmental action, we express to the stakeholders our determination to implement the major environmental requirements.
2. By the discussion with our suppliers to ensure that they are aware of elements and terms of the environmental management system and prompt them to implement and comply with and process retrospectively.
3. Commit to establish the agreement via communication as a usable record and execute confirmatively and effectively inside the company and provide the relative stakeholders, based on the regulation “The operating procedure of internal and external communication of environmental management inside outside company”

Consultation window	Dept. in charge
Administrative dept, autonomy, local resident	Administrative Dept.
Consultation related to management system	Q&A dept.
Consultation related to products	Technology QA dept./R&D dept.

5. Management Transparency

5.1 Corporate Governance

For any enterprise, honesty and integrity is one of many extremely imperative values and is the highest moral principle of employees' behavior. ACE does not allow any acts of corruption, bribery, extortion or embezzlement; any transaction and exchange of documents has to be evidenced by computerized documents.

Regarding the financial results and business performance, we are a privately held company, so we are not required to publicly disclose the financial performance however we have been profitable consistently for over 10 years and have only had one money-losing year in the 29 year history of the company. We do disclose business information to suppliers and the public via the parent company's website (<http://www.acecomputers.com>) according to a fair and transparent principle.

5.2 Anti-Corruption

5.2.1 Concerning employees, we provide training and education to all employees to ensure that everyone understands the relevant rules and regulations. Whenever undertaking the related business and transmitting the upstream and downstream messages, inter-departmental cooperation will insist on the highest principle of honesty and integrity; we do what we promise. While we have access to business assets and intellectual property, we shall refrain from using corporate property, information or position to further private interests; we shall not engage in acts of a detrimental nature or acts of any conflict of interest.

5.2.2 Concerning suppliers, we take our best interests firstly into consideration, select sincere and creditable suppliers, cooperate as their business partners, establish a reliable relationship with suppliers, carry out transparent transactions and fair cooperation with greater transparency, treat all our business partners fairly and equitably, in performance of our duties, we shall not request or receive gifts, hospitality, bribes or conduct ourselves in an improper manner, which is against social etiquette, customs and are in violation of the company's regulations.

5.2.3 No instances of corruption have occurred to date and we will hold on to business principles and corporate honesty moving forward to maintain this record of zero corruption.

6. Social Responsibility Management

ACE formulates many relative management programs conforming to the labor-capital relationship, labor conditions, social responsibility and the labor's basic regulation to protect employees' interest and improving continuously to meet the request of national laws and regulation and stakeholder interests and not allowing compulsory involuntary labor under threat and punishment.

We have developed a number of relevant management procedures and company charts to comply with good labor-management practice, labor working conditions, basic social responsibility and labor legislation, protecting basic human rights and interests of employees, while implementing continuous improvements to meet international laws and regulations and the requirements of the other stakeholders. We do not allow any involuntary and forced labor under punishable threat.

No employee has ever been discriminated against due to race, religion, color, nationality, gender, age or political stance and we promote diversity and equal opportunity.

6.1 Sound labor working protections

1. Protection of Job and Employment Rights and Interests are paramount.
2. Employment complies with legitimate labor laws, in particular regarding prevention of child labor employment, hazardous working conditions and forced compulsory labor and overtime.
3. Protect the safety of employees, prohibit any tangible or intangible sexual harassment and acts of discrimination. Employees are not discriminated due to race, religion, color, nationality, gender or any other factor and we promote diversity and equal opportunity.
4. In accordance with the provision of local acts, in case ACE changes significantly and labor rights and interests are likely to be affected, notice should be 10 days before change for those employed between three months and one year; 20 days for those employed between one year to three years; and 30 days for those employed greater than three years, in order to protect employees' chance of employment.

6.2 Employer of the local population

We adopt the local population by priority. 'Senior management' means more than the manager, and all members of 'Senior management' are employees of the local population.

7. Environmental Safety Management

7.1 Overview

ACE obtains support from all customers nationwide, that aside from the ability to adapt to customer's requirement, the other most imperative key is the advanced vision of environmental trend. ACE adopts and encourages low emissions, power saving, recycling & re-use to minimize the impacts on the environment to achieve the environmental protection and general earth care.

