AUO

Innovating Life

CORPORATE SOCIAL RESPONSIBILITY REPORT

2020

AUO

Go Beyond CSR
Create Shared Values

CONTENTS

About the Report

AUO began publishing its Environmental Brochure in 2004, and the Environmental, Health, and Safety Report in 2005. The CSR Report has been published on an annual basis since 2006. The report provides a systematic compilation of AUO's goals and accomplishments in the corporate governance, environmental and social aspects. To provide a complete disclosure of AUO's CSR accomplishments and the outcomes of stakeholder communication, the third edition of the Global Reporting Initiative - Sustainability Reporting Guidelines (GRI-G3) was adopted in 2007 as the basis for our CSR report structure, followed by the adoption of the GRI Standards1 in its entirely in 2017. The CSR report is now prepared in accordance with the Comprehensive options of the GRI Standards. It provides stakeholders with a report on AUO's economic, environmental, and social strategies/activities while also demonstrating AUO's commitment to sustainable development.

Scope and Basis of Calculations

The information disclosed in this report encompasses the CSR performance of all AUO sites worldwide between the period January 2020 and December 2020. The reporting boundary encompasses all sites in Taiwan, China, other Asian countries, the Americas, and Europe. Key information from the subsidiary AUO Crystal Corp. and suppliers are also included to disclose the Company's sense of responsibility and influence on the value chain.

All of the data for 2020 in this report were verified by an independent third party and presented using internationally accepted indicators. Estimation is indicated in their corresponding sections.
 ‧ Financial data was audited by the KPMG accounting firm and the monetary unit is the New Taiwan Dollar (NTD).
 ‧ ISO 14064 GHG emissions were verified by DNV.
 ‧ AUO's ISO 14001, OHSAS 18001 and ISO 50001 management system certifications were verified by SGS Taiwan.
 ‧ ISAE 3000 was assured by KPMG.

Reporting Standards and Guidelines

Important economic, environmental, and social issues from around the world were collected by AUO, and materiality analysis was applied to identify issues that were of concern to stakeholders. In 2020 Q3, all the relevant departments were invited to discuss and identify the issues of importance. The implementation results for each issue are presented in this report. This report discloses the Company's performance and management guidelines for these issues in accordance with the GRI Standards.

Note: The Global Reporting Initiative's Sustainability Reporting Guidelines (GRI Standards) provide the latest GRI framework.

Report Publication

The CSR Report is published annually by AUO.
Current version: Issued in June, 2021
Previous version: Issued in June, 2020
Next version: To be issued in June, 2022

Feedback

Please do not hesitate to contact us if you have any suggestions or questions. Our contact information is provided below. You may also click on "Contact AUO" on our homepage to reach us.

AU Optronics Corporation - Sustainability Development

Address : No.1, Li-Hsin Road 2, Hsinchu Science Park,
                Hsinchu City 300, Taiwan
Telephone : +886-3-500-8800
Email : CSR@auo.com
AUO's CSR official website : csr.auo.com/en

Paul Peng
Chairman

Letter from the Chairman

To all partners with an interest in corporate sustainability of AU Optronics

Since 2020, the world has been affected by the uncertainity of the COVID-19 epidemic. At the same time, everyone is also facing the impact of extreme weather caused by climate change. Every place is suffering from different environmental challenges, and all countries are rethinking new strategies to respond to global risks. In an era of connectivity, no one can remain aloof. AUO has been expected to be the green leader in the industry, and has been advanced the development of display technology and product applications over a long period of time. We actively promote corporate social responsibility, facilitate industrial chain cooperation, implement smart manufacturing, and protect environmental resources.

The Company has experienced different emerging difficulties and challenges, but we have been upheld the commitment to sustainability over the years. I am also honored to have received the "David Sarnoff Industrial Achievement Prize" from the Society for Information Display (SID) in 2020. It recognized my efforts in leading the Company's sustainable development and promoting the integration of the display industry, while also enabling the Company's management team to establish the spirit of the global sustainable development goals of "SDG17: Partnerships for the Goals", moving toward building a sustainable ecosystem with a complete value chain.

Taking a big picture of the changes in the industry in the past and analyzing the future development, the Company formulated the two-axis transformation strategy of Go Premium and Go Vertical. With AUO's core business and foundation of manufacturing, we develop products with high added-value and integrate AIoT to create vertical field solutions, maximizing the value of panel. This is combined with the 10 targets of the EPS (Environment, People and Society) themes focusing on environmental sustainability, inclusive growth and agile innovation, set up by the Company in 2018. We take the responsibilities of environmental sustainability into account and continually respond to the issues of climate change and circular production while moving the products toward high-value development. Regarding vertical field solutions, there was a greater focus on field applications. We provide more diverse applications and solutions through flexible and innovative integration, as well as stakeholders convergence in these aspects, including manufacturing revolution, inclusive energy and transportation, medical care, equal rights of education and smart life. This allowed the Company's strategy and sustainability targets to complement each other and then create 2020 operating performance.

2020 was crucial in assessing whether a company can operate sustainably. Because of the epidemic, everyone is rethinking the balanced development of ESG (environmental, social and corporate governance). In facing key issues of global ESG, AUO has operated steadily, concerned with the international net-zero carbon emissions by 2050, managed carbon emission risks and opportunities using the life cycle concept, and developed a circular economy. On the topic of talent structure and diversified competitiveness, government-industry-academia resources are also connected to cultivate the pool of young talent of Taiwan's industry. In the area of value chain and risk management, we have firmly implemented global partnerships, strengthened patent management and increased customer product competitiveness. As for supplier partnership, assistance is provided to keep up operational capabilities with the spirit of shared value, while drawing on a full range of corporate risk management capabilities to face the treacherous and ever-changing external challenges. In the past year, in addition to working with partners to fight the epidemic, we have also exercised and accumulated more industrial energy, which has made us a stable and profitable company that is also capable of responding to the expectations of multiple stakeholders, including global investment institutions and shareholders.

Every test strengthens our planning of forward-looking and appropriate strategy policies. It is also the critical reason that allows us to be selected in the Dow Jones Sustainability World Index for 11 consecutive years, ranked in the top 5% of Taiwan Stock Exchange's Corporate Governance Evaluation, and achieved excellent performance in various international CSR evaluations. We appreciate the outside world for affirming us, which means that we are on tthe right path in achieving the creation of a sustainable ecosystem.

Letter from the Chief Sustainability Officer

Taking a broad view of popular global sustainability trends, there are issues regarding "climate action", "supply chain risk", "operational resilience", "social participation" and "workplace equality" and other ESG (Note 1) aspects. This reflects that the government, investors, customers, and stakeholders evaluate a corporation's sustainability energy based on these issues. AUO is in hope of meticulously connecting external expectations with sustainability strategies and core corporate policies, as well as responding to topics of stakeholders' concerns with the sustainability achievement in 2020.

Q. How to promote cooperation and effective management with supplier partners

In response to the "SDG17: Partnerships for the Goals" (Note 2), AUO undertakes corporate social responsibility jointly with suppliers by the four stages of advocacy, sharing, counseling, and exemplary benchmarks. We established supplier management strategies, which include specific targets and methods of "environmental sustainability", "risk control", "partner interaction", and "digital platform". Through partner conferences, course series, event participation, collaboration on energy-conservation/water-saving, and auditing/counseling, partners can enhance knowledge and capabilities, reduce corporate risks, become green partners of AUO, and achieve co-prosperity goals together.

Q. How to implement corporate risk governance

AUO has gone through three stages of transformation, from the original function-oriented BCP operation to concise and practical risk assessment and management, and then to the stage of the continuous operation of "All-round Risk Management". In 2020, the "Global Business Continuity Plan (BCP) Response Command System" was actively completed. We establish emergency risk management strategies to achieve the goal of real-time control of potential risks. The system is also used for COVID-19 epidemic management. With the setup of domestic and overseas cross-function task forces and trend monitoring, we conduct adjustment and scheduling at all times according to the epidemic situation. There are some corresponding mitigation actions from monitoring, containment and quarantine to disaster response to minimize the impact on operations.

Q. How do enterprises develop circular economies

Upholding the green corporate culture of cherishing resources, we establish circular economy strategies and form alliances with value chains to promote the possibility of the recycling and reuse of products, manufacturing and supply chains and to expand the benefits of the circular economy. In 2020, AUO received the first UL 3600 circularity certification in the display industry, demonstrating the fruitful results of synergistic partnership with value chain partners in the panel life cycle. In terms of water resources, AUO applies independent and advanced management capabilities, focuses on improving the technology for fully recovering process water, with a water recovery rate of nearly 94% in 2020. Combined with AI smart digital transformation, real-time monitoring and adjustment of water use, AUO can respond more flexibly when facing the normal state of severe water shortage.

Q. How to manage carbon emissions in response to climate issues

Based on the climate change management policy of "information transparency, mitigation and adaptation, responsible participation, and collaboration", the carbon energy working group was formed, and climate adaptation was included in the 2025 EPS Targets (Note 3). We achieved the carbon reduction target based on SBT (Note 4) in 2020 and created more energy-conservation spaces through smart production and industry-academia collaboration. AUO is the first one in the panel industry that obtained ISO 14064：2018 new version verification. It strengthens the base of indirect emissions (Scope 3) and extends value chain management. In addition, based on the TCFD framework (Note 5), we examined the situation when facing climate change and took appropriate countermeasures with the PDCA cycle. In the area of renewable energy, in addition to the introduction of green electricity in the future, there are more competitive preparations for the deployment of the renewable energy market.

Q. In terms of inclusive growth, how to strengthen the influence of corporate social participation

We established the AUO Foundation with the vision of implementing green corporate commitment and cultivating sustainable social citizens, establishing a volunteer system, and calling on employees to get involved and expand their participatory power. In addition, with the philosophy of complementarity, collaboration and co-creation, we are extending core advantages and working together with stakeholders to help local and disadvantaged people. In 2020, AUO promoted the AUO Star "Social Innovation and Power Cultivation Star Project", which focuses on procurement, cultivation, activities, and innovation. We invite employees and their families, and group companies to participate in to deepen the cooperation with socially innovative enterprises, non-profit organizations, and to assist their sustainable operations to strive together for a better society.

Q. How to implement a happy workplace with human rights and gender equality

With a people-oriented spirit, AUO set the development of multi-ethnic empowerment, promotion of a culture of gender equality, and the establishment of a friendly and safe workplace as all-round policies of workplace equality. This is put into practice in the areas of the empowerment of female employees, maternal care, job design for physically challenged employees, and the cultural integration of foreign colleagues. At the same time, we make human rights risk assessments annually which comprises various aspects such as sexual harassment, salary, and benefits, then set up diversified mitigation measures. In 2021, AUO was included in the Bloomberg Gender-Equality Index (GEI) for the fourth year in a row, and I had also been personally recognized as Asia's Top Sustainability Superwomen (Note 6). We can continue to expand our influence on this issue.

Amy Ku

Chief Sustainability Officer

Note 1: E (Environment), S (Social) and G (Corporate Governance) are regarded as indicators for evaluating business operations

Note 2: The "SDG17: Partnerships for the Goals" is one goals of the United Nations 17 Sustainable Development Goals

Note 3: AUO's 2025 sustainability goals: Three main themes of Environment, People & Society

Note 4: Science based target (SBT), to achieve the target of controlling the total carbon emissions within 2° C of warming, and to calculate reasonable carbon reduction quotas in industries and enterprises around the world using science-based methods

Note 5: Task Force on Climate-related Financial Disclosures

Note 6: Asia's Top Sustainability Superwomen

Business Operations

Represents our commitment to the sustainability of the environment, society, and corporate governance even as we strive to improve competitiveness.

Annual Achievements

Dow Jones Sustainability Index

Selected as a composite in the Dow Jones Sustainability World Index (DJSI) for **11** consecutive years

Display Patent

Total number of global patent applications

27,600, as of December 2020

Strategic Deployment

Cross into service areas of smart retailing, smart healthcare, smart factories, circular economy, and smart industries to vigorously foster a field economy ecosphere based on the "**AUO Next**" transformation strategy

Operations and Management

Continually win the affirmation of top 5% ranking companies in corporate governance evaluation

Integrity and Compliance

100% of the new directors and company officers have completed the insider trading prevention management course

Description of Material Topic

	Significance to Operations	Management Strategy	Evaluation Methods, Outcome, and Adjustments
Governance	Apply systematic operation to align the vision and goals of the board of directors, committees, and the Company's employees, as well as ensure their legal compliance, risk control, and consistent values	1. Comprehensive corporate governance regulations including corporate governance, ethical management, company officer ethics, board of director performance evaluation, insider trading, auditing, and taxation have been established 2. Internal control units including Audit, Remuneration, and CSR Committees have been created 3. Independent Directors account for the majority of the board of directors	1. Regularly review the function and operation of the board of directors: Board of directors' conducted self-assessment and be evaluated by external independent expert representatives 2. Regularly participates in corporate governance evaluation 3. Management regulations targeting relevant flaws
Integrity	Prevent corruption and materialize anti-competition through comprehensive management policies and communication channels	1. Comprehensive integrity policies including business ethics, intellectual property protection, information security management, insider trading prevention, and antitrust compliance 2. Establish a monitoring and execution mechanism, and expand to supplier management 3. Establish a total promotion channel and execution to ensure that everyone practices what they preach	1. Structure and implement circular management methods and indicators including political, governance, communication, and value dimensions. 2. Report to the board of directors annually and engage in diverse promotions such as regular education and training 3. Continue to reinforce internal control and external audit mechanism, and implement the total promotion

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Company Profile

Global Leader of Value-Added Optoelectronic Solutions

AU Optronics Corporation (AUO) was founded in August 1996 under the name Acer Display Technology. In 2001, Acer Display Technology merged with Unipac Optoelectronics and changed its name to AUO. Quanta Display was later acquired in 2006. In addition to Taiwan, AUO also has display manufacturing sites in China, Singapore, and Slovakia, as well as overseas subsidiaries and service locations to provide our customers with timely support.

To continue bolstering our capabilities as well as seeking self-improvement and raising our standards, AUO has extended the value chain from the display panels to the end-users and implemented value transformation in a bid to become a solutions provider in smart applications.

Company Name	AU Optronics Corporation
No. of Employees	Approximately 38,000 employees worldwide
Capital	NT$96.24 billion
Date of Establishment	August 12, 1996
Main Products and Technologies	Thin Film Transistor Liquid Crystal Displays (TFT-LCD)
	Low Temperature Poly-silicon (LTPS)
	Active-matrix organic light-emitting diode (AMOLED)
	Integrated Touch Solutions
	Solar Solutions
Chairman and CEO	Paul SL Peng
President and COO	Frank Ko
Head Office	No.1, Li-Hsin 2nd Rd., Hsinchu Science Park, Hsinchu City 300, Taiwan
TWSE-listed	2000, stock code 2409
2020 Annual Revenue	NT$270.96 billion

AUO's Strategic Deployment Guideline

Innovative Display Technologies and Products - Commitment to Increasing Values

AUO possesses full production lines from 3.5G to 8.5G capable of manufacturing display panels for different applications. AUO is dedicated to becoming a provider of comprehensive solutions through a full spectrum of display technologies and a diversified product portfolio. We offer customers services such as software/hardware system integration, low-volume, high-mix customized production, reliable quality, and smart services.

Integration and Extension of the Value Chain – Tapping Into New Business Ventures

With over 2 decades of expertise, we have expanded our technological know-how in display panels to integrate the upstream/downstream industry chain and software/hardware services to venture into new businesses including smart business retail, smart industrial services, circular economy, and general health. Furthermore, we strive to forge partnerships and create various application ecospheres.

An Outstanding Enterprise on the Path Towards Sustainable Operation

Inspired by the core philosophy of sustainable management, we aim to implement diverse environmental policies and participate in social engagement. Our corporate management ensures the sustainable values of the environment, society, and corporate governance. Working with our value chain partners, we strive to foster a sustainable CSR ecosphere.

Global Operations

the Netherlands
Germany
Slovakia
Mainland China
Xiamen Kunshan Suzhou
Korea
Japan
Linkou
Longke
Longtan
Hsinchu
Taichung
Houli
Tainan
Kaohsiung
United States
Singapore

Head Office |
Taiwan - Hsinchu

Display Manufacturing |
Taiwan - Linkou·Longke·Longtan·Hsinchu
Houli·Taichung·Tainan·Kaohsiung
Mainland China - Kunshan·Suzhou·Xiamen
Singapore·**Slovakia**

Overseas Subsidiaries |
Mainland China· **Korea**·**Germany**·
Japan· **United States**· **Singapore**·
the Netherlands

In 2020, AUO established the "AUO Next" transformation strategy combining our core display panel business, field economy, and the new business group, moving towards a new phase of value transformation that involves crossing over into service areas of smart retailing, general healthcare, circular economy, and smart industrial service. In the future, we will adopt a two-axis transformation policy targeting 4 major fields including smart healthcare, smart retail, smart education and entertainment, and smart transportation. These will be the responsibilities of our independent subsidiaries, and we will continue collaborating with ADLINK to engage in smart manufacturing and facilitate a scenario economy-based ecosphere.

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Smart Commercial Retailing

SPACE⁴M
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ComQi
Digital Signage Solutions
an AUO company

JohnRyan
an AUO company

Retail Marketing & Digital Signage Solutions for Banks

We are dedicated to creating new retail technology integration services, through the profit-making space and ComQi to extend the value chain of PID panels. We intend to strengthen comprehensive upstream/downstream software/hardware integration application services, as we as deepen and expand the strength of the smart retail field.

Smart Industrial Service

AUO MegaInsight
Total Solutions & Services for Intelligent Manufacturing

AUO MegaInsight

Edgetech
industrial hardware service company
AIoT Solutions

AUO MegaInsight[1] provides smart manufacturing solutions encompassing diagnostic, consulting and training services, help its customers in their transformation toward smart manufacturing. Edgetech is an industrial hardware service company that provides services including comprehensive big data solutions, artificial intelligence solutions, visual identification solutions for industrial purposes, and industrial AI brain.

Circular Economy

AUO
AUO Envirotech

AUO Envirotech
Sustainable Solutions
AI Operation Services

In the field of circular economy, AUO Envirotech[2] was established. Providing customers with solutions in the form of integrated output based on the Company's abundant experiences in water treatment and zero discharge of wastewater.

General Healthcare

AUO
AUO Care

AUO Care
Smart Healthcare Solutions
AI Care Services

AUO Care[3] focuses on the concept of active health care promotion to integrate Taiwan's care experience and advanced cloud technology, design an ERP system specifically for elderly care services, and integrate health care equipment with IoT technology in a bid to create an all-around smart care solution.

1 Originally known as" Mega Insight" and renamed to "AUO MegaInsight" in 2021. 2 Originally known as "U Fresh Technology" and renamed to "AUO Envirotech" in 2021.   3 AUO Care changed its logo in 2021

Additionally, in the consolidated tax return of the Company's annual financial report, manufacturing subsidiaries in which AUO holds at least 50% share include AUO China and Singapore, as well as AUO Crystal Corp. – a manufacturer of high efficiency solar materials.

For relevant data, please refer to data overview 1.1 profile of subsidiary AUO Crystal Corp.

Company Name	AUO Crystal Corp.
Date of Establishment	May 22, 2009
Chairman	Chen Shih-Kun
Headquarters	No. 335, Section 2, Houke Road, Houli District, Taichung City
Main Products and Technologies	Ingots and solar wafers
Regions of Operation	Taiwan (Houli, Wuqi), Malaysia (Malacca)
Website	http://www.auocrystal.com/
Annual revenue Thousands of	NT$3,877,601
Net income after tax Thousands of	NT$(91,745)

Foreword | Business Operations | Sustainable Management | Environmental Sustainability | Inclusive Growth | Agile Innovation | Data Overview | Appendix

2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

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Highlights of the Year and Accolades

Q1
- The only company in Taiwan to be selected for Bloomberg Gender Equality Index for 3 consecutive years
- Prime Status awarded by ISS Oekom Sustainability Rating
- Won 3 awards at Taipei Golden Eagle Micro-movie Festival (Social Inclusion Award, Corporate Governance Award, and Environmental Resources Award)

Q2
- Ranked among the top 5% in the corporate governance evaluation held by the TWSE and TPEx
- The gold medal awarded by EcoVadis Sustainability Rating

Q3
- Honored with the 2020 CTSP Innovation Contest - Innovative Product Award
- AUO Chairman and CEO Paul SL Peng received the "SID David Sarnoff Industrial Achievement Prize"
- Received 3 awards at the 2020 Gold Panel Awards (1 technological excellence award and 2 outstanding product awards)

Q4
- Longke site received the MOEA Outstanding Energy Saving Performance Awards - Silver Award
- Taichung site received the Industrial Development Bureau, MOEA's Voluntary Reduction Award
- Taichung site received the 2020 CTSP Waste Reduction and Resource Circulation Award
- Selected as a component in the Dow Jones Sustainability World Index for 11 consecutive years
- Honored with 13 awards in 2020 TCSA, includes the Taiwan Corporate Sustainability Awards, Taiwan Top 50 Corporate Sustainability Award, Taiwan Corporate Sustainability Report Awards - Platinum Award, English Report Award – Gold, Climate Leadership Award, Circular Economy Leadership Award, Sustainable Water Management Award, Social Inclusion Award, Creativity in Communication Award, People Development Award, Gender Equality Award, Growth through Innovation Award, Transparency and Integrity Award, and Supply Chain Management Award
- The only firm to receive the Outstanding Practice of Global Corporate Sustainability Award (GCSA)
- Receives the first UL 3600 circularity certification in the display industry
- AUO Chairman Paul SL Peng received the Industrial Engineering Medal – Industry Contribution Award
- Listed in the 2020 Forbes' World's Best Employers
- Received the Highest Honor of Taiwan Circular Economy Awards – "Exemplary Award" for 2 years in a row
- 2020 Outstanding Business Award
- Honored with Buying Power -New Product and Service of Social Innovation Purchase Reward Program (First Award and Special Award)

🔍 Please refer to our CSR website for further information

Sustainability Assessment

Member of **Dow Jones Sustainability Indices** Powered by the S&P Global CSA | **Sustainability Award** Bronze Class 2021 **S&P Global**

Received the DJSI (World)& S&P Global Sustainability Award Bronze Class for 11 consecutive years

Bloomberg Gender-Equality Index 2021

Included in the Bloomberg Gender Equality Index for 4 consecutive years (2021.01)

2020 MSCI ESG Leaders Indexes Constituent

Included in the MSCI ESG Leaders Indexes (MSCI ESG Leaders Indexes)

GOLD 2020 **ecovadis** CSR Rating

The gold medal awarded by the EcoVadis Sustainability Rating

Corporate ESG Performance **Prime** RATED BY **ISS ESG▷**

Prime Status awarded by ISS Oekom Sustainability Rating

Forbes | 2020 WORLD'S BEST EMPLOYERS POWERED BY STATISTA

2020 Forbes' World's Best Employers

CECP

Filled out the CECP valuation voluntarily 3 years in a row to proactively disclose the performance of social care, volunteer activities, and charitable donations.

vigeo eiris BEST EM PERFORMERS

Vigeo-eiris named AUO as the Top Performer in the emerging markets category in 2020

🔍 please refer to the report for more info

Global Awards and Recognition

Further awards info

Honored with 14 awards of 2020
Taiwan TCSA and GCSA, such as
Outstanding Practice

Winner of Best Practices Award at Taiwan
Circular Economy Awards Ceremony held by
CIER for 2 consecutive years

Won 3 awards at the Taipei Golden Eagle
Micro-movie Festival

AUO Chairman Paul SL Peng received
the SID David Sarnoff Industrial Achievement Prize

Received the 2020 Gold Panel Awards
Technology Excellence Award and Hsinchu
Science Park Innovative Product Award
9.4-inch high-definition flexible Micro LED display
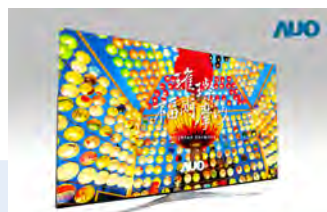
Received the 2020 Gold Panel Awards Outstanding
Product Award and 2020 Hsinchu Science Park
Innovative Product Award
85-inch 8K bezel-less TV display
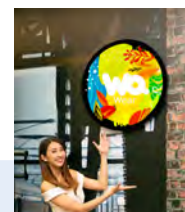
2020 Gold Panel Awards
Outstanding Product Award
The 23.6-inch free-form circular display is the
largest circular display in the world

Suzhou site received the China Best
Employers Award – Most Intellectual
Spirited Employers Award

Suzhou site received the Suzhou City Economy
Contribution Award -
Stable Growth in Foreign Trade Award

Suzhou site received Suzhou Industrial Park's
Fusion Innovation Award in recognition of its
smartization achievements

Suzhou site became one of the first outstanding pandemic
prevention enterprises to resume production in 2020, and it was
acknowledged for numerous robust pandemic prevention measures

Organization Membership and Fees

AUO upholds the philosophy of contributing to the industry co-prosperity, and growth to partake in public policies, applying our practical experience in vertical industry chains to engage in public association and government platforms, thereby creating an ecosphere through exchanges and sharing.

Title	2020			2020 Membership Fee	2019 Membership Fee	2018 Membership Fee
	Management Role	Project or Committee Participation	Member			
1 Taiwan Institute for Sustainable Energy — Sponsorship of Global Corporate Sustainability Forum (GCSF)		v	v	300,000	300,000	0
2 Center for Corporate Sustainability (CCS)	Director	v	v	280,000	280,000	280,000
3 Taiwan Display Union Association (TDUA)	Chairman	v	v	0	0	0
4 Taiwan TFT LCD Association (TTLA)	Director	v	v	3,490,000	3,350,000	4,070,000
5 The Allied Association for Science Park Industries (ASIP)	Director	v	v	810,000	810,000	810,000
6 The Society for Information Displays (SID)	Director	v	v	0	660,800	0
7 ROC Taiwan Liquid Crystal Society (ROC TLCS)	Director		v	35,000	35,000	35,000
8 Video Electronics Standards Association (VESA)			v	368,000	316,231	310,620
9 Taipei Computer Association (TCA)	Chairman		v	15,000	15,000	15,000
10 Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)			v	42,000	42,000	42,000
11 Taiwan Photovoltaic Industry Association (TPVIA)	Director	v	v	30,000	30,000	30,000
12 Semiconductor Equipment and Materials International (SEMI Taiwan)		v	v	56,044	56,963	56,044
13 Taiwan 3D Interactive Display Association (3DIDA)			v	20,000	0	20,000
14 Turnaround Management Association (TMA-Taiwan)			v	0	0	0
15 8K Association			v	1,129,800	1,200,000	-
16 Digital Solutions Multimedia Asia (DSMA Taiwan)	Director		v	0	20,000	-
17 PVGSA			v	11,950	-	-
18 Smart Mobility Association Taiwan (SMAT)			v	0	-	-

1-2

1.2.1 Financial Performance

AUO strives to uphold the transparency of business operations. In addition to monthly revenue announcements, AUO also holds quarterly investor conferences and annual general shareholders' meetings. An "Investor Relations" section has also been set up on the corporate website. Financial information and briefings from institutional investor information seminars are regularly uploaded for investors' reference. Material information is disclosed through the TSE "Market Observation Post System" as well. The provision of timely information keeps shareholders and investors up to date on AUO operations.

> For more corporate operational performance please refer to AUO's annual financial report.

Financial Strategy

Inspired by the core philosophy of sustainable management, AUO aims to implement a sound financial system and robust R&D momentum, as well as allocate resources effectively and efficiently to elevate the core business's values. In the future, competition in the industry will shift from competing firms to competing ecological chains. Consequently, we will adopt a theme of complementing each other, cooperation, and co-creation to integrate the upstream/downstream value chain through investments, joint ventures, mergers, and acquisitions or strategic alliances for the sake of building a competitive ecosphere. In terms of operations, AUO has expanded on its core businesses to implement the 4+1 strategy in smart retail, smart healthcare, smart education and entertainment smart transportation, and smart manufacturing, where innovative display technology and smart technology is applied in conjunction with field economy. At the same time, we will bolster our global operations and resources to materialize management localization and provide customers with comprehensive solutions by combining the advantages and talents of local ecospheres worldwide. We aspire to become a display panel-driven AIoT smart solutions provider in various application fields. Working closely with partners from all industries, we aim to foster innovative values and collaborations, as well as give our achievements back to all the stakeholders including shareholders/investors, employees, customers, suppliers, government, and society.

Looking back at the pandemic in 2020, after the lockdown and disruptions in transport, production, and the supply chain, customers have become more conservative in order placement, resulting in decreased demand in the market. With the emergence of the stay-at-home economy in Q2, the market demand has gradually recovered. AUO has remained vigilant in pandemic prevention and maintained operational stability to accommodate the excess demand in the market. The efforts have paid dividends in that the consolidated operating revenue reached NT$270.96 billion, an increase of 0.8% compared to the previous year.

Ratio of Sales Operations

In terms of display panel manufacturing, AUO's product lineup includes LCD TV, monitor, notebook and tablet, car display, and commercial applications. We possess diverse cutting-edge technologies, as well as a global service scope. Due to the pandemic in 2020, the supply and demand of the display panel industry have experienced a structural change, generating business opportunities in areas such as work/learn from home, exercising, and entertainment, where computers are needed to work, learn and entertain. As a result, the demand for IT products has spiked. The telecommuting trend has changed the way people work and live; as the pandemic situation improves, such demand is still exhibiting signs of growth.

The global changes in 2020 have been reflected in AUO's main application revenue breakdowns, where the stay-at-home economy has generated strong sales in IT products, particularly notebook computers. On the contrary, some markets were adversely impacted, such as car displays. In the first half of 2020, automotive plants in Europe, the US, and Japan were shut down due to the pandemic, affecting car production and sales. The demand for automotive components gradually increased after automotive plants worldwide resumed production in Q3.

2019
- Others 8%
- LCD TV applications 28%
- Monitor applications 15%
- Notebook/Tablet applications 26%
- Car display applications 11%
- Commercial applications 12%

2020
- Others 9%
- LCD TV applications 26%
- Monitor applications 15%
- Notebook/Tablet applications 29%
- Car display applications 8%
- Commercial applications 13%
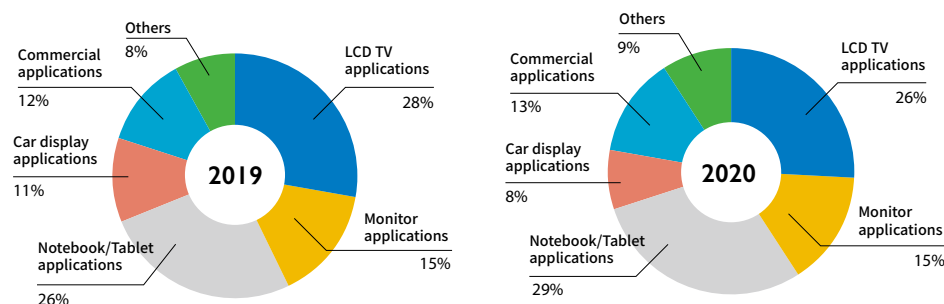
Annual Revenue and Shipments

	2020	2019	2018	2017	2016
Annual Sales Revenue (NT$100 million)	2,709.6	2,687.9	3,076.3	3,410.2	3,290.9
Shipment of Large-sized Panels (millions of pieces)	120.2	108.2	114.8	111.8	110.5
Shipment of Small and Medium-sized Panels (millions of pieces)	117.5	131.0	166.6	168.9	154.0
Operating Costs and Expenses (NT$100 million)	2,688.7	2,892.6	3,009.7	3,018.9	3,167.5
Tax Expenses (NT$100 million)	(1.20)	17.55	32.56	91.05	45.79
Tax Credits (NT$100 million)	0.14	2.23	0	0	0(Note)

Note: Amount less than NT$100 million

Capital Expenditure and R&D Expenditure

By upholding the principle of smart investment, AUO engages in discreet investment in terms of capital expenditure to adequately increase high-quality production capacity. AUO's value transformation strategy is used as the core concept to focus on mid to high-end products and cutting-edge technologies instead of merely expanding production. Maintaining technology leadership is paramount to keeping a competitive edge. In terms of R&D expenditure, regardless of how the industry outlook will change, the Company invests in R&D steadily. AUO's consolidated R&D expenditure in 2020 was NT$10.29 billion. Besides reinforcing advanced technologies such as Mini LED, Micro LED, and improving production efficiency, the Company has established comprehensive deployment in terms of patent mapping, where our technological leadership position is bolstered by increasing the added values of the products and production capacity. Besides elevating the competitive threshold, we can also become our brand customers' support when they are tapping into the global markets.

Economic Value Distributed

Cost of sales and operating expenses — Employee remuneration and welfare

	2015	2016	2017	2018	2019	2020
Cost of sales and operating expenses	3,428.3	3,167.5	3,018.9	3,009.7	2,892.6	2,688.7
Employee remuneration and welfare	412.4	402.1	449.0	427.5	381.5	369.5

（Unit: NT$100 million）

Income tax expenditure

	2015	2016	2017	2018	2019	2020
Income tax expenditure	9.9	35.9	10.1	10.0	20.0	9.5

（Unit: NT$100 million）

Capital Expenditure and R&D Expenditure

R&D expenditure | Capital expenditure （Unit: NT$100 million）

	2015	2016	2017	2018	2019	2020
Capital expenditure	334.4	462.2	438.8	347.7	295.5	156
R&D expenditure	89.0	90.8	98.5	95.5	98.1	102.9

2020 invested in public welfare

$ 23,000,000

Apart from operations-related expenses, AUO will also give the economic values we have generated back to society, primarily for purchasing from farmers, honest-intelligent scholarship, and AUO wish program

1.2.2 Tax Management

As a leading global supplier of optoelectronic solutions, AUO has investments in multiple countries. We closely monitor changes in national taxation policies and assess potential taxation risks for local AUO operations in the following way.

AUO satisfies the criteria for Article 39 of the Income Tax Act; therefore we can use losses from the preceding decade to offset profits from the current year. AUO can also apply for tax credits on investments under the Industrial innovation Statute. The remaining subsidiaries also apply for suitable tax waivers, incentives and subsidies based on their mode of business.

🔍 For relevant tax policies, please refer to the policy regulations and important documents on our CSR website

Location	Taxation Type	Risk Description
Taiwan China and Asia Europe United States	Corporate income tax Indirect taxes Others	Taxation disputes arising from uncertainties in tax legislation • BEPS[1] implemented in various countries in response to OECD. The compliance cost of the Company is increased because each country's legislative processes are varied • Changes in tax laws or tax incentives may affect the Company's existing tax plans • Failure to implement tax management policies; failure to evaluate and respond to the taxation costs generated by changes in tax laws or transaction models in a timely manner

BEPS (Base Erosion and Profit Shifting) is an international taxation reform being spearheaded by the OECD (Organization for Economic Cooperation and Development) aimed at building an international taxation system that is conducive to global economic growth.

I-3 Governance Organization

AUO's Corporate Governance Blueprint

AUO voluntarily emphasizes corporate governance, and we have also complied with the Financial Supervisory Commission's Corporate Governance 3.0 Sustainable Development Blueprint to enhance the Company's sustainable development and strengthen our international competitiveness, ultimately developing into a sustainable and outstanding enterprise.

Corporate Governance Commitment

- Protect the Shareholders' Rights
- Equal Treatment of Shareholders
- Enhance the Structure and Operation of the Board
- Increase Information Transparency
- Fulfill Corporate Social Responsibilities

Enhance The Structure And Operation of The Board

Since 2013, more than half of the Board of Directors has been made up of independent directors, while more than half of the independent directors have served for less than 3 terms. The Corporate Governance Committee was established in October 2019 to strengthen our corporate governance and enhance the effectiveness of the Board. Vice President Yu-Chih Tseng was appointed as the Corporate Governance Manager. The committee formulated the Company's corporate governance best practice principles, defined and periodically reviewed the continuing education and succession plans for directors, Board of Directors development, director performance, and independence evaluation, as well as director candidate searching, reviewing, and nomination.

Increase Information Transparency

To increase information disclosure and transparency, the 2020 annual consolidated and individual financial reports were announced and filed within 75 days of the end of the year. AUO's CSR report was voluntarily verified in accordance with the ISAE 3000 system since 2016. This not only reinforces report transparency but also improves the accuracy of internal operations.

Please click for AUO's 2020 consolidated and individual financial report

Maintain The Shareholders' Rights

To ensure that information that may affect the shareholders' decisions is disclosed in time, AUO has stipulated the Procedures to Handle Suggestions, Inquiries, Disputes and Litigation from Shareholders. A spokesperson and acting spokesperson system was established, where the stock affairs and investor relations department is responsible for creating a dedicated email to process the shareholders' suggestions, questions, and disputes. Shareholders' litigations are processed by the legal affairs department.

Equal Treatment of Shareholders

AUO has stipulated the Management Procedure for Insider Trading Prevention to prohibit inside personnel trading securities using information that has not yet been disclosed on the market. It is also used as the basis for processing material information and the disclosure mechanism. The regulations are reviewed from time to time to comply with the existing laws and the needs of management practices.