7.2 Environmental Management

7.2.1 Compliance with the ISO-14001 environmental system and environmental laws and regulations, reduction of impact on the environment and devotion to environmental protection is one of Ace's policies of corporate social responsibility.

In addition, we are planning to obtain ISO-14001 environmental system certification, as a result of international attention to the use of product substances, energy saving design and global environmental warming. We not only keep a close track of the laws and regulations related to the environment and substances. Some of the regulations that we comply with are:

1. RoHS Directive
2. Packaging and Packaging Waste Directive
3. WEEE Directive
4. Energy Star Directive
5. StEP Regulation

7.2.2. ACE has not violated any relevant laws and regulations to environmental protection, safety and other. Furthermore, there has been no incidence of penalties or fines up until this report date. In the case of labor safety and health, we continue to improve our safety and health management system, and will be carrying out many programs with good performance to date.

7.3 GHG (Greenhouse Gas) Reduction Management

7.3.1 The use of fossil fuels in economic activities has resulted in a rapid increase of CO₂ and other greenhouse gas concentrations, generating more and more obvious global warming, sea-level rise and global climate changes. So, when reliant on energy and water resources and in the event of any gradual or sudden lack of energy supply or shortage of water, the impact on crops, ecosystems and human health will increase.

During the Earth Summit held in 1992, the United Nations adopted "United Nations Framework Convention on Climate Change, UNFCCC", declaring to control the emission of "Anthropogenic Greenhouse Gas".

The third convention of treaty countries concerning the "United Nations Framework Convention on Climate Change, UNFCCC" was held in Kyoto, Japan in December 1997 and passed the Kyoto Protocol to regulate the industrial countries' responsibility for greenhouse gas reductions.

7.3.2 In respect of the risks to finance, ACE realizes that a reduction in energy consumption will result in a reduction of greenhouse gases. Technically and Economically to an extent, we can continue the promotion of various energy conservation programs. Although the cost may increase, we can reduce the energy consumption and greenhouse gas emissions while developing new products.

7.3.3 Program of greenhouse gas reduction

- a. In order to reduce energy consumption and also to help reduce the emission of greenhouse gas, ACE continuously promote various programs of energy conservation to the feasible extent of technology and economy.
- b. In contrast to the older generation of power supplies, our 80+ power supplies meets the goal of green concepts and possesses low power consumption advantages. Moreover, our utilization of higher efficiency power supplies allows us to use smaller sized power supplies thus producing lower power consumption overall. We have also stipulated that our chassis designs also are designed for High AirFlow (HAF series) better vented and require less active cooling elements in order to keep the components cool enough to operate.
- c. Use of a high efficiency power supply of 85%+ versus that industry standard 65% power supply will use about 20-35% less power and combines with our utilization of lower active cooling elements can result in over 40% power consumption.



High Air Flow Chassis = Lower Active Cooling Elements

8. Safety and Health Management

8.1 Emergency Management

1. Emergency Response Standard is to provide guidelines for responses to emergencies arising from disaster to reduce any injury and improve personnel safety. We establish emergency measures (including natural disaster, fire, pollution, and protests) The establishment of “environmental emergency response preparation and control procedures” is to define clearly the prevention process principles and response measures procedure, to accidents and emergencies in order to reduce the level of impact to the environment.
2. Establish an emergency response team in accordance with the task and the mission. The Emergency Response Team is divided into command, ambulance and treatment stakeholders. When an emergency is discovered, he/she shall inform the operator immediately, the operator shall announce via the emergency broadcasting system notifying the team leader in order that relevant measures and contact to the relevant units are instigated.
3. Emergency response team shall assign, in accordance with the mission, the members to implement the tasks immediately. In addition to this, we participate a fire drill together within the office building every year to promote the safe management of an emergency response.
4. After the emergency is resolved, we are to review and update any relevant preparations and changes to procedures and standards in order to prevent in advance future occurrences and reduce any impacts to the environment.