AUO always completes insider prevention and management education of new directors and company officers within one month of reporting for duty. Moreover, 100% of our new employees have received a corporate integrity training course and signed the declaration of integrity in 2020. AUO's employees are also invited to attend the "2020 Annual Prevent Insider Trading and Stock Trading seminar" organized by the TWSE in September 2020, where they obtained the relevant certificate of attendance. The course includes insider trading-related regulations and prevention practice, insider share change regulations and practice, as well as short-swing prevention and practice. Before the publishing of quarterly operational performance, insiders, relevant executives, and colleagues are reminded of the regulations of Article 157-1 of the Securities and Exchange Act, so as to promote insider trading prevention.

Fulfill Corporate Social Responsibilities

To increase CSR management efficiency and fulfill our stakeholders' expectations towards corporate governance, environmental sustainability, and social care, AUO has established the CSR Committee. The committee aims to guide AUO into an outstanding sustainable enterprise through implementing projects, integrating lateral resources, and facilitating internationalization. In terms of CSR performance in 2020, AUO was selected as a component in the Dow Jones Sustainability World Index for 11 consecutive years, and it was ranked among the top 5% in the corporate governance evaluation held by the TWSE. AUO also exhibited remarkable performance in CSR evaluations by winning multiple awards including the Taiwan Corporate Sustainability Awards.

Corporate Governance Organization and Responsibility

Division Name	Business
CSR Committee	Enhance the management effectiveness of corporate social responsibility (CSR) and meet expectations from stakeholders for corporate governance, environmental protection and social welfare through comprehensively promoting projects, integrating horizontal resources and actively staying connected to international trends, thus helping the Company operations to work toward sustainable development.
Chief of Antitrust Compliance	To ensure compliance with domestic and international antitrust laws by the Company; assess, mitigate and provide strategic advices on a variety of antitrust related risks; establish a robust and sustainable Antitrust Compliance System to enhance antitrust compliance and further the Company's sustainable business development at the same time.
Business Group	Research and development of advanced display technologies as well as the development and design of new products.
Manufacturing Group	Planning and management of display product production processes and manufacturing, as well as the planning and management of raw materials and final products.
Display Strategy Business Group	Oversees product planning, marketing and customer services for TV, information, mobile device, and automotive display business units, as well as provide comprehensive smart solutions.
System and Solution Business	Provision of total smart systems, solutions, and marketing services for the retail, transport, industrial and commercial sectors.
Energy Business	Provides high efficiency solar modules, comprehensive power plant construction energy services and a highly integrated energy management platform.
China Business	Oversees market development, customer development, and technical services of display business in China.
Globalization Development Office	Oversees market development, customer development, and technical services of display business of our subsidiaries in Japan, Unite States, Korea, and Europe.
Supply Chain Management	Manages the Company's procurement, export and import activities.
Operational Support Units	Finance, Legal, Sustainability Development, Human Resource, Digital Technology, Corporate Strategic Planning, New Business Investment, etc.
Auditing Management	The management of internal audit and operating procedures.

1.3.1 Board of Directors

Board of Directors

The AUO Board of Directors is responsible for guiding company strategy, supervising of executives and corporate governance. The Board is responsible for the Company and the Shareholders and exercises its powers under the law, the Company articles of incorporation, or resolutions passed by the Shareholders' Meeting. More than half of the Board of Directors has been made up of independent directors since 2013. There were also two female Board members. To materialize gender equality, there have been 2 female directors for the last 15 years since 2007.

The election of the 9th AUO Board of Directors was held at the Annual General Shareholders' Meeting in 2019. The 9 directors (including 5 independent directors) were elected using a nomination system where shareholders vote from a list of nominated candidates during the meeting. The AUO Board of Directors meets at least once every quarter and 7 meetings were convened in 2020.

Board Diversification

The 9 directors on the current Board of Directors have extensive and diverse industry and academic backgrounds. The AUO "Corporate Governance Principles" call for diversity in the composition of the Board of Directors. In addition to capping the number of directors that are also company officers to no more than one-third of the Board, suitable diversification guidelines were also drawn up for Board operations, business models, and development requirements. These include but are not limited to the 2 key standards below:

1. Basic criteria and values: Gender and age, etc.
2. Professional knowledge and skills: Professional background, professional skills and industry experience etc.

Management Objectives and Progress from AUO's Diversification Policy

Management Objectives	Progress
More than half of all Board directors are independent directors	✓
The number of Directors that are also company officers should not exceed one-third of all Board directors	✓
Women to hold at least two directorships	✓

Name	Position	Length of Independent Directorship			Gender	Professional knowledge and skills		Key Experience			Age			Employee Status
		Under 3 years	3-9 years	Over 9 years		Industry or Technology	Legal affairs, Finance or Accounting	Technology Industry	Finance Investments	Technical Research	Under 55	56-65	66-75	
Paul SL Peng	Chairman				Male	V		V				V		V
Kuen-Yao Lee	Director				Male	V		V					V	
Frank Ko	Director				Male	V		V			V			V
Peter Chen	Director				Male	V		V			V			
Chin-Bing (Philip) Peng	Independent Director		V		Male	V	V	V					V	
Mei-Yueh Ho	Independent Director			V	Female	V		V	V				V	
Yen-Shiang Shih	Independent Director		V		Male	V		V					V	
Yen-Hsueh (Sharon) Su	Independent Director	V			Female	V	V	V	V		V			
Jang-Lin (John) Chen	Independent Director	V			Male	V		V		V			V	

The profiles of each board director, director training and assessment can be found in the AUO 2020 Annual Report Chapter3- Corporate Governance

The Company's Fulfillment of Diversification of Members of the Board of Directors in 2020

78%

Director gender ratio

22%

Director age distribution

Under the age of 55
22%

6~65 years old
22%

66~75 years old
56%
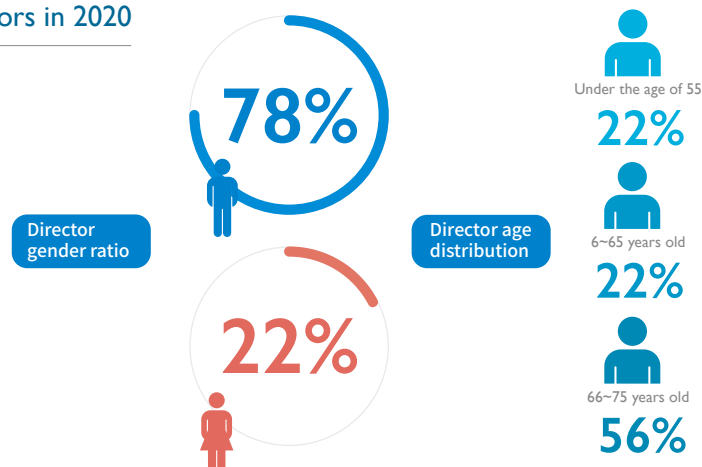
Directors Liability Insurance

AUO purchased liability insurance for directors and company officers. The level of coverage is evaluated every year. The renewal of liability insurance is also reported to the Board of Directors.

Conflict of Interest Prevention

The AUO Board of Directors Conference Rules and Audit Committee Charter contain explicit provisions on preventing a conflict of interest. If a director or the legal person they represent has a stake in the agenda under discussion, the director must state the nature of the conflict of interest during the session and recuse himself from all related discussions and voting. The same director may not cast proxy votes for other directors. Independent directors have now been appointed by AUO as well. These independent directors provide recommendations based on their professional experience fairly and objectively. These opinions should be taken into full consideration during Board discussions, with their reason for support or object recorded in the minutes. The prevention of conflicts of interest effectively protects the interests of AUO. Furthermore, none of the Board Members hold an equity stake in the Company's main suppliers. AUO has a spokesperson and corporate website in place to communicate with the public. An investor mailbox has also been created and is being managed by professional personnel to handle shareholders' opinions and queries.

1.3.2 Audit Committee

The Audit Committee is responsible for helping the Board of Directors supervise the Company's operations and exercise authorities vested in it by the Securities and Exchange Act, the Company Act and other relevant laws. The Audit Committee communicates with the Company's financial statement auditors on a regular basis, and is responsible for the appointment of financial statement auditors as well as conducting independence and performance reviews. At the same time, internal auditors are required to submit audit summary reports to the Audit Committee regularly based on the annual audit plan and to prepare reports on submissions made to the Audit Committee mailbox. The Audit Committee also conducts regular evaluations of AUO's internal control system, internal auditors, and their work performance.

The AUO Audit Committee is made up of all independent directors (including 2 financial experts). All 5 independent directors satisfy the criteria for professionalism, work experience, independence, and the number of concurrent independent directorships per the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

> The responsibilities of the Audit Committee and their meeting attendance can be found in the AUO 2020 Annual Report Chapter 3-Corporate Governance

1.3.3 Corporate Governance Committee

The Corporate Governance Committee was established in October 2019 to strengthen our corporate governance and enhance the effectiveness of the Board. With Chairman as the convener, the Corporate Governance Committee is composed of all independent directors. Under the Corporate Governance Committee Charter, the Corporate Governance Committee must be convened at least once a year, and ad hoc meetings can be convened as necessary. Its key responsibilities are as follow :

A. Define the criteria governing the diversity and independence of Board members including professional knowledge, technology, experience, and gender. Follow the same criteria for the search, review, and nomination of candidates for the Board of Directors.

B. Construct and develop the organizational structure of the Board of Directors and committees, evaluate the performance of the Board of Directors, committees, and directors, and evaluate the independence of independent directors.

C. Define and periodically review the training and succession plans for directors.

Corporate Governance Manager

AUO Vice President Yu-Chih Tseng as the Corporate Governance Manager, is responsible for the supervision and planning of corporate governance. His qualifications satisfy the criteria for corporate governance officers set out in Article 3-1-1 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The responsibilities include providing directors and the Audit Committee with the information they need for conducting company business, the latest regulatory developments on business management, assisting the directors and Audit Committee with compliance as well as make annual reports on corporate governance activities to the Corporate Governance Committee and Board of Directors. The corporate governance manager also organizes Board of Directors meetings and Shareholders' Meetings following the law, prepares the meeting minutes for Board of Directors and Shareholders' meetings, as well as assisting with the appointment and directors and the Audit Committee members' training. Implementation is handled through the Board of Directors secretariat.

Implementing Governance

TThe Company has participated in TWSE Corporate Governance Evaluation and was ranked among the top 5% for 5 years. The outcomes of AUO integrity initiatives were also overseen through the HR Department, the Board of Directors, and the Risk Management Sub-committee. The principle of full of disclosure was upheld by having dedicated units file reports with the TWSE Market Observation Post System based on related policies/ regulations and the four major company regulations.

1.3.4 Remuneration Committee

A Remuneration Committee was established in 2011 under the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter." The committee members are appointed by the Board of Directors. After the reelection of committee members in 2019, independent directors Yen-Shiang Shih and Yen-Hsueh Su, and Dr. Ping-He Yang were elected as committee members. Furthermore, independent director Yen-Shiang Shih was also appointed as the chairman of the Remuneration Committee. In 2020, 2 routine meetings were convened.

Compensation Policy of the Board of Directors and Senior Managers

Compensation for AUO Board Directors follows relevant regulations. Proposals made by the Compensation Committee are voted on by the Board of Directors before implementation. The AUO Articles of Incorporation stipulate that no more than 1% of company profits in any given year may be set aside as directors' compensation. If there are any accumulated losses from previous years, however, funds should be set aside for their repayment first. The senior executives' remuneration is tied to the Company's ESG performance. Besides operational targets, performance in CSR 2025 Goal is also taken into consideration. Furthermore, compensation packages for corporate executives, senior managers, and administrators comprise of salary, annual bonus, allowances, and a performance bonus received as a share of earnings. The performance bonus account for 10%~30% or more of the total annual remuneration package for senior management, indicating that performance and annual remuneration are highly correlated. Compensation packages for senior executives are determined by the Compensation Committee as required by the law. An appropriate amount of related information is also disclosed to stakeholders in the Company's annual reports. The Remuneration Committee consults with external salary experts when deciding on compensation packages for senior executives. Besides ensuring the competitiveness of senior executive remuneration, it also fortifies the correlation between the remuneration policy, the market trend, and the environment.

The responsibilities of the Remuneration Committee are:
Define and periodically review compensation policies, systems, standards and structures.
Periodically review compensation packages of directors and managers.

Organization of the Remuneration Committee
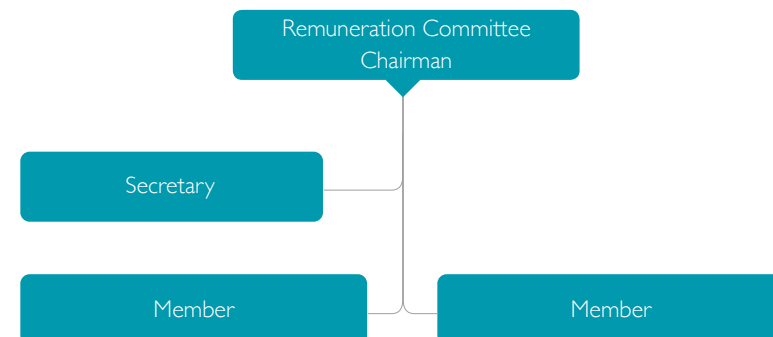
For the number of non-management employees, average salary, and median salary, including the highest remuneration and adjustment ratio, please refer to Data Overview 1.3.4 Remuneration Committee Section

1-4 Governance Organization

1.4.1 Materializing Integrity

AUO embraces a culture of integrity and has adopted the PMCV management cycle to provide our colleagues with a set of guiding principles that encompasses 4 major dimensions: Policy, Management, Communication, and Value. In addition, benchmarks have been stipulated for each dimension to make sure that our employees understand and follow through with the concept of integrity.

Ethical corporate management principles	Intellectual property protection measures	Information security management measures	Compliance with insider trading laws	Antitrust compliance principles
Printed English-Chinese bilingual posters and posted in all managers' offices to remind them to lead by example, adhere to ethical corporate management principles and provide employees with guidance on ethical conduct.	Carry out intellectual property management training, partner with employees to advocate the duty and responsibility to protect intellectual property, and protect intellectual property through confidentiality agreements.	Ensure the security of information systems as well available software/hardware warranties.	Uphold fair trade by prohibiting insider trading that gives certain investors an unethical and illegal advantage.	The Company is committed to ensuring that all business activities comply with antitrust regulations.

Achievements of Integrity Promotion in 2020

All employees have been required to sign a declaration of integrity upon joining AUO since 2012. Integrity-related information is also communicated through case examples using site PA announcements, e-newsletter and bulletins, and electronic signs to strengthen employee awareness on integrity.

New employee corporate ethics course and the integrity declaration

1,048 new employees completed

Signing rate 100 %

Online integrity education and training courses

4 courses

Conflict of interest report

228 employees
Achievement rate
100 %

Antitrust courses

10,968 employees
Achievement rate
100 %

1.4.2 Management, Supervision and Prevention Mechanism

To bolster integrity management, AUO's Sustainable Management Department is in charge of developing, supervising, and executing integrity management solutions. Moreover, it is required to report the implementation performance to the Board of Directors annually, as well as engage in education, training, and conflict of interest reporting. Concerning the suppliers, AUO advocates integrity transaction commitments at the annual supplier convention and verifies whether key suppliers comply with regulations through the Responsible Business Alliance (RBA).In 2020, 393 suppliers signed the supplier code of conduct.

While carrying out their duties, if violations of integrity and ethics are discovered, they can be reported through the following channels:
• Internal: Direct supervisor, President's mailbox, Audit Committee's mailbox
• External: Violation of Ethical Behavior Reporting System (http://integrity.ab1.auo.com/)

After the whistleblower has filed a report, an investigation will be launched, where the auditing unit will form an investigative committee according to the "Regulations on the Management of Investigative Committee for Major Infringements". The Procedure for Handling Grievances Relating to Accounting, Internal Controls, and Audits was designed, stipulating the grievance filing procedure, responsible units for handling the grievances, and the grievance processing procedure. Moreover, personal data confidentiality is observed and retaliatory actions by colleagues are strictly prohibited.

In 2020, a total of 9 reports were received through the Violation of Ethical Behavior Reporting System1. AUO's internal control systems have been established in accordance with laws. An internal audit department is assigned to conduct regular risk assessments and devise audit plans for the future. Audits are carried out in line with the plan, and the outcomes are reported regularly to the Audit Committee and the Board of Directors for management purposes. In the future, the Company will remain committed to its integrity principles and take measures to prevent corrupt behavior.

Year	2018	2019	2020
Audit Committee Mailbox	2	3	0
Anonymous Reporting Mailbox	2	1	3
Supplier Feedback Mailbox	2	5	6
Confirmed Cases of Unethical Violations	0	0	0

Fair Competition

AUO has a corporate culture of integrity and in order to stay true to our culture and driven by our spirit of accountability, AUO pledges that all business operations shall conform to local regulations. Not only that, we have also established our Enterprise Integrity Handbook stipulating the basic code of conduct for employees. Various policies have also been implemented to ensure legal compliance and serve as the basis for conformity in order to achieve the objectives of effective management of legal risks and fulfilling our social responsibilities.

Anti-trust Litigation

AUO and several competitors were investigated for the alleged violation of antitrust and competition laws. Since December 2006, AUO has been investigated by, including but not limited to, the U.S. Department of Justice, the European Commission Directorate-General for Competition, the Korean Fair Trade Commission and the Secretariat of Economic Law of Brazil for price manipulation. Details of such investigations and the amounts paid in relation to them have been disclosed in AUO's Annual Report.

Policy Definition and Update

Since 2015, AUO has drawn up the antitrust legal compliance policy and antitrust legal compliance handbook. They were updated in 2016 and 2020 respectively. Additionally, AUO has reinforced legal compliance measures in other legal issues in 2017, including Export Compliance Policy, Anti-corruption Legal Compliance Handbook, Copyright and Anti-software Piracy Policy, Anti-economic Espionage, and Anti-theft of Trade Secrets Policy, Conflict Minerals Policy, and Anti-dumping Policy. AUO also updated its policies on data protection and personal privacy as well. The GDPR General Policy was drawn up in 2018 due to the formal implementation of the General Data Protection Regulation (GDPR) by the EU on May 25, 2018. The General Data Protection Policy, Data Breach Management Policy, Data Protection Impact Assessment Policy, and Personal Data Mapping Operation Policy are all part of the GDPR General Policy. Data privacy notices tailored to different business operations were also developed. The Anti-corruption Legal Compliance Handbook was updated in mid-2019. All of the aforementioned documentation is also available on AUO's intranet under the "Legal Compliance" section.

Establishment of Management, Supervision and Prevention Mechanisms

AUO is committed to complying with antitrust laws in Taiwan and foreign countries and has established antitrust compliance for effective execution. In addition, the Company has also

appointed an Antitrust Compliance Officer who reports directly to the Audit Committee regularly. The scope of the Officer's work covers incentives and systems, advocacy, risk assessment mechanisms, training and results examinations, and timely responses. Through the risk assessment mechanism that is implemented at the end of each year, the Officer will be able to identify the areas of higher potential risks in the future and thereby strengthen the corresponding monitoring and prevention mechanisms. To ensure the proper implementation of compliance measures, the Compliance Committee comprised of representatives from front-line sales and administrative units meet regularly to review the execution of the antitrust compliance plan. Additionally, the Chairman regularly announces reminders on important regulations.

Education and Training

AUO has established a multi-tiered compliance training system. It is designed to provide comprehensive compliance training for employees through a mix of online tests, physical classes, large-scale trans-department training workshops, and specifically designed advanced courses.

The education and training courses held in 2020

Orientation Training:

Except for production line operators, all new AUO employees around the world are required to complete their antitrust compliance training within 30 days of joining the Company.

Online course and exam:

1.Online antitrust training course: All global employees other than production line workers were required to attend the online course and pass the final exam. The pass mark was 100. A total of 7,941, 2,525, and 502 employees received training in traditional Chinese, simplified Chinese, and English, respectively, achieving a training completion rate of 100%.
2.Export Administration Regulations online training course: A total of 292 colleagues from AUO's procurement, sales, and import/export units received the training, achieving a training completion rate of 100%.

Advanced Classroom Course:

A total of 4 Antitrust Compliance Workshops were conducted for new business units. The aim is to guide our colleagues to think about potential situations and report them to Legal Affairs promptly. A total of 140 out of 142 employees completed the training course, achieving a training completion rate of 98.6%.

Antitrust Compliance

Compliance Committee
The Compliance Committee is composed of relevant departments, responsible for defining the framework and execution process to ensure effectiveness and efficiency.

👤 Legal, Finance, Audit, Sales and IT Departments

Incentives and System
Set up incentives and punitive measures through the company rules to define the corporate bottom-line in compliance with antitrust legislation.

👤 Legal and Audit Departments

Education and Verification
1. Set up content and channels for company-wide education and training
2. Conduct interviews and case reviews of high-risk employees.

👤 Legal and HR Departments

Awareness
1. Top-down declaration of AUO's stance on antitrust compliance to employees and Stakeholders.
2. The CEO emphasizes the importance of global compliance to the Company's colleagues and the industry, as well as the relevant actions taken.

👤 Legal and IT Departments

Risk Assessment Mechanism
1. Detection in the external environment
2. Auditing of internal processes   3. Enhanced monitoring

👤 Legal and Sales Departments

Timely Response and Investigation
1. Investigate suspicious cases and study guidelines.
2. Set up a unified e-mail and hotline for whistle blower reports.

👤 Legal and Audit Departments

I-5

Intellectual Property

Intellectual property is one of AUO's most important assets. AUO has stipulated the Intellectual Property Management Guideline, Innovation and Patent Management Regulations, and Employee Innovative Invention Incentive Regulations. "Intellectual Property Management Guideline" encompasses 4 dimensions including intellectual property policy, the scope and ownership of intellectual property, intellectual property management, and incentives, clearly defining the strategic goal and operating guideline of AUO's intellectual property. Innovation and Patent Management Regulations mainly describe the organization and responsibilities of intellectual property management, innovative proposal management, patent and trade secret management, as well as establishing an innovative environment. Furthermore, to encourage employees to engage in innovative invention, Employee Innovative Invention Incentive Regulations provides "proposal bonuses", "patent application bonuses", and "proprietary asset bonuses" to encourage our colleagues to help accumulate the Company's intellectual property for the sake of strengthening AUO's international competitiveness.

Intellectual Property Strategic Blueprint

At AUO, we value our intellectual property as well as that of others. Through proactive intellectual property management, we encourage our employees to remain innovative and commit to generating outstanding intellectual property to optimize our competitiveness and increase the Company's profitability. Furthermore, we carefully assess the intellectual property conditions of others to minimize the risk of right infringements. In addition, we strive to prevent exorbitant patent litigation to uphold the highest values and interests for the Company and shareholders.

AUO's Intellectual Property Management Measures and System

1. Patent Management

The following procedures are carried out when applying for patent protection:

A. Patents are applied in various countries in accordance with the Innovative Proposal Review Committee's decisions.
B. Control the patent application process adequately and strive to obtain the most appropriate patents.
C. If one considers forfeiting the patent application, it must be decided by a meeting consisting of at least 3 executives from the IP Office.

After a patent is obtained, the following measures will be implemented:

A. The IP Office will conduct the procedures and pay the fees to maintain the validity of the patent according to the regulations of the patent offices worldwide.
B. Conduct a patent asset evaluation and compile a rating analysis report, where the IP Office will convene a patent asset evaluation meeting to review the rating.
C. Plan and execute patent asset utilization projects to address the overall patent asset management needs and effectively handle patent assets.

2. Trade Secret Management

Security measures must be implemented for Company documents and information that are classified as confidential. Innovative ideas to be protected as trade secrets will be subjected to the following measures:

A. Organize and tag the content as confidential and managed as confidential documents.
B. Sign a trade secret agreement with the proposer in regards to the contents and disclose that it contains valuable confidential information of the Company, hence it should be managed according to the confidentiality procedure.

As a professional global technology firm, AUO's innovative proposal inventors are dispersed in various regions/sites. To effectively implement and maintain the resources needed by the intellectual property management system, AUO has invested a lot of effort in building an innovative environment. Furthermore, assistance from the IP Office enables the inventors of innovative proposals to propose their inventions and concepts more conveniently.

Patent Management Measures
· Expert group meetings
· Obtain appropriate patent
· Patent asset utilizing project

Innovative Environment
· IP system and platform
· Education and promotion
· Innovation incentive

Trade Secret Management
· Document and information classification
· Trade secret agreement
· Manage confidential document carefully

Risk Management
· Comply with law and regulation
· Monitor IP risk and opportunity
· Identify value/risk

Professional Responsibilities and Operation of the IP Office

Every year, the implementation status of intellectual properties is reported to the Board of Directors. Besides proposing corrective measures to address the suggestions offered by the Board of Directors, regular internal meetings are convened to discuss existing technological conditions, the status of patent applications, and information related to products and technologies. Moreover, a timely feedback mechanism is combined with industry news and the practical experiences in various countries to expand the investment benefits of AUO's intellectual properties.

Purpose	Provides innovation and patent system and platform	Organizes and promotes IP rights issues, education, and training	Promotes IP innovation activities and organizes various incentives
Key Points	Innovative proposal data tracking, statistics, and analysis, patent application and management, and patent deployment platform, etc.	Compulsory and elective courses are conducted concurrently based on the course target audience and practical needs	Patent incentives, trade secret incentives, and article publishing incentives

After obtaining the patent certificate, IP Office will coordinate with relevant units to categorize the patent certificates, thereby gaining a complete understanding of the Company's intellectual property asset values and conditions. To maintain corporate competitiveness, AUO has created an intricate risk management system to ensure legal compliance during technology planning and production, providing patent risk and opportunity information that can be used by the decision-makers for determining values/risks. We also have a comprehensive control mechanism in place to prevent and respond to infringements, effectively monitoring key technology patent rights globally and maintaining AUO's intellectual property rights and market position. In doing so, AUO's intellectual property rights can be managed adequately, and the intellectual property right of others can be respected as well.
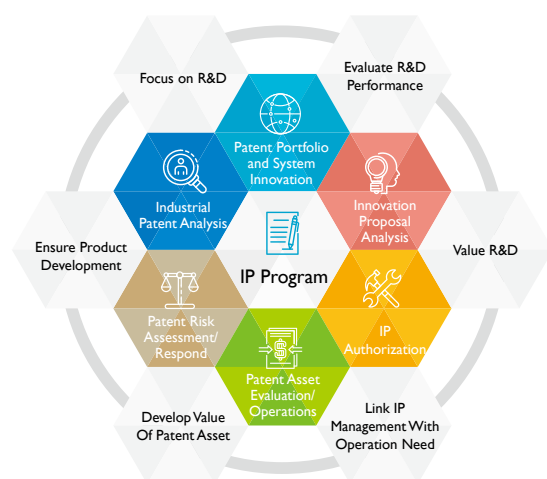
AUO's Intellectual Property Rights Strategic Deployment and Outcome

Developing competitive high-end technology is one of the Company's most important philosophies in sustainable management. Consequently, AUO's R&D investment resources have increased every year, and adjustments are made to accommodate any changes in the Company's product and technical blueprints. With an extensive intellectual property rights strategic deployment focusing on new technologies and integrated production applications, AUO's competitive advantages in the high-end and emerging product applications market can be improved. For instance, AUO was ranked second place as a corporation in terms of the number of patent invention applications and patent certificates awarded in 2019. In 2020, AUO was ranked second place as a corporation in terms of the number of patent invention applications.

AUO will continue to invest in R&D and engage in global patent deployment with due discretion based on our technical planning blueprint and product sales region, so as to generate the added values of our technologies and products, thereby endowing the Company with a competitive edge in sustainable management.

Patent Proposals and Expected Performance
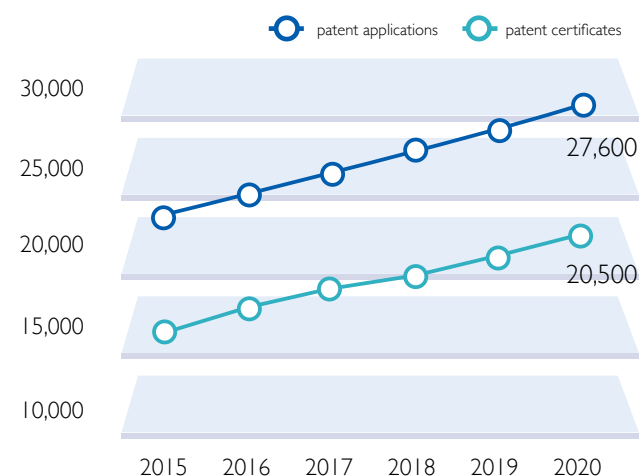
2015-2020 Global Patent Applications and Certificates

patent applications   patent certificates

	2015	2016	2017	2018	2019	2020

27,600

20,500

Distribution of Number of Published Patents

Abroad
500

Taiwan
500

2 Sustainable Management

Sustainability roadmap --"Go Beyond CSR, Create Shared Values"

Annual Achievements

Customer Management

1. Formed a unit dedicated to overseeing design quality verification to promote digital smart management.

2. Customer satisfaction level of **98%**

3. **100%** of the green product hazardous substance control items comply with the customers' regulations.

Supply Chain Management

1. Received 2020 CDP Supplier Engagement Rating Report **Leader A-**, demonstrating good upstream/downstream operational resilience.

2. Implement **100%** supplier audit light management and guidance system.

Conflict Minerals Management

1. Comprehensive conflict mineral management system is applied to investigate **92** suppliers, **5,219** material numbers, and conducted conflict minerals on **46** suppliers.

2. Effectively responded to the customers' conflict mineral investigation documents, totaling **340** documents.

Risk Management

1. The board of directors **unanimously agreed** to use the risk management policy as the highest guiding principle

2. The strategic framework **incorporates** political, economic, climate change, legal compliance, operations, R&D, information security, and finance-related dimensions.

3. The Global Operations Ongoing Contingency Command System was **established** to effectively minimize the impact of the pandemic and maintain production at full capacity.

Information Security Management

1. **Successfully passed** ISO 27001 information security management reassessment.

2. There were **0** incidents of hacker attack or virus infection that impacted operations.

3. Launched the information security maturity review mechanism to shape a culture of common information security responsibility.

Description of Material Topic

	Significance to Operations	Management Strategy	Evaluation Methods, Outcome, and Adjustments
Stakeholder	Maintain good relationship and listening to stakeholders' needs not only help the Company to create a positive image and brand impression but also foster collaboration opportunities and form a common ecosphere	1. Six major interdepartmental teams regularly exchange information and respond to one another's feedback based on the precise, customized engagement programs 2. Cultivate the frontline spokesperson of CSR, create social media to gather and track information promptly	1. Headed by the President, listen attentively and respond promptly, report back to the CSR Committee regularly 2. Consolidate material topics of the year, respond to the official website and CSR report 3. Continue to create diverse collaboration opportunities
Supply Chain Management	Establish risk management and reward/punishment mechanisms for key business partners to attract suppliers that share same philosophy to achieve sustainable development	1. Formulate the supplier management policy and stipulate specific goals and regulations on environmental sustainability, risk control, partner exchange, and digital platform 2. Improve capabilities and lower risks through guidance and audit training 3. Organize practical experience sharing and exchange activities	1. Implement an outstanding CSR performance mechanism and design an honor mechanism 2. Invited to attend the CSR co-prosperity activities 3. Review evaluation regulations, guidance to decrease loss, and substitute supplier solutions will be activated for those that do not meet the target

2-1 CSR Committee

2.1.1 History and Operation of the CSR Committee

The balanced development of Corporate Management and Green Sustainability are AUO's philosophies. While pursuing a strong corporate physique, we invest more long-term resources in environmental protection and social engagement issues. The "AUO Green Solutions" was unveiled in 2008, taken the lead in the industry to reduce environmental impact at all stages of the life cycle of our products with a systematic strategy. AUO established the CSR Committee at the end of 2013, which is the highest governance body for the Company's sustainable development and operation. In 2018, based on a solid foundation built over 10 years, the Sustainability Management Department was further established, to make the overall planning of strategies. Taking "Go beyond CSR and Create Shared values" as the vision and goal, AUO closely connects with the United Nations Sustainable Development Goals and corporate core competitive strategies.

By attaching importance to value chain cooperation and actively building relationships with global partners, AUO leads itself to play the leader in corporate sustainable development and strives to create more shared values.

Organization and Policy of CSR Committee

The sub-committees have monthly dialogues, discuss and review the implementation of short, medium, and long-term goals. They also report to the chairman quarterly to make decisions on major issues, and report to the Board of Directors annually on the operation results in accordance with the code of corporate social responsibility. In addition, in response to current issues, CSR policies, and trends, they will hold discussions, brainstorming, and communications on project resources in the form of periodic executive meetings.

🔍 The operation and tasks of the AUO CSR Committee

🔍 AUO's Corporate Sustainability Policy and Corporate Social Responsibility Codes and other related documents

Chairman
Paul SL Peng, Chairman

Sustainability Secretariat
Amy Ku, Chief Sustainability Officer

Chairperson

Technology Sustainability Sub-committee	Manufacturing Sustainability Sub-committee	Sustainable Business Sub-committee	Sustainable Energy Sub-committee	Sustainable Supply Chain Sub-committee	Corporate Citizenship Sub-committee	Risk Governance Sub-committee	Stakeholders Sub-committee
Wei-Lung Liau, Chief Technology Officer of Technology Group	Ting-Li Lin, Senior Vice President	James Chen, Senior Vice President	TY Lin, Vice President	Tina Wu, Vice President	Bryan Guo, Senior Director	Ben Tseng, Chief Financial Officer	Frank Ko, President

CSR Strategy

Organization

· The chairman leads the Operation Team during the pursuit of sustainable development
· The CSR Committee is subordinate to the Board of Directors, and the sub-committee operates in accordance with strategic guidelines
· Set up a Chief Sustainability Officer and a dedicated unit to promote CSR transformation
· Set up a Carbon Energy Group and a Circular Economy Group to integrate resources in the way of horizontal cross-group approach

Goals

· The CSR EPS 2025 Targets connected with SDGs
· Deeply cultivating stakeholder relationships
· Shaping the CSR brand
· Global CSR risk management

Note: Sustainable Development Goals

2.1.2 The Tasks and Expectations of Each Subcommittee

AUO attaches great importance to the Corporate Sustainable Development. The Chairman and all Committee Chairpersons expect to effectively implement the commitments in environmental, social and corporate governance with the expertise and resources of the sub-committees.

Paul SL Peng
Chairman & Chief Executive Officer

Chairman

Task Duties
Combine the global trend of ESG, leading the Corporation to the excellent corporate road of sustainable development. Provide industrial policy suggestions. Deeply cultivate value chain energy, co-creating a sustainable ecosystem , and giving back to the society

Expectations
Facing the impact of climate change, changes in the trade political situation and many challenges, AUO continues to improve our capabilities steadily and surely, and create a win-win situation together with value chain partners with an open attitude. We expect to reach the sustainable management goal by implementing corporate transformation.

Frank Ko
President

Stakeholders Sub-committee

Task Duties
Enhance qualitative and quantitative stakeholder engagement through a variety of channels, and cultivate relations with partners

🔍 Stakeholder's management results

Expectations
Conscientiously manage different stakeholder groups. Build a longterm and good relationships with diversified and customized deep cultivation strategy. Store crisis management energy, enlarge the ecosystem that shared CSR philosophy, create more business opportunities and develop more partnerships

Amy Ku
Chief Sustainability Officer

Sustainability Secretariat

Task Duties
Make overall planning and operate the CSR Committee. Closely integrate sustainable development goals and core operating strategies. Grasp corporate risks, challenges and business opportunities. Exert social influence and respond to stakeholders'expectations

🔍 AUO's sustainable development blueprint

Expectations
CSR is a journey of continuous learning and challenge. Through the establishment of the Company's upstream and downstream culture, the integration of horizontal support, the connection of internal and external trends and risks, each link has the dedication and persistence of AUO's people, allowing AUO's CSR to continue to excite more sparks.

Wei-Lung Liau
Chief Technology Officer of Technology Group

Technology Sustainability Sub-committee and Circular Economy Working Group

Task Duties
Apply core technologies and innovative flexibly to improve the resilience of human life. Promote design, manufacturing, and by-product reuse projects with product life cycle concept

🔍 Circular production policy and performance

Expectations
AUO continues to review and enhance the reduction management of raw materials in the production process, and actively form alliances with upstream and downstream value chains, combining technology and innovation to implement and expand the benefits of circular economy with actions.

Ting-Li Lin
Senior Vice President

Manufacturing Sustainability Sub-committee and Carbon Energy Working Group

Task Duties
In response to climate change, actively face opportunities and challenges. Build the foundation of green smart manufacturing and deeply cultivate the competitiveness of carbon energy management, and enhance low-carbon business opportunities

🔍 Carbon Energy Working Group policy

Expectations
Cherish the earth is the core philosophy of AUO people. While pursuing a strong corporate physique, AUO will continue to fully integrate our core strengths in smart manufacturing field to be used in green manufacturing and low-carbon economy.

James Chen
Senior Vice President
Sustainable Business Sub-committee

Task Duties

Actively provide innovative products and smart solutions, and ally with customers in education, healthcare, retail, transportation and other smart city life applications to meet the diverse needs of the market

🔍 Customer relations
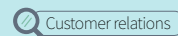
Expectations

While selling products, we can also fulfill our corporate social responsibilities. Facilitate linkage of product strategy and social application value and make CSR into manifestation of specific actions through the focus of AUO's transformation and field application.