8.2 Performance indicator of occupational disaster management

In respect of labor’s safety and health, there have been no occurrences of occupational hazards to ACE through 2013. As we create and improve a management system of safety and health. From time to time, we inform labor’s safety to employees, we require the person in charge of tasks likely to have to a significant impact, to have an appropriate qualification, training, experience and or certification, such as electrician’s license, environmental fire license etc, in order to take responsibility for his/her tasks.

9. Awards

The following pictures are some of the awards we have won from highly recognized sources:

Ace Raptor 4 Portable Workstation



Ace Lightning 200 Desktop System



Ace LHD Limited Media Server series



Ace Vision Mini III - Ultra small form factor



Winner for ECO-Design

10. Application Levels of GRI G3 and Self-Declaration

Information disclosed in this report refers to the 3rd generation of the Global Sustainability Report Guidelines (GRI G3) 2006 published by the Global Report Initiative (GRI) in 2006, which recommends that all reports written in accordance with the guideline of GRI G3 shall confirm the application level and the content index to indicate the specific application level for this report. There are 3 application levels: A, B, C for GRI G3, any application level verified by the 3rd party will have the added the symbol of (“+”) after the level. Verification for all application levels is described in the index of application level.

We recognize that the major indicators we disclosed comply with requirements of GRI G3 ver. 2006. We hereby declare that the Corporate Social Responsibility Report 2013 of ACE COMPUTERS currently reports according to the GRI guidelines for level C (self-declared level).

Index of Application Levels of GRI G3:

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report on all criteria listed for Level B plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Same as requirement for Level B	Same as requirement for Level A plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17
	G3 Management Approach Disclosures OUTPUT	Not Required	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.

*Sector supplement in final version

The following table refers to the guidelines of GRI G3 to link the indicators with the content of our report:

Indicator	G3 Disclosure	Description of article	Article no.
Strategy and analysis	1.1	Commitment to Sustainability	2
Organizational profile	2.1	Contact information	1.4
	2.2	Primary products, application and service	3.2
	2.3	Company profile	3.1
		Corporate Governance	5.1
	2.4	Company profile	3.1
	2.5	Business Histories	3.3
	2.6	Company profile	3.1
		Corporate Governance	5.1
	2.7	Primary products, application and service	3.2
	2.8	Company profile	3.1
Primary products, application and service		3.2	
Corporate Governance		5.1	
2.9	Business Histories	3.3	
2.10	Awards	9	
Report parameters	3.1	Scope of the report	1.2
	3.2	Scope of the report	1.2
	3.3	Scope of the report	1.2
	3.4	Contact information	1.4
	3.5	Scope of the report	1.2
		Customers, Communities, Employees, Suppliers and Investor	4.1
	3.6	Scope of the report	1.2
	3.7	Scope of the report	1.2
		Content and Guideline of the report	1.3
	3.8	Company profile	3.1
		Internal Communication	4.2
		External Communication	4.3
3.10	Scope of the report	1.2	
3.11	Scope of the report	1.2	
3.12	Application level of GRI G3, self-declaration	10	

Indicator	G3 Disclosure	Description of article	Article no.
Governance, Commitments, and Engagement	4.1	Company profile	3.1
	4.2	Company profile	3.1
	4.3	Company profile	3.1
	4.4	Customers, Communities, Employees, Suppliers and Investor	4.1
	4.14	Customers, Communities, Employees, Suppliers and Investor	4.1
	4.15	Customers, Communities, Employees, Suppliers and Investor	4.1
Economic	EC2	GHG Reduction Management	7.3
	EC7	Employee of the local population	6.2
Environmental	EN28	Environmental Protection Management	7.2
Society	SO3	Anti-corruption	5.2
	SO4	Anti-corruption	5.2
	SO8	Anti-corruption	5.2
Labor Practices and Decent Work	LA5	Sound labor working protection	6.1
	LA7	Emergency Response Management Environmental Safety and Health and Performance	8.1 8.2
Human Rights	HR4	Social responsibility management	6
	HR6	Sound labor working protection	6.1
	HR7	Sound labor working protection	6.1
Product Responsibility	PR9	Environmental Protection Management	7.2



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