TY Lin
Vice President
Sustainable Energy Sub-committee

Task Duties

Use core technologies to strive for the popularization of renewable energy, make energy use affordable, and become a professional provider of renewable energy

Expectations

Building a world with universal energy is the original intention of AUO to invest in the field of renewable energy. AUO will provide expertise and actively form the alliance with partners in various fields to support sustainable environmental development with concrete actions in the future.

Tina Wu
Vice President
Sustainable Supply Chain Sub-committee

Task Duties

Create a CSR ecosystem with suppliers with the idea of initiative, sharing and counseling

🔍 Sustainable supply chain management policy and performance
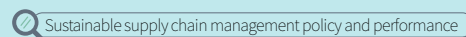
Expectations

The impact of the pandemic has made it obvious for everyone to see the importance of supply chain. We cherish and value our partners more and we are willing to share our experiences and resources, expecting to move forward hand in hand on the road of CSR.

Bryan Guo
Senior Director
Corporate Citizenship Sub-committee

Task Duties

Cultivate talents, take root in education and deepen the CSR DNA of employees. Shape volunteer skills, protect environment and preserve culture, and bring the social value into full play

🔍 Friendly workplace and social engagement policy and performance
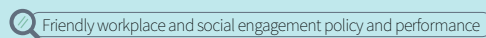
Expectations

Caring for society and valuing employees are AUO's core values and cultural treasures. We expect to further support the targets of social innovation and disadvantaged groups, create an inclusive society and fulfill the responsibility of corporate citizenship.

Ben Tsen
Chief Financial Officer
Risk Governance Sub-committee

Task Duties

Pay attention to global risk trends, establish a structured risk management process. Effectively reduce operational impact and explore business opportunities

🔍 Risk management practices and mechanisms
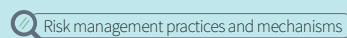
Expectations

In the rapidly changing generation, it is necessary to face treacherous changes of risks positively. We use and prevent resources more effectively through the systematic risk management mechanism. We expect to learn from every challenge and overcome more challenges in the future.

2.2 CSR EPS 2025 Targets and Annual Achievement

The United Nations Sustainable Development Goals (SDGs) are adopted by AUO to define a corporate sustainability roadmap of "Go Beyond CSR, Create Shared Values." The three AUO EPS (Environment, People and Society) themes focusing on environmental sustainability, inclusive growth and agile innovation are defined. We are actively committed to achieving the short, medium and long-term goals of sustainable development by 2025.

Please refer to AUO CSR website

Achievements and Development from 2018 to 2020

Themes

Environment Sustainability
Realize the goal of environmental sustainability through low-carbon production and resource recycling in the value chain

People Inclusive Growth
Balance business growth with the diversified development of key stakeholders to achieve inclusive growth

Society Agile Innovation
Continue to apply core technologies to enhance the resilience of human life style and promote aglie innovation

Aspect	Energy Optimization	Water Optimization	Circular Production	Climate Adaptation	Quality Education	Inclusive Growth	Enjoyable Workplace	Affordable and Clean Energy	Smart Manufacturing	Intelligent Life
2025 Targets	Set reduction goal based on life cycle and continuously reduce carbon emissions by up to 6.5 million tons CO_2e	Work with the value to combat the threat of water resource shortages and conserve up to 100,000 CMD in tap water	Spearhead the development of the circular value chain, expand its economic performance and achieve a growth rate of 135%	Increase the resilience of climate adaptation and continue to reduce the risk of financial impacts of climate issues	Provide diversified educational opportunities for more than 600,000 person-times, and increase employees participation in AUO quality education by 20% each year	Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold	Become the best enterprise and reach 80% in employee identification with the four dimensions in primary demand, management support, teamwork, learning and growth	Improve capability in renewable technology, expand the installed capacity of renewable energy around the world and double the cumulative growth rate	Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration	Development products and integrated services to expand the cumulative reach of education, health, finance, shopping, lifestyle, transport and other smart city applications to a one billion people
2020 Achievement	Develop carbon reduction path in accordance with Science based target (SBT), and continue the power saving measures as well as leap forward the product energy consumption to accelerate significant carbon conservation results	Water saving significantly exceeded the target. The process water recovery rate reached 93.8% by applying water diversion management improve recovery effectiveness	Reduce and recycle source materials, create revenue from circulating display products, water saving and packaging materials recycling	Establish the operating mechanism of the TCFD framework. Review performance periodically. A total of 11 risks and 8 opportunities was identified	Promote diverse education by science education and cultural tours. Activities were suspended due to the pandemic	Continue to form the alliance with social innovation teams and NPOs and create a total of 150 interactions	Use Gallup Q12 comprehensive indicators to understand employees' approval rate of the Company. Employees' feelings were affected due to fully-loaded work, pandemic prevention measures, and postponement of soft activities	The development of solar energy modules maintains the standard, and AUO will keep monitoring market trends.	Introduce smart manufacturing management, improve production efficiency, and actively cooperate with external experts to expand the capacity of smart transformation. Successfully match internal various high-quality technology application opportunities via smart manufacturing exhibition	The demand for educational/medical display has greatly increased due to the pandemic. Stably reach people via intelligent products.
Development Ratio	27%	70%	57.7%	Continue to manage risk	38%	47%	71.5%	27%	70%	27%

2.3 Stakeholder Negotiation and Communication

Organizational Structure and Management Planning

AUO values stakeholder communication and their feedback. By referring to the AA1000 SES (Stakeholder Engagement Standards), AUO has identified the categories of stakeholders that significantly impact the Company. Along with three principles (Complementarity, Collaboration, and Co-creation), the customized short, medium, and long-term development plan is adopted. Through regular inter-departmental communication, we will coordinate resources quickly, interact with stakeholders, grasp feedback, needs and risks, and explore mutually beneficial business opportunities.
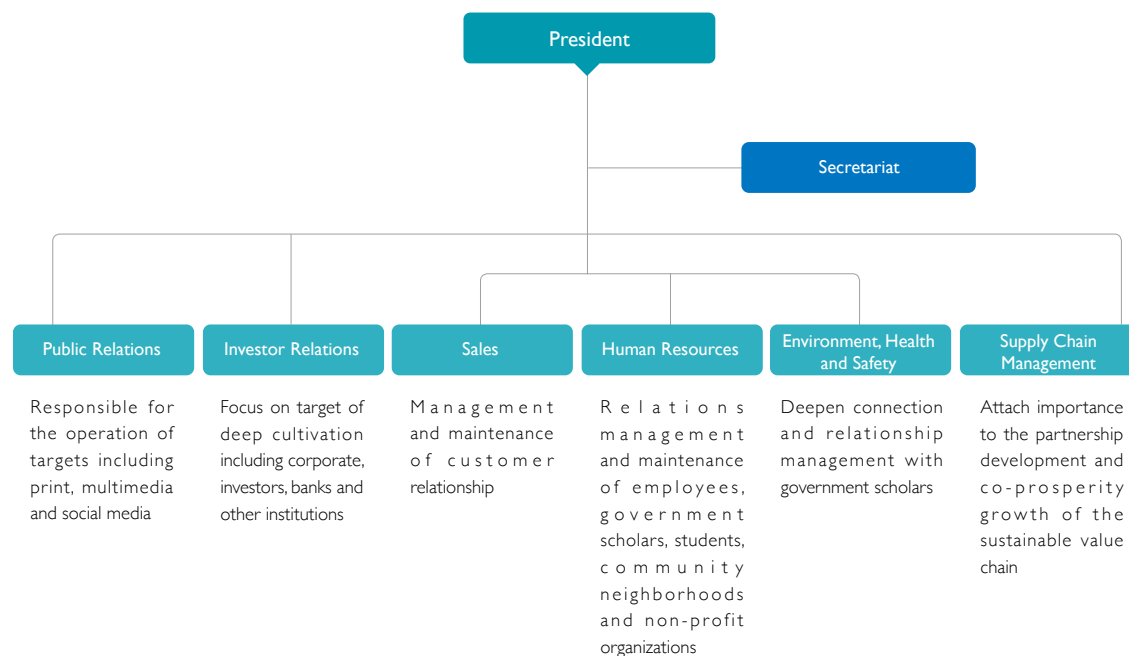
2.3.1 Main Results and Feedback

AUO continue cultivating the CSR first line spokespersons, collect issues of concern regularly and anticipate the direction of cooperation, and track the results regularly. We set up a social group in 2020 to deliver and exchange CSR trend issues and key messages. The group is an important channel for 36 CSR first line spokespersons to ask questions and feedback internally. This allows all stakeholders to grasp the pulse of AUO and gel the spokesperson partners.

🔍 AUO Stakeholder Management and Engagement

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                        ┌──────────────┐
                        │  President   │
                        └──────┬───────┘
                               │
                        ┌──────────────┐
                        │  Secretariat │
                        └──────────────┘
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Public Relations	Investor Relations	Sales	Human Resources	Environment, Health and Safety	Supply Chain Management
Responsible for the operation of targets including print, multimedia and social media	Focus on target of deep cultivation including corporate, investors, banks and other institutions	Management and maintenance of customer relationship	Relations management and maintenance of employees, government scholars, students, community neighborhoods and non-profit organizations	Deepen connection and relationship management with government scholars	Attach importance to the partnership development and co-prosperity growth of the sustainable value chain

Partnership Cultivation Strategies

Interaction and Engagement
Positive formal and informal interactions, listen to suggestions and respond instantly

Issue Identification
Collect issues of concern regularly and respond through the report

In-depth Engagement
Continue to collaborate and participate diversified activities and co-create prosperity results

The Feedback and Our Response in 2020

Item	Content
Smart Disaster Prevention Demonstration Factory	In order to improve the efficiency of disaster prevention management in the factory effectively, a Smart Disaster Prevention project has been cooperated with the Southern Taiwan Science Park Bureau for two consecutive years. AUO established BIM (Building information model) in 2020. Through the three-dimensional building information model, the gas/chemical pipelines and tanks, fire-fighting water systems, etc., were installed that is helpful to make the best response decision during emergency response command, and becomes a benchmark study reference for enterprises in Southern Taiwan Science Park.
Reusing Waste Alignment Liquid	In the liquid crystal display manufacturing process, the alignment liquid is used in the Alignment Layer printing process. AUO participated in the Environmental Protection Administration circular economy demonstration project and formed alliances with suppliers to evaluate, research and develop purification technologies. We successfully purified the waste alignment liquid and returned to the manufacturing process for reuse. This created a closed-link production operation mode, reduced costs and reduced waste disposal, and practiced circular economic.
Supplier Co-prosperity Event	Continue the information sharing project with supply chain partners started in 2019. To respond to requirements and feedback from suppliers, we held three courses on disaster protection, labor incidents, energy conservation programs in 2020, which are highly affirmed by suppliers. Please refer to Chapter 2.5.3 of Supply Chain Management for details
Agricultural Products Marketing Cooperation	Support local small farmers for the long term, AUO Group Purchasing Project cooperates with Pingtung's produce marketing, local neighborhood villages around the factory, Farmers' Associations of Counties and Cities, social enterprises and other organizations. We select the local distinguishing feature agricultural products, adopt the integrated overall planning method of one-stop cash flow, logistics and after-sales service to purchase from the small farmers with a fair and reasonable price to be used as the New Year and Festival gift boxes for the Company. Our colleague also support enthusiastically fresh agricultural products. This project was established successfully and expanded to the enterprise cooperation platform programs of agricultural products marketing. Please refer to Chapter 4.6 of Social Engagement for details

Multiple Stakeholder Communication Channels and Accomplishments

Stakeholder	Topic of Communication	Channel of Communication	Frequency of Communication	Main Progress of the Year	Corresponding Chapter
Academic Experts	Pollution prevention strategies; Green product management; Charity involvement; Shaping of corporate culture	Expert meeting; External communications mailbox; Conference	Indefinite	· Organized 59 interviews with government agencies, experts and academics · Exchange pandemic prevention measures and operation mode of the environmental education field · Cooperate with indoor positioning factory for smart disaster prevention field	2.6.1. Business Risk Identification and Operations Management
Suppliers	Response to conflict minerals prohibited & restricted substances policies; Product carbon footprints; Suppliers' CSR ratings	Supplier conference; Complaint mailbox; Supplier management System; supplier audit	Indefinite	· Promotion of supplier CSR management approach at Supplier Quality conference and CSR Partners Conference · Completed annual audits at 26 key suppliers · Hosted 3 supply chain co-prosperity conference events · Communicated the hazardous substance management policy and requirements to the supply chain through system bulletins · Completed 46 supplier conflict minerals management audits (49 audits in total)	2.5 Supply Chain Management
Customers	Returns and replacements; Environmental management and performance; RBA implementation; Employee health and safety; Quality of service; Prohibited substances	Customer satisfaction survey; Customer Service System (CSS); Questionnaire; Audit; Supplier conference	Indefinite	· Continuously optimize the Customer Service System (CSS) to provide customers with tracking of the progress of product repair and maintenance, return and exchange · Set up the design quality verification responsible unit, Design Quality Assurance (DQA) to improve the system design verification test process and promote digital and smart management. Effectively manage abnormal quality issues with the product life cycle process through intelligent control center and AI technology · Completed 340 conflict minerals documents required by customers · Participated in supplier conventions organized by customers to monitor customer requirements · The Green Products Hazardous Substance Management Regulation was revised in 2020 and compliance with key customers continued to be 100% · 139 customer CSR surveys · 3 third-party RBA audit sessions	2.4 Customer Relations; 2.5 Supply Chain Management

Stakeholder	Topic of Communication	Channel of Communication	Frequency of Communication	Main Progress of the Year	Corresponding Chapter
NGOs	Water pollution management Charity involvement Shaping of corporate culture	External seminar NGO events External communications mailbox AUO Foundation	Indefinite	· AUO GreenArk water resource center at Longtan Site collaborated with the neighboring site Samgabsui Agricultural Service on the outdoor teaching activities	4.6.4 Environmental and Popular Science Education
Media	Operating performance Charity Environmental sustainability	Exhibitions Press conference Press release	Indefinite	· 42 press releases with topics including Corporate, CSR, Display, Energy, etc., arranged for more than 21 press conferences and media interviews, 30 social media publicity, and 4 visiting activities. Includes: · Lunar New Year press conference, Micro LED Social-Interest-Group (TMSIG), CSR Partner Conference, Display Industry Association Forum, etc. · COVID-19 Anti-pandemic Aid Farmers, Green Party Conservation Forestry Care, Foundation Volunteers, Honesty-Intelligence Scholarship, Wish Program, GOLF Association, etc. · Climate Change Declaration, Water Resources Management, Green Power Construction, etc.	AUO website
Employees	Business operations Environmental issues and incidents Environmental safety projects Labor-management issues	WOW AUO quarterly company publication General complaints and inquiries hotline Meeting with the President forums Meeting with BG Head AUOer website Labor-management relations conference Business briefing	Indefinite	· 17 Meeting with the senior management sessions were held · 23 direct employee meetings were held and 183 opinions were compiled · Complaints and inquiries hotlines were used 6,082 times · 160 clubs · Labor-management relations conferences - 4 sessions · Business briefings - 4 sessions · Employee Welfare Committee meetings - 12 sessions	4.4 Human Rights Management 4.3.2 Labor-Management Relations 4.3.3 Friendly workplace practice
Investors	Business operations Performance of social responsibilities	Financial and business status announced in market observation post system and investor section of the Company's website Annual Shareholders Meeting Quarterly investor briefings	Regular	· Monthly business report - 12 sessions · Annual shareholders meeting - 1 session · Quarterly investor briefing - 4 sessions · 97 pieces of feedback received	AUO CSR website
Students	Performance of social responsibilities Recruitment and welfare	A+ summer internship Factory visits by schools Job websites	Indefinite	· 107 people took part in the global A+ Seed Internship Program · GOLF Program corporate with more than 40 enterprises and 50 universities and lunched more than 100 professional courses	4.1.2 Diversified Career Experience 4.2.4 Youth Empowerment
Communities and Neighborhoods	Charitable activities Noise and odor Performance of social responsibilities	External communications mailbox Regular Visits and Care Factory complaints hotline	Indefinite	· Distributed NT$8.21 million in Honesty-Intelligence Scholarships · Purchased 30,168 kg of quality locally-grown rice for company catering and Meals on Wheels service · Purchased 421 gift boxes of local agricultural produce	4.6.2 Practice Social Humanity Care 4.6.3 Create Green Sustainable Life

Annual Csr Mailbox Statistics

AUO values the feedback from all stakeholders. We have set up a dedicated CSR mailbox as one of the multiple communication channels. Special personnel are responsible for processing and simultaneously inviting relevant departments for assessment and response, with a total of 80 requests have been processed in 2020. The types of mails are mostly public welfare cooperation and sponsorship, followed by the invitation from academic units, consultants or investment institutions for related questionnaire surveys or providing information. The main topics focus on environmental friendliness and corporate governance, such as renewable energy use, friendly production, green procurement and promotion of Corporate Sustainable Management, and will continue to receive valuable opinions directly through this mailbox in the future as a reference for management.

2020 Csr Mailbox Statistics

- ● Product-related issues (Request for Price Quotation, Conflict Mineral Reports)
- ● Sponsorship (Sponsorship Proposal)
- ● External Communication (Speaker Invitation, Company Visit, Media Interview)
- ● Cooperation Proposal (Non-sponsored Cooperation Proposal)
- ● Stakeholder Opinions (all kinds of opinions, complaints, and response to customer demand not related to product)
- ● CSR, ESG Topic Inquiries (sustainability topic demand not related to product)

14% 16% 19% 9% 26% 6%
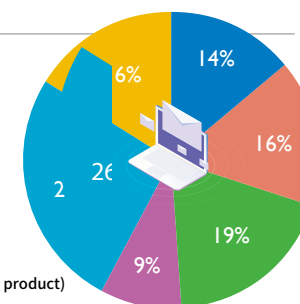
2.3.2 Identifying and Responding to Material Issues

AUO implements online questionnaires every year to understand the concerns of internal/external stakeholders for the company in depth and follow the GRI Standards to review the appropriateness of issues. We invite key internal groups to assess the impact of social, environmental, and corporate governance on the company, and invite value chain partners provide two-axis feedback on concern and impact. About 600 questionnaires were completed in 2020, and 9 items were summarized and included in the material topics of the year. Related goal setting and implementation results were reported to the Board of Directors.

Identification and Analysis Results of Material Issues in 2020 and Target Setting for 2021

Significant Issues Identification Process adopts four steps of Identification, Prioritization, Confirmation and Review.

Please visit the AUO CSR website for identification of Significant Issues of partnership for details
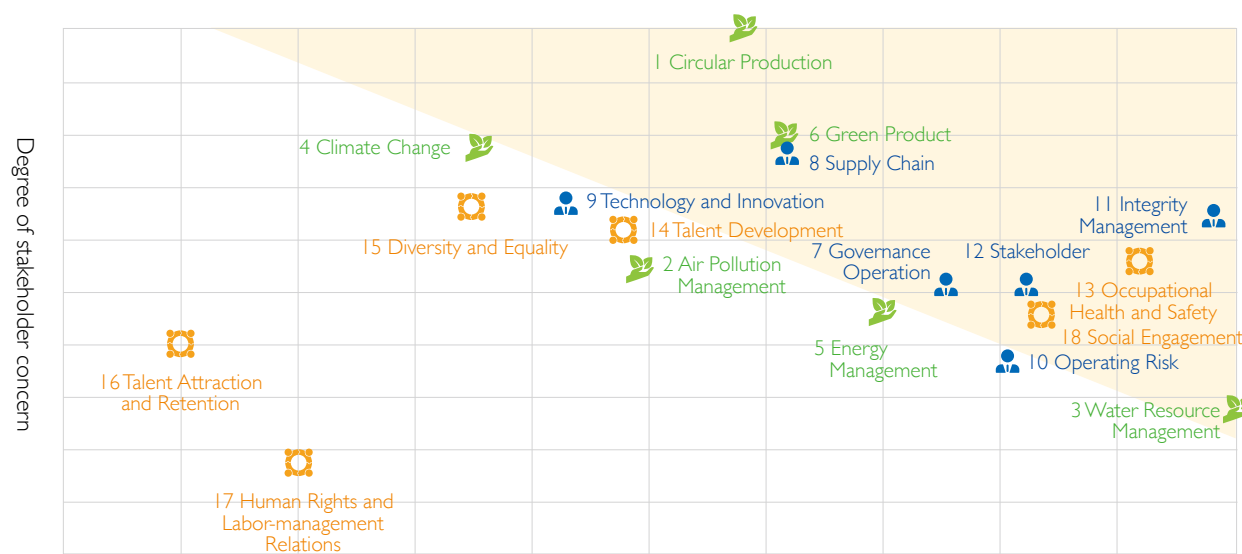
Improvement of Material Issues Survey in 2020

Increase the breadth

· Added degree of concern for widely distribution edition questionnaire
· Increase the target of survey for the degree of impact questionnaire

Optimize the topic design

Focus
· Focus on nternational trends, customers and benchmark enterprise and exclude basic topics of corporate operations, such as economic performance, etc.

Simply
· Take ESG as the main theme to Simplify, Collect and Converge all topics

Value-Add
· Accurately describe details of each topic

Optimize the process

Questionnaire system
· The deep cultivation edition is distributed in the form of independent VIP
· New mobile phone interface, easy to operate
· Diversified answering methods and pair up with charts, such as prioritization and open question items

CSR image
· Presented with the overall image of AUO CSR to increase the promotion effect of sustainability idea, such as the CSR key vision and website link

Environmental Issues
1 Circular Production
2 Air Pollution Management
3 Water Resource Management
4 Climate Change
5 Energy Management
6 Green Product

Corporate Governance Issues
7 Governance Operation
8 Supply Chain
9 Technology and Innovation
10 Operating Risk
11 Integrity Management
12 Stakeholder

Social Issues
13 Occupational Health and Safety
14 Talent Development
15 Diversity and Equality
16 Talent Attraction and Retention
17 Human Rights and Labor-management Relations
18 Social Engagement

Note: Except for 9 material Issues, other non-significant scopes of disclosure are still in the Report to make appropriate explanations and disclosures

2021 Targets on Each Material Issue

Aspect	Material Issues	Critical Issues	2021 Targets
Environmental Aspect	Circular Production	Innovative technologies for waste reduction and reuse	· Total amount of waste generated is less than 80,000 tons/year · The amount of hazardous waste generated is less than 19,200 tons/year
		Mechanism for promoting circular production and ability to create commercial value through innovation	· Promote circular economy, establish a dialogue mechanism, and organized an external exhibition · Link related platform organizations and expand cooperation with the value chain
		Focus on circular production and market applications from the stages of material, procurement, design, production and logistics packaging	· Promote circular production and create circular products through cross-organization platform operation, bringing the financial benefits to reach 4.8 billion · Cooperate with customers and supplier partners to promote the circular use of packaging materials to an economic scale of 850 million
	Water Resource Management	Water resources goals and operational management mechanisms linked to the SDGs	· Use big data, AI technology and platform sophisticated management to keep the total water consumption of the annual manufacturing process less than 23 million tons while the production capacity is increased · Complete ISO46001 system certification (Taichung site) and optimize water resources efficiency management system
	Green Product	Establishment and obtain certification of product-related green information (product environmental benefits, carbon/water footprint, etc.)	· Complete carbon emission data site the organization (scope 3) and receive the ISO 14064 verification for a total of 8 items · In response to international green regulations, the shipment of green products reached 5 million pieces that comply with US ES 8.0 (ENERGY STAR Computers Version 8.0) · Expanded the market penetration of circular products, the shipment of UL 3600 certified series of products reach 60 million pieces
		Green product design and capability training	· Work with brand customers and develop a green product partnership · Continue to complete low-energy product technologies and apply the technologies to different products (take 2017 as the base year); also conduct the preliminary evaluation of the new energy consumption standard (ES 9.0) simultaneously · Reduced the laptop energy consumption by 45% · Reduced the desktop monitor energy consumption by 27% · Increased television penetration rate by 37% · Ensure green R&D energy is equipped with competitive technologies, and maintain leadership through patents · Organize seminars and trainings to increase the background and technical capabilities of employees
Corporate Governance	Governance Operation	Promotion of sustainability targets and culture	· Continue to shape the CSR cultural atmosphere, implement CSR cognition testing for all employees, and design a blueprint · Design energy-conservation courses through micro-learning, so that employees feel more professional knowledge absorption. A total of 6 classic micro-courses will be launched in 2021. The training completion rate for the total number of participants reaches 90%. · Promote all types of carbon reduction green actions through different forms, such as the Intelligence Smart Manufacturing Exhibition, the Company's official annual meeting and participation of employee activities · Continue to implement the IPMVP energy conservation program review, with a review rate of 100%. · Increase the participation of all employees through energy-conservation ESCO proposal incentives and plant-level evaluation of employee activities participation
	Supply Chain Management	Supplier ESG risk management	· Continue to implement the supplier inclusive program to deepen the partnership. A total of 10 co-prosperity courses were organized since 2019 · Complete the construction of the CSR supply chain management platform, and connect the actual ESG digital information in respond to digital transformation · Comply with the regulations of global human rights, environment and ethics codes of conduct. Continually implement the annual RBA audit. The audit rate of the implementation target (Note) reaches 100% (Note: Including the supplier with high-risk in the annual risk questionnaire, the top 70% of procurement amount, and key counseling suppliers, etc.) · Strengthen information transmission and risk issue management, and the supplier participation rate of the CSR co-prosperity activities is not less than 90%
		Supplier sustainability partner advocacy and cooperation	· Together with no less than 30 supplier partners on external initiatives or trend issues
	Integrity Management	Draw up and implement codes of conduct and ethics to avoid violations of anti-corruption and anti-competitive behaviors	· According to the "AU Optronics Business Integrity Principles", the Company declared AUO integrity policy to the colleague through education, training, broadcasting, and e-newsletter, with the completion rate of 100% · Follow the regular supervision mechanism and require the colleagues of the job duty with integrity to conduct the "Conflict of Interest Report" every year, with the annual achievement rate of 100% · Implement the internal audit and internal control system, regularly review the establishment and supervise/execute the integrity management policy and prevention plan. Performances are report to the Board of Directors every year.
	Stakeholder	Stakeholder management mechanism and supporting facilities	· Cultivate more than 50 CSR representatives of the Company to implement various stakeholders in precise management and convey the concept of AUO's sustainability · Implement customized business strategies for the nine major stakeholders, complete exchanges for at least 120 person-time, and review the interactive mood, relationship management and risk control through quarterly inspections · Enhance the substantive and representativeness of the annual survey questionnaire. The number of questionnaires for the entire year reaches 450. Integrate responses to stakeholders' concerns/needs and set management goals
		Diversity of external interaction channels and brand management	· Pay attention to external expectations and hold meetings with specific stakeholders for at least 3 sessions · Actively participate in the initiatives of the government, public associations, NPOs and other organizations. Provide industry experience and suggestions for no less than 3 sessions · Operate social media such as Facebook/LinkedIn and grasp trends/key influences through issue analysis

Aspect	Material Issues	Critical Issues	2021 Targets
Social Aspect	Occupational Health and Safety	Employee health and safety management targets and promotion	・FR<0.2 ・0 case of serious occupational disaster ・Attach importance to employee health care, and the participation rate of health promotion activities planned according to the health risks of different ethnic groups reaches more than 70% ・Complete health risk management measures 100% of those in the high-risk group.
		Contractor's construction safety management and supporting facilities	・Zero compromise on the safety of contractor partners, zero major occupational accidents, and a 30% reduction in FR
	Social Engagement	Activities and practices related to youth empowerment	・Cultivate youth employability and provide internships and job opportunities up to 7,500 person-times worldwide
		Establish partnerships for employees, suppliers and customers to participate in social engagement activities	・Continuously improve stakeholder engagement through multiple activity channels. The number of participants of each stakeholder increased by 10% compared to 2020 (due to the impact of the COVID-19 epidemic in 2020, the indicator is revised in 2021) ・The number of people benefited through the AUO Sustainability Foundation's multiple charity activities reached 5,000 people

Material Issues and Boundaries

In order to accurately reflect and present AUO's value chain, the scope of each topic should be defined to ensure transparency in AUO's supply chain and the extent of its influence. Given the fact that multiple indicators exist for specific issues and they cover different scopes, this report has taken the approach of presenting the results using the maximum boundary.

Relevant ▇　　● Materials disclosed in this report

Issue Boundary	Significance to Operations	Level of Involvement (Direct / Indirect)	Within the Organization AUO Taiwan	Main-land China	Over-seas	Crystal	Local Com-munities	Suppliers / Contractors	Transpor-tation Com-panies	Waste Companies	Custo-mers	Corresponding GRI Principle	Corresponding Chapter
Governance Operation	From the Board of Directors, Committees to all employees can effectively implement the goals and visions through systematic operation, and avoid the risk of violating laws and establish the same values	Direct	●	●	●	●						GRI 102-Governance	1.3 Governance Organization 1.1 Subsidiaries Overview and Valid Data
Supply Chain	Suppliers are important partners of the Company. The risk control, rewards and punishment mechanisms must be established. We expect to share same ideas and with suppliers to achieve co-prosperity	Direct	●	●	●	●		●				GRI 204 GRI 308 GRI 414	2.5 Supply Chain Management 1.1 Subsidiaries Overview and Data Overview
Operating Risk	Business Continuity Management is the key to the corporate success. Identify and manage risks effectively through good system mechanisms and practice timely to to allow the corporation able to restore its operational capability quickly when encounters damages	Direct	●	●	●			●				GRI 102 - Strategies	2.6.1 Business Risk Identification and Operation Management
Integrity Management	"Integrity" is fundamental to enterprises. Create solid policies and open channels of communication can avoid violations of anti-corruption and anti-competitive behaviors	Direct	●	●	●			●				GRI 205	1.4 Business Integrity
Stakeholder	The management of a good relationship with the outside world helps build the Company's image and brand. Listening to the voice to understand the needs also benefit cooperation opportunities, create value, and shape a good ecosystem	Direct	●	●	●		●				●	GRI 102-Stakeholder Engagement	2.3.3 Stakeholders Management and Digital Applications
Technology and Innovation	Strategy formulation through customer management, product operation, market layout, new business development, as well as R&D technology introduction, innovative practices are the core key to the Company's competitiveness	Direct	●	●	●	●					●	-	5.1 Panel Innovation Technology and Application 1.1 Subsidiaries Overview and Data Overview

■ Relevant   ● Materials disclosed in this report

Issue Boundary	Significance to Operations	Level of Involvement (Direct / Indirect)	Within the Organization — AUO — Taiwan	Main-land China	Over-seas	Crystal	Local Com-munities	Suppliers / Contractors	Transpor-tation Com-panies	Waste Companies	Custo-mers	Corresponding GRI Principle	Corresponding Chapter
Circular Production	In response to the impacts of scarcity of resources, the difficulty of finding landfill sites, and international trends, waste reduction and reuse can help reduce the impact of production and create new business opportunities new business opportunities	Direct	●	●	●	●						GRI 301	3. Environmental sustainability -Materials Input and Emission Information (Data Overview) 1.1 Subsidiaries Overview and Data Overview
Climate Change	Faced with the diverse and complex effects of climate change, appropriately performing mitigation and adaptation actions, thinking about life cycle management, and identifying risks and opportunities are the courses that any enterprise must face and respond to as early as possible	Direct	●	●	●	●						GRI 302 GRI 305	3.1 Climate Change 1.1 Subsidiaries Overview and Data Overview
Water Resources Management	Water resources are key element of production. Faced with scarcity of resources and weather patterns in production sites, effectively managing, connecting with relevant organizations and engaging with external stakeholders are important issues	Direct	●	●	●	●						GRI 303 GRI 306	3.2 Water Resource management 1.1 Subsidiaries Overview and Data Overview
Air Pollution Management	In addition to the environment, the air pollution caused by the production process will also affect the relationship with neighbors. Therefore, monitoring and improving management helps to reduce the risk of violating laws and create a good relationship	Direct	●	●	●	●						GRI 306	3.3.3 Air Pollution Management 1.1 Subsidiaries Overview and Data Overview
Energy Management	Faced with the impact of manufacturing electricity consumption, energy transition trends and national energy policies, improving energy efficiency and stabilizing sources are regarded as crucial issues	Direct	●	●	●	●		●			●	GRI 302	4.3.1 Energy Efficient Production 1.1 Subsidiaries Overview and Data Overview
Green Product	The design and innovation capability to develop green-friendly products/services, rigorous green material certification, and conflict mineral management mechanisms can gain the trust of customers	Indirect	●	●	●						●	GRI 302 GRI 417	2.4 Supply Chain Management 3.3 Circular Production 3.5.1 Panel Innovation Technology and Application
Occupational Health and Safety	Employees and contractors are the Company's important human capital. Ensuring the safety of the working environment and the health of the personnel can reduce the loss of human capital and ensure the stability of production operations	Indirect	●	●	●	●		●				GRI 403	4.5 Health and Safety 1.1 Subsidiaries Overview and Data Overview
Talent Development	A complete employee competency training, career development, and performance evaluation helps to build an excellent team and create profitability	Indirect	●	●	●							GRI 404	4.2 Talent Development
Diversity and Equality	A friendly workplace environment with emphasis on employee protection, equal empowerment, and disadvantaged care can attract diverse talents from around the world and build a good Company reputation	Indirect	●	●	●			●				GRI 405、406 408、409、 411、412	4.1 Talent Arrangement 4.3.1 Talent Retention and Management 4.4 Human Rights Management
Human Rights and Labor-management Relations	Reducing disputes by establishing a complete human rights policy and open channels can form a good labor-management relationship, reduce social costs and negative image of the Company	Indirect	●	●	●			●				GRI 401、402 405、406、 407、408、 409、411、412	4.3.2 Labor-management Relations Management 4.4 Human Rights Management
Talent Attraction and Retention	Fair comprehensive remuneration, benefits and policies ensure the stability of manpower and help to improve the Company's competitiveness	Indirect	●	●	●	●		●				GRI 201 GRI 202 GRI 405	4.3.1 Talent Retention and Management 1.1 Subsidiaries Overview and Data Overview
Social Engagement	Contribute one's own expertise capabilities and extend the joint participation of the value chain. Fulfill social responsibilities, embody soft power, and gel the Company, create influence	Indirect	●	●	●							GRI 203 GRI 413	4.6 Social Engagement 1.1 Subsidiaries Overview and Data Overview

Progress on the Targets of the 2020 Material Issues

Aspect	Issue	2020 Targets	Progress	Corresponding chapter
Environment	Circular Production	· Create circular value through the development of technologies for recovery of raw materials from the production process and waste reduction as well as the design and sale of circular products so that the economic scale grows by up to 30% (compared to 2017)	· Through the recycling of chemicals and packaging materials, improving water-saving measures, and the introduction of recycled plastics for 24-inch desktop displays project, the economic scale of circular production grows by up to 41% in 2020.	3.3 Circular Production
	Climate Change	· Decrease annual water consumption to 29 million tons for an absolute reduction of 11% (compared to 2017) · Process water recovery rate > 90% at Taiwan sites · Establish the TCFD operating framework and at least 3 adaptation measures · Reduce total energy consumption of NB products by 10% compared to 2019 through the development of new liquid crystal materials with a lower driving voltage	· With water-saving measures including changing of process direct water to circulating water, introduction of WIS and sterilization system, and optimization of process water parameters. The total water consumption was reduced to 26.48 million tons for an absolute reduction of 19% · Improved the efficiency of the recycling system, and increased the recycling rate of low-concentration wastewater using the FR system. The recycling rate of process water in the Taiwan site reached 93.8% · Set up the TCFD operation team to draw up countermeasures and propose corresponding measures for three adaptations including the setting of a carbon emission management platform, extreme climate event risk scenarios (typhoon/flood) emergency response plans and the impact of chronic climate change · Through the new liquid crystal materials, the backlight module design optimization and the successful improvement of LED efficiency, the NB 13-inch and 14-inch products achieved a reduction in energy consumption by 11% compared with the previous year	3.1 Climate Change 3.2 Water Resource management 5.1 Panel Innovation Technology and Application
	Energy Management	· Reach 100% penetration with the International Performance Measurement and Verification Protocol (IPMVP) introduced in 2018 · Achieve annual electricity savings of up to 1.5% through the continued application of innovative proposals and management techniques · Decrease annual carbon emissions to 31 million tons for an absolute carbon reduction of 7% (compared to 2017) · Install energy monitoring devices on 100% of key machines · Accelerate the application of smart technology through at least 5 AI-enabled energy-saving projects · Develop an integrated platform for smart grid monitoring to speed up power data forecasting and management, and conduct pilot trial at base-load power plant · Increase R&D capacity through industry-academia cooperation so that there are at least 2 collaborative projects/year on energy efficiency · Increase the power rating of individual panel modules to 350W (7.7% increase in efficiency over the previous year) through better technology · Expand into the energy storage sector and construct a demonstration energy storage station in the 100 kW/196kWh range · Participate in the REC market and help businesses obtain REC for their own project site (at least 1 company)	· Record the power saving data of each fab in detail with the EnMS power saving management system and completed 100% verification with IPMVP methodology · Take corresponding measures immediately through innovative methods of message sent by the mobile phone app once the smart grid abnormality is detected. The annual power saving rate is 2.1% and power saving about 100 million kWh · The key management measures including introduction of energy saving of production equipment, energy saving of plant equipment, real-time power consumption management platform and improvement of F-gas consumption by about 10%. The total annual carbon emission is about 3.01 million tons, for an absolute carbon reduction by about 4.1%. · Including the important machines of the factory and plant, the equipment of major electricity consumers has completed the inventory and monitoring device · Evaluate the introduction of new technologies of the industry, with a total of 8 projects including the optimization of the blower drive operation (DO) of the wastewater biological system, the PH control leveling of the wastewater discharge, and the replacement of the FRP energy-saving fan blades of the cooling water tower. These measures were set out in all sites. · Smart Grid Monitoring Platform was operated on the ARRAY process platform, a total of 6 sites completed operation on the platform · Actively conduct industry-academia cooperation projects to improve energy efficiency. There were 6 projects including the optimization of the operation of the 14° C high temperature ice water main engine, the fan filter unit (FFU) and the internal components of the external air conditioning cabinet "energy-saving heat exchanger" MAU disk local field power saving, pipe pressure loss Improvements · The wattage of the individual panel module exceeds expectations, currently up to 360W · An energy storage demonstration power station has been set up in Houli, Taichung, with a scale of 100kW/196kW · The target is not met due to Bundled RECs, the green electricity certificates system. It affect Taiwan mainly with green electricity for self-use, direct supply, and transfer. The volume of simple certificate transactions is less than expected	3.1 Climate Change 5.2 Generalized Preference Energy
Corporate Governance	Governance Operation	· Strengthen popular support for carbon energy by reaching an event attendance of 10,000 (approximately 25% of current employees) · Evaluate carbon energy performance and incentive mechanisms to adopt 3 evaluation mechanism of a different nature (e.g. Individual, factory group, and management executives)	· Organized the "21 Day Carbon Reduction Challenge" event, with 16,426 people participating in the event. The overall annual carbon reduction of employees exceeded 12,600 trees. · Completed system development and conducted trial of ESCO carbon energy performance and incentive mechanism for one year	3.1.5 Other Carbon Management Operation
	Supply Chain Management	· Participation in CSR co-prosperity activities by over 80% of designated suppliers. Designated suppliers refer to those that account for over 70% of amount purchased each year between 2019 - 2021. · Provide counseling or cooperation with at least 3 suppliers on energy resource projects · Design awards for formal recognition at the Global Partner Summit Include points for outstanding CSR performance in quarterly supplier evaluations	· In response to the 3 CSR Co-prosperity Activities including fire protection, labor laws and energy conservation, invited supply chain partners to attend, and approximately 95% of designated suppliers attended · Provide counseling for 3 suppliers to save energy · Honor suppliers with 4 awards including Partner Award for Excellence in Sustainability, Partner Award for Global Sustainability, Partner Award for Best Environmental Sustainability, and Partner Award for Best Social Inclusion to encourage supplier partners to work together to implement the concept of sustainability. A total of 5 suppliers awarded · Add suppliers' CSR performance evaluation to the SOP. The grading basis also includes RBA audit results	2.5 Supplier Management

Aspect	Issue	2020 Targets	Progress	Corresponding chapter
Corporate Governance	Technology and Innovation	· Continue to cultivate smart living applications for display monitors with a target reach of more than 50 million people per year · Combine new technologies/high-value products with energy-saving and life aesthetic designs to let displays make the leap from human-machine interface to end applications. Work actively to enter the medical, smart retail and intelligent transportation sectors · Achieve the goal of reducing cost by over 20% by developing a glass alternative to PCB substrate · Develop at glass-substrate Mini-LED back light technology with product applications in at least 3 dimensions (e.g. notebook, television) · Continually to develop active image stitching display technology for TV screen or indoor signage applications · Continue to enforce product quality management and achieve over 90% customer satisfaction in every aspect	· The number of people reached by the smart living applications smart living applications reached approximately 131.51 million person-times in 2020 · Combine human-machine interface in terminal applications to provide new technologies and high-value products to customers. The "32-inch 4K Ultra-realistic Surgical Display" at the Healthcare+ Expo Taiwan, which has the two major features of high resolution and wide color gamut technology to effectively assist doctors in accurately judging between the lesion and normal tissues during surgery · Develop at glass-substrate Mini-LED back light new technology and successfully reduce costs by 20% · The glass substrate Mini LED backlight technology successfully applied to 15.6-inch notebook, 50-inch active image stitching display and other products, and exhibit in the Company's internal and group technology; 32-inch desktop monitors technology development is completed, expecting the samples to be produced in Q2/2021 · In 2021, the technology will continue to be advanced to the active image stitching display over 100 inches · Customers are most satisfied with the after-sales service provided by AUO. There were good feedbacks on product innovation, new product introduction, delivery and quality. The average satisfaction rate exceeds 95%	2.4 Customer Management 5.1 Panel Innovation Technology and Application 5.4 Intelligent Life
	Operating Risk	· Continually verify effectiveness of the ISO 27001 information system management and pass the reassessment in 2020 · Strength information security protection with 0 incidents of business disruption due to hacker attack or virus infection	· Passed the ISO 27001 reassessment and successfully obtained the certificate · Continue to strengthen information security protection and incident response. There was no incidents affecting operations due to hacker attacks or virus infections in 2020	2.6.2 Information Security Management
Social Aspect	Occupational Health and Safety	· FR (Disabling Frequency Rate)<0.2 · 0 case of serious occupational disaster · Take blood pressure measurements from over 60% of all employees · Health risk management for 100% of those in the high-risk group.	· FR was 0.312 (The target is not met) · 4 cases of serious occupational injury (The target is missed) · 80.97% of employees measure blood pressure · Implement health risk management for 100% of those in the high-risk group.	4.5 Health and Safety
	Talent Development	· Provide 66,000 person-days of employee training opportunities · Realize equal remuneration for equal work and equal opportunities for advancement regardless of gender; over 20% of management positions are filled by women	· Provide 53,667 person-days of employee training opportunities. Affected by the epidemic, the total person-day growth rate was negative 14.1% (the target is missed) · In 2020, about 27.5% of management positions are filled by women	4.1 Talent Arrangement and Data Overview 4.2 Talent Development
	Remuneration and Benefits	· Emphasize employee rights, benefits and human rights, share profits with employees, promotes and enhances worker rights, and provide a full-spectrum of physical, mental and spiritual care for special groups · Empower women through a friendly workplace so that female employees can work without fear or harassment · Create a working environment that offers gender equality, protection against sexual harassment, and non-discrimination. A variety of employee communication channels were also established with a response and processing rate of 100% · Average salary is at least 1.3 times higher than the statutory minimum wage	· Emphasize employee rights, benefits and human rights, share profits with employees · Empower women through a friendly workplace so that female employees can work with peace of mind · Respond to employees' feedback, with processing rate reached 100% · Average salary was at least 1.3 times higher than the statutory minimum wage	4.1 Talent Arrangement 4.4 Human Rights Management
	Social Engagement	· Provide internships and job opportunities up to 7,500 person-times worldwide · Participation by volunteers up to 7,800 person-times · Reach 14,000 volunteer service hours · Raise up to NT$11 million in donations · Cooperate with up to 30 social enterprises or small disadvantaged farmers · Provide a variety of activities that stakeholders are encouraged to take part in up to 13,000 person-times	· Provide internships and job opportunities up to 12,843 person-times worldwide in 2020. · Volunteers' participation reached 7,121 person-times. Affected by the epidemic, the rate of meeting the target is 91% · Reach 8,245 volunteer service hours. Affected by the epidemic, the rate of meeting the target is 59% · Raise up to NT$12.02 million in donations, the rate of meeting the target is 109% · Cooperate with up to 64 social enterprises or small disadvantaged farmers. The rate of meeting the target is 213% · Affected by the epidemic, there were total 9,094 person-times of stakeholders took part in activities	4.1 Talent Arrangement 4.2 Talent Development 4.6 Social Engagemen

2.3.3 Stakeholders Management and Digital Applications

Comprehensive Communication and Interaction Results

AUO interacts with all stakeholders classified by object and character through multiple ways of CSR exchange, sharing, and training. We conducts substantive interactions with CSR spokespersons formed by the high-level management teams and engineers at the same time to practice engagement. There are a total of 704 results in 2020, including many exciting topics, for example, Chairman Paul SL Peng not only prepared a complete antitrust enterprise case to communicate with senior managers across industries, expecting to enable professional managers to effectively reduce corporate risks when conducting international trade, but also devoted himself to pay close attention to the University Social Responsibility (USR) promotion activities and served as a review committee member to provide specific suggestions on the sustainable operation of the campus. In addition, AUO actively participates in multiple activities, such as the Citizens World Cafe event, sharing the progress of manufacturing process water from independent development of zero-discharge to the establishment of a new business, AUO Envirotech. We expect the public to understand the AUO sustainable management philosophy and core values of giving back to the society effectively through various channels.

Vision and goals	**CSR training**	**Professional exchange and consultation**	**External sharing & engagement**	**Promotion and exchange**
Sub-committee monthly meeting : **33** sessions / **23.25** hours	Internal training: **248** sessions / **1,597** person-times / **79.5** hours External courses and seminars : **39** sessions / **76** person-times / **142.5** hours	Internal sharing : **12** sessions / **142** person-times / **40.5** hours External experts exchange meeting: **2** sessions / **15** person-times / **4.5** hours	Sustainability lectures : **25** sessions / **36.2** hours Stakeholder engagement : **258** sessions	Media interaction : **66** sessions (Press release/event/visit/communication) Interview report: **21** sessions

CSR Digital Application and DNA Culture

In response to the changes in organizational needs and international trends at various stages, AUO has independently built various information management platforms. In addition to integrate the company-wide data and information for more effective use, it also serves as an important channel for communicating CSR-related information to employees around the world. With the CSR transformation in 2018, the Digital CSR 2.0 project was launched simultaneously, and improved with three major thinking of data integration, AI tool application and information unification, expecting completely connect all platforms and information to the same set in the system. We accurately develop functions including CSR Data Bank, Decision-making Center, and customized personal CSR portal pages by using One Data concept and pairing up AI smart technology with user thinking. In addition to optimize the accuracy of internal management and decision-making, the synchronization can also detect abnormality automatically, perfect the corporate risk detection puzzle, and broaden the CSR vision of all employees, connect with the world trend, and explore innovative business opportunities.

In 2020, it was successfully launched through cooperation with the Digital Information Unit, and established two major functions of the personal CSR News platform and the CSR report data update platform related to all employees.

1	3
2	4

1. Chief Digital Officer was invited to share digital transformation experience
2. The Vice President of Product Development shares the actions of circular economy
3. Chief Sustainability Officer serves as the judge of the Innovative Business Model competition
4. CSR experts share practical cases of AUO's sustainable practice

CSR News Platform

Based on the global Environmental, Social, Governance fields and AUO's CSR strategic policies, relying on the relevance of keywords to the responsible business, the article news is automatically sent to the personal area and mailbox every week, so that colleagues can quickly and synchronously grasp the latest news while working. In addition, there are innovative ideas and proposals after reading, mutual response and excitement to improve the CSR knowledge capabilities for all employees and master the pulse of the world.

User Feedback Analysis

Analyze the correlation between the information provided by CSR News and the work using questionnaire survey. In general, information is of significant help to the work demands of all units, in terms of category, the demands for environmental aspect is the highest, followed by corporate governance and field economy. In addition, colleagues in all responsible units will read information on different topics, showing that everyone has a willingness to learn in multiple ways. Environmental issues are the most popular topics..

Employee Feedback

"The CSR News Platform allows employees to know the social and international pulses during off-work hours. This is a very good idea and practice."

"A very good platform that can enhance sustainable information beyond professional knowledge and combine it with sustainable knowledge to be applied to product design"

"It's great! It has diverse and wide-ranging topics and high knowledge content! "

2020 Results

Number of News Articles

22
million

Article Classification

4 categories in ESG

19 issues

225 keywords

Reached Target

Automatic Delivery

>2830
employees

User Feedback Analysis of all CSR Fields

Corporate Governance

26%
Sales 17%
Staff 29%
34%
Fab 21%
R&D 33%
15%
25%

Field Economy

26%
34%
Staff 20%
Sales 19%
Fab 18%
R&D 43%
15%
25%

Society Care

26%
Sales 14%
Staff 36%
34%
R&D 33%
Fab 17%
15%
25%

Environment Sustainability

26%
34%
Staff 29%
Sales 8%
R&D 32%
Fab 31%
15%
25%
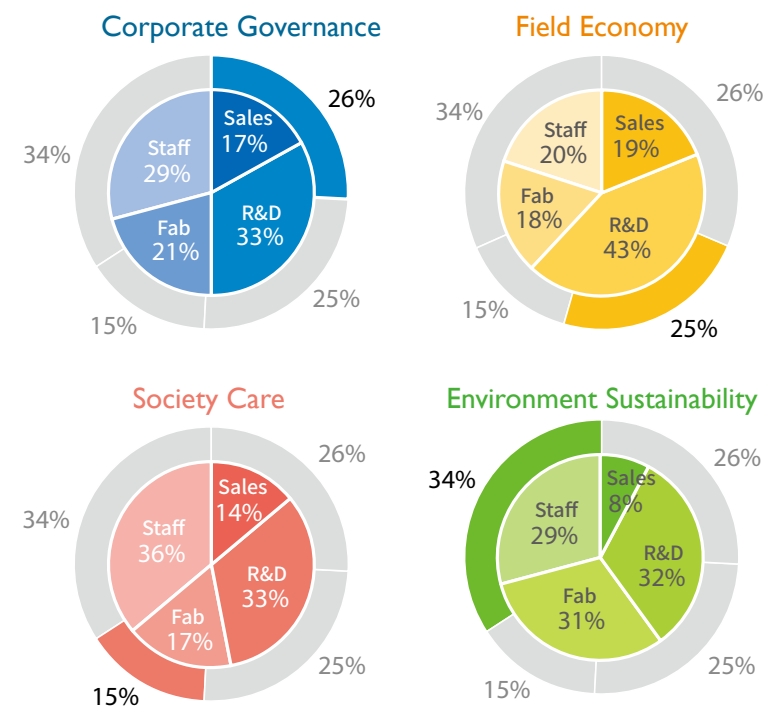
Reader browse keywords

CSR Report Data Update Platform

In response to the frequent external demand for diverse CSR information and the increasingly rigorous quality requirements, AUO has implemented the digital transformation plan for the CSR report, revised and optimized the existing system, improved the qualitative and quantitative database. These were applied to the production of the 2020 CSR report. The platform will be extended to the production of all types of statements and reports to effectively respond to all types of external demands. Platform optimization is mainly in improving data collection and adding new approval procedures, integrating the most frequently requested information demands of internal/external organizations/departments as the basis, and re-analyzing existing information to increase its breadth of use. The current report data collection has been increased from 700 to about 1,000, allowing the data to be used in more detail. In addition, the online operation and approval process accelerate data collection speed and help managers designate key fill-in person accurately. It also improves transparency of entire time schedule and accuracy of verification, keeping of information over the years.

System Features

"The approval system and logic are very clear and can be used as a reference for the reconstruction of our department's internal system."

"The data distribution is very clear. It automatically tracks the approval process"

"The calculation formula and principle of each item can be recorded on the platform. It is very convenient and helps avoid rethinking every year."

Expert Meetings

In order to continue to enhance the energy of sustainable development, AUO organizes expert consultation meetings regularly. We invite industry, government, academic and research experts according to the topical subject with the form of small meetings to absorb/exchange different point of views through face-to-face communication. The Center for Corporate Sustainability (CCS) of Taiwan has assisted AUO to obtain valuable opinions and exchanges on many issues since 2015.

Under the global digital wave, how the businesses should respond to the current situation and improve their internal capabilities to increase their competitiveness is an important topic. The topical subject of the 2020 expert consultation meeting was Digital CSR. Five experts were invited to discuss with IT leaders, expecting good open mind thinking in the aspects of climate actions, risk management and CSR management.

Topics over the Years

2015 Corporate Philanthropy

Corporate citizenship Sub-committee

Cultural awareness
Charity promotion
Focus group definition

2016 Green Manufacturing

Manufacturing sustainability Sub-committee

Stakeholder communication
Assessment tools
Performance disclosure
Energy efficiency

2017 Corporate Governance

Business risk management Sub-committee

Board composition and management
Corporate governance evaluation
Board of Director operation
CSR proposal

2018 Energy Management

Manufacturing sustainability Sub-committee

Regulatory and policy
Market opportunities
Energy transformation
CSR proposal

2019 Supply Chain Management

Supply chain sustainability Sub-committee

Management trends and tools
Enterprise insights benchmark

Meeting Highlights

1. Business shall pay attention to the importance of non-hardware network

Global climate issues are already an obvious science. How to contribute to mankind can be determined by first determining the indicators to be followed and achieved, such as the Dow Jones Sustainability Index (DJSI) Only by setting targets can the effectiveness and gaps of businesses be reviewed regularly and able to join the alliances, such as Climate Technology Centre and Network (CTCN), in order to receive a lot of different technical resource sharing. Besides, connection to the international community is another key. The UN Climate Change Conference (COP) will be a good sharing platform. Companies can have the opportunity to communicate with all countries, share their challenges and experiences, and solve problems together.

2. Data governance and employee participation in digital transformation

Business management should pay attention to the importance of data governance, including data warehousing, such as deciding how much data to receive, how to store it, how to use it, and how to protect it. The Company's internal data will be a new element of corporate social responsibility. In addition, the EU General Data Protection Regulation (GDPR) can promote a data economy and build digital trust. Taking the concept of Digital with purpose as an example, businesses can promote digital transformation more meaningfully, with clear goals and implementation plans, and allow colleagues to use their digital capabilities to personally participate in international affairs or community participation, so that to help colleagues to reflect on how to apply at work in the future.

Name	Employer	Position
Jen-Ran Chen	Unit of Assignment	Ambassador-at-Large, Taiwan
Chi-Ming Peng	Open Data Alliance	Chairman
Iris Liu	Sustainability and Brand Management Group, Taiwan Mobile Co., Ltd.	Vice President
Chia-Kai Liu	DSP Inc.,	Chief Executive Officer
Yuh-Ming Lee	Institute of Natural Resource Management, National Taipei University	Distinguished Professor

2-4

Customer Management

Adhering to the principle of integrity, AUO is committed to be the best business partner of customers, responding to customers and keeping close to the demands in a timely manner with innovative technology, smart manufacturing overall process management. At the same time, we work with supplier partners to provide customers with high-value, excellent-quality products and complete solutions.

AUO Customer Management Philosophy

Collaborate with customers closely

Build business partnership

Innovative product | Smart manufacturing | High quality | Risk management

Work with supplier partners

AUO has been deeply cultivating the display industry for many years and has innovative technology capabilities (see 5.1 Innovation and Technology for details), combining AI and big data analysis to promote smart manufacturing, and using the resources of global production bases to build high-efficiency, high-quality, and high-flexibility smart production lines to integrate excellent-quality production capacity of different generation production lines (see 5.3 Smart Manufacturing, 5.4 Intelligent Life), and at the same time, work closely with customers together to actively develop products that meet market requirements.

2.4.1 Quality Management System and Satisfaction

Quality Management Policy

AUO has built a rigorous quality management system with a rigorous attitude, and made the self-commitment, looking forward to create excellent products and become a long-term partner trusted by customers as our goal.

Deeply Cultivate Quality Culture : Implement continuous improvement activities to strengthen internal quality culture

Smart Management : Promote digital and smart management to stabilize manufacturing process capabilities

Improve Quality Capabilities : Improve customer satisfaction in technology, new product introduction, quality, service, and delivery

In order to effectively view the overall situation, transform customer information into quality indicators, and closely integrate internal and external indicators, the Design Quality Assurance (DQA) Unit was established in 2020 to improve the system design verification testing process; and promote digital and smart management at the same time, collaborate with all departments to integrate the concept of smart quality management into the product life cycle process, to manage abnormal quality problems effectively through the intelligent control center and AI technology. In addition, we continue to fine tune quality tools and introduce advanced SPC (Statistical Process Control) tools, such as Cusum/MSPC/Chip-to-Chip Diagrams, to improve abnormality monitoring capabilities and stabilize the manufacturing process. And comply with the international automotive industry standards, introduce the latest version of AIAG-VDA FMEA (failure mode and effect analysis), which is expected to be completed in 2021. In terms of certification, the ISO 13485 Medical Devices Quality Management System and ISO 26262 Road vehicles — Functional safety of International Organization for Standardization were certified in 2020.

Customer Satisfaction Survey

Since 2016, customer satisfaction has been at a high level of above 90%. The 2020 customer satisfaction survey shows the affirmation of customers in AUO's quality capabilities and smart management achievements. The display product business group has comprehensively improved delivery time, product innovation, new product introduction, quality, and after-sales service; the energy business group has been highly affirmed in product innovation and maintained good performance in terms of delivery time, quality, product efficiency and after-sales service. AUO also reviews and improves individual customer needs based on customers' evaluations from time to time. Facing the industrial circulation, adjust the physique actively, continue to observe industry trends and grasp the pulse of customers, with customer satisfaction as the ultimate goal.

Items	2019	2020
Number of Continuous Improvement	Target: 345	Target: 447
	Achievement: 442	Achievement: 551
SPC Rate of Meeting the Target (Target: 80%)	Achievement: 85.93%	Achievement: 84.47%
Customer Satisfaction	Achievement: 94.88%	Achievement: 97.68%

	DQA	VQA	MQA	SQA		
Quality-Culture Quality-Capabilty AUO Smart Management	Design Quality Assurance — New Technology Development Management, New Product Development management, Material Approval Management, Design Changes and Convex Management, Global Environmental Regulation Management	Vendor Quality Assurance — Incoming Material Inspection Management, Supplier Quality Management, Subcontractor Quality Management, Green Parts Management, Green Indirect Material Management	Manufacture Quality Assurance — Engineering Change Management, Quality Abnormality Management	Service Quality Assurance — Customer Quality Service Guarantee, Customer Satisfaction Survey	Basis	ISO 9001 QC 080000
					Car	IATF 16949 ISO 26262
					Medical	ISO 13485
	FMEA, failure mode and effect analysis	MSA, measurement system analysis	SPC, statistical process control	DMAIC (Define, Measure, Analyze, Improve, Control)		

Tool education and application

2020 Satisfaction Survey Results

Display Business Group — 2020 Display
- Delivery: 97.7%
- Product innovation: 98.8%
- New product: 96.6%
- Quality: 95.0%
- Service: 100%

Energy Business Group — 2020 Energy
- Delivery: 100%
- Product innovation: 100%
- Quality: 100%
- Efficiency: 100%
- Service: 100%

2016-2020 Satisfaction Survey Results

Legend: Delivery, Product innovation, Service, Quality, New product

Display (2016–2020)

Energy (2016–2020)

2.4.2 Green Products Hazardous Substance Management

The AUO hazardous substance management policy adopts the three main aspects of the sustainable business philosophy to implement cyclically to reduce the environmental and ecological impact and fulfill corporate social responsibility, and continue to be hazardous substances free in products as our target.

The three main aspects of sustainable operation

Sustainable Operation AUO — Goal Setting, Implementation, Standardization

Quality policy

Define AUO quality policy to provide high-quality green products and services, and create a win-win situation with customers

Hazardous substance management regulations

Establish AUO hazardous substance management regulations for the hazardous substances management to comply

Hazardous substance management procedures

Proceduralize the Products Hazardous Substance Management and implement them in all production management procedures

Hazardous Substance Regulations AUO — International laws and regulations, Customers' requirements, Environmental protection trend

The source of establishing AUO hazardous substance regulations includes the requirements of international laws and regulations, customers' requirements and environmental protection trends. AUO will collect information related to hazardous substances on a regular basis, and update the content of the AUO hazardous substance regulations regularly after careful assessment.

AUO Hazardous Substances Management History

Year	Banned Class A	Banned Class B	Reporting
2020	12	59	70
2019	12	59	54
2018	12	57	51
2017	12	57	48
2016	12	57	39
2015	12	56	37
2014	8	56	35
2013	8	51	28
2012	8	52	35
2011	8	46	26
2010	8	45	24
2009	8	40	20
2008	8	32	30

Number of Hazardous Substances Under Control

Banned Class A — The Test Report is required to prove that it does not contain AUO

Banned Class B — The Suppliers could self-declare that it does not contain AUO banned substances

Reporting — The controlled substance that the supplier needs to specify the content or concentration

AUO has managed and controlled 141 hazardous substances in 2021, and the hazardous substances under control can cover the requirement of all key customer specifications.

2.4.3 Customer Risk Control and Affirmation

Customer Returns and Replacements

Under AUO's quality policy, we continue to pursue "Provide high-quality green products and services on time, and create a win-win situation with customers. "AUO provides cross-border electronics E-quality after-sales services through service locations around the world. The Customer Service System (CSS) provides customers to apply for repair material and Return Material Authorization (RMA) services during the product warranty period or contact customer service through the system to arrange matters of product returns and exchanges, repairs and delivery. Customers can also track the progress of repairs/returns/replacements through the CSS system. In this way, AUO can optimize the quality of products and services, reduce waste, and reduce environmental impact, move towards sustainable operations.

Operational Risk Control Management Mechanism

It is one of AUO's purposes of serving customers is to provide steady flow of stable products to customers. We effectively maintain uninterrupted operations and uninterrupted corporate risk management actions through the Risk Management Team under the CSR Committee. Focused issues include natural disasters and infectious diseases and smooth supply of supplier partners. We manage issues by implementing prevention and regular inspection, improving target issues striving to do a good job in internal and external control mechanisms, reducing impacts, and reducing customers' concerns.

See 2.6.1 Business Risk Identification and Operations Management for details

Returns and Replacements Procedure
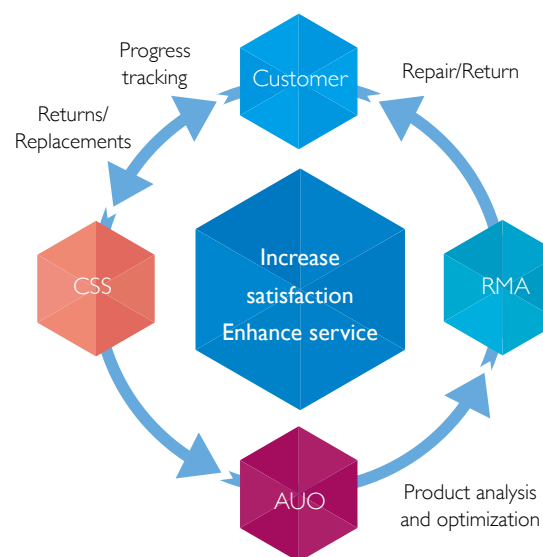
2020 Customer Affirmation

- **Samsung Electronics Visual Display Business** — Best Quality Supplier
- **TPV Technology** — Best Quality Award
- **Lenovo Group** — Perfect Quality Award
- **Kenwood Corporation** — Best Partner Award
- **Panasonic Automotive and Industrial Systems Corporation** — Excellent Manufacturer Award
- **Desay SV Automotive Electronics** — Best Partner Award
- **Wingtech Technology** — Excellent Manufacturer Award
- **Longcheer Holdings** — Joint Innovation Award

2-5

Supply Chain Management

AUO responds to the 17th item Partnership of the United Nations Sustainable Development Goals (SDGs) and undertakes the Corporate Social Responsibility jointly with suppliers. Emphasize partner relationships in the AUO CSR EPS roadmap, and began advocating the sustainability partnership in 2018 with the official announcement of key initiatives at the executive meetings with suppliers, start the AUO Green Partners campaign with sharing and feedback, inspection and counseling, and benchmark-setting to define the path for development, hoping to create common prosperity with the supply chain.

2.5.1 Supplier Management Strategy

AUO upholds to the principle of balanced development in three aspects of sustainability, grasps the performance of supply chain in three aspects of economic, social and environmental. We established specific supplier sustainability management regulations and targets, including four aspects of environmental sustainability, risk control, partners communication and digital platform. Through communication, counseling, audit, and training, we work with partners to enhance capabilities, reduce risks, fulfill responsibilities and co-prosperity growth.
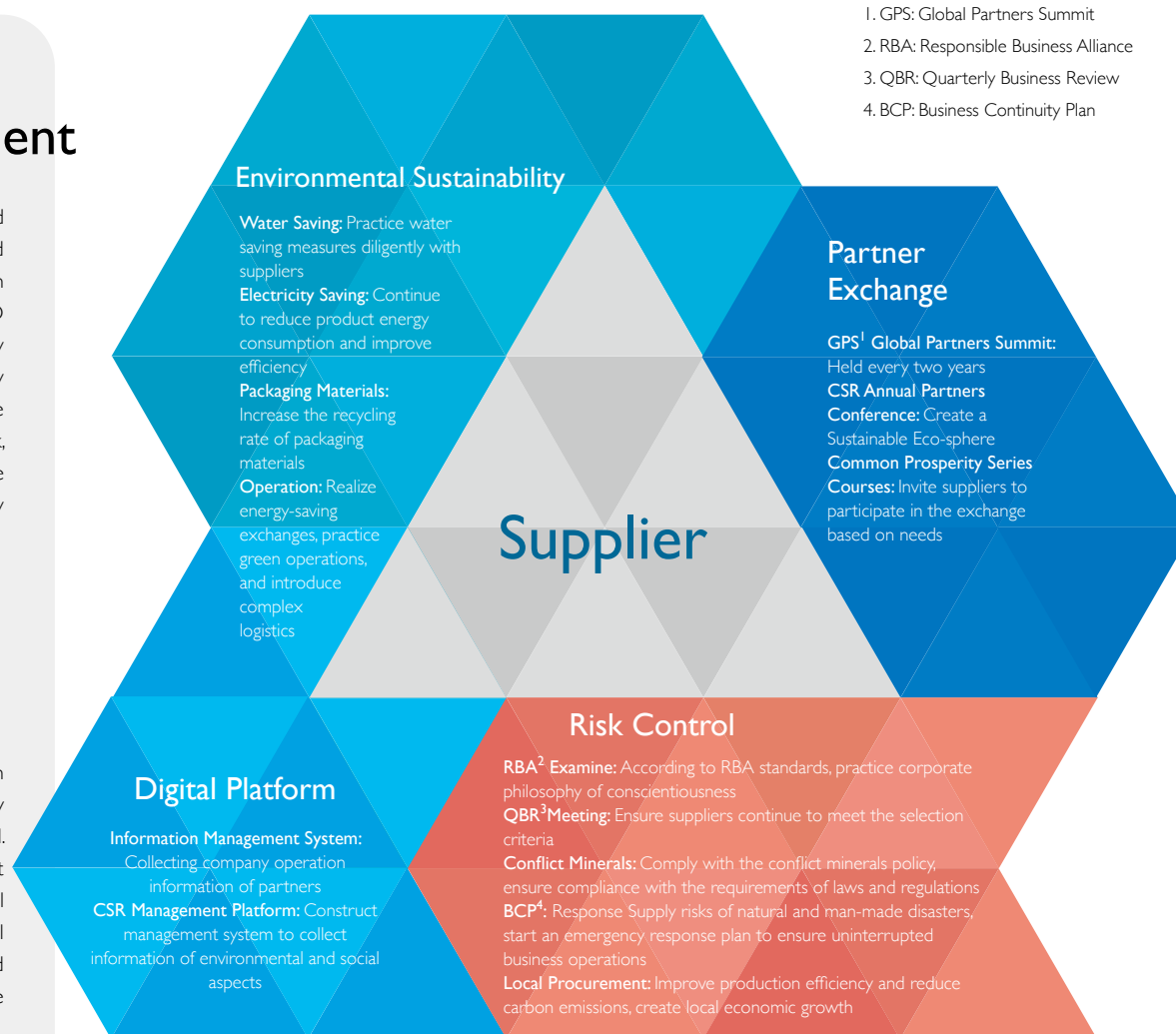
1. GPS: Global Partners Summit
2. RBA: Responsible Business Alliance
3. QBR: Quarterly Business Review
4. BCP: Business Continuity Plan

Environmental Sustainability

Water Saving: Practice water saving measures diligently with suppliers
Electricity Saving: Continue to reduce product energy consumption and improve efficiency
Packaging Materials: Increase the recycling rate of packaging materials
Operation: Realize energy-saving exchanges, practice green operations, and introduce complex logistics

Partner Exchange

GPS[1] Global Partners Summit: Held every two years
CSR Annual Partners Conference: Create a Sustainable Eco-sphere
Common Prosperity Series Courses: Invite suppliers to participate in the exchange based on needs

Supplier

Digital Platform

Information Management System: Collecting company operation information of partners
CSR Management Platform: Construct management system to collect information of environmental and social aspects

Risk Control

RBA[2] Examine: According to RBA standards, practice corporate philosophy of conscientiousness
QBR[3] Meeting: Ensure suppliers continue to meet the selection criteria
Conflict Minerals: Comply with the conflict minerals policy, ensure compliance with the requirements of laws and regulations
BCP[4]: Response Supply risks of natural and man-made disasters, start an emergency response plan to ensure uninterrupted business operations
Local Procurement: Improve production efficiency and reduce carbon emissions, create local economic growth

Supply Chain Sustainability Target Actions and Achievements

AUO supply chain management targets are to implement action plans for cooperation with suppliers, reduce corporate risk impact, and work together to create a sustainable future.

Aspect	Item	Action	Target	2018	2019	2020	2021	2022
Environment	Water saving	Practice water saving measures diligently with suppliers	Target	3,000 CMD	4,000 CMD	5,000 CMD	8,000 CMD	8,000 CMD
			Achievement	3,611 CMD	4,846 CMD	9,209 CMD		
	Electricity saving and carbon reduction	Reduce product energy consumption and improve efficiency	Target	-	10,098 ton	10,000 ton	10,000 ton	10,000 ton
			Achievement	-	11,636 ton	13,008 ton		
	Supplier packaging materials recycling	Increase the recycling rate of packaging materials	Target	91.5%	92.0%	93.0%	93.0%	93.0%
			Achievement	93.0%	92.6%	96.0%		
	Green operation	Introduce complex logistics	Target	1,155 ton	3,436 ton	4,300 ton	4,300 ton	4,300 ton
			Achievement	4,219 ton	3,901 ton	5,828 ton		
	Energy saving on-site discussion	Exchange information and experiences	Target	NA	NA	3	3	3
			Achievement	NA	NA	3		

*Target Definition Description:

Water saving: Manufacturers implement water saving in coordination with AUO policies
Electricity saving and carbon reduction: Electricity-saving manufacturers are important manufacturers in compliance with the requirements of all important materials and are mainly major electricity consumers
Supplier Packaging Materials Recycling: Mainly display packaging materials, and do not include glass, color filters and other types of packaging materials

Green Operations:
Ship by express ship to the mainland China seaport, and then transport inland to the AUO mainland China factory, reduce air transportation
Containers of Suzhou site are shipped to Shanghai Port, and transported with inner branch feeders to replace the container trailers
The Xiamen site integrates customs clearance and transports to Hong Kong area, replaces air transportation with truck transportation mode
CMD：Cubic meter per day

Aspect	Item	Action	Target	2018	2019	2020	2021	2022
Risk management	Supplier RBA assessment counseling (Note 1)	The pass rate for social dimension	Target	45.0%	60.0%	70.0%	75.0%	75.0%
			Achievement	43.9%	74.5%	78.3%		
		The pass rate for social dimension	Target	45.0%	60.0%	70.0%	75.0%	75.0%
			Achievement	53.7%	78.4%	83.3%		
	QBR meeting	Ensure suppliers continue to meet the criteria	Target	NA	NA	NA	NA	NA
			Achievement	61 sessions	55 sessions	29 sessions		
	Local procurement (Note 2)	Ensure the local supply ratio of raw materials	Target	91.0%	91.0%	91.0%	91.0%	91.0%
			Achievement	91.6%	92.0%	89.7%		
	BCP	Activate BCP to minimize risk on material supply and ensure continuity	Target	Continuous operation	Continuous operation	Continuous operation	Continuous operation	Continuous operation
			Achievement	Continuous operation: Activate 5 BCP	Continuous operation: Activate 1 BCP	Affected by the COVID epidemic, AUO raised the level of monitoring for all suppliers and added short-, medium- and long-term response measures. Partner Collaboration Case: Produce and provide a "Supply Chain Partner Epidemic Prevention Manual" to suppliers to share AUO's experience in epidemic prevention, and work with suppliers to fight the epidemic together		

*1: The RBA 2018 and 2019 audit pass rate targets are hereby corrected due to omissions in the percentage calculation method

*2: Local Procurement: All first-tier materials in Taiwan/Suzhou/Xiamen/Kunshan/Singapore Display factory areas

2.5.2 Responsible Supply Chain

Supplier Identification and Management

First-tier supplier	A direct or intermediary material supplier with an annual direct transaction amount of NT$10 million
Key suppliers	Direct material: annual purchase amount of 1 billion NTD or single material accounting for more than 60% (unlimited amount) Indirect materials: irreplaceable or absent (unlimited amount)
New Supplier	Sign AUO Supplier/Contractor Code of Conduct Compliance Statement
Existing Supplier	Annual CSR Risk Evaluation Annual RBA Supplier Audit

Supplier Characteristics

Supplier Category	Raw Materials Supplier	Production Contractor	Waste Disposal Contractor	Human Resource Contractor	Service Contractors
Definition	Suppliers that provide raw materials needed for production	Companies that the company commissions for product manufacturing	Waste processing and disposal service providers	Employment agencies and dispatched labor	Suppliers that provide on site services such as security, catering, janitorial services, and so forth
Supplier Count	472	36	105	17	23
Risks of Environmental Violations	Absence of required permit and registration Inability to operate and document in accordance with permits		Ilegal dumping of waste Inability to operate and document in accordance with permits	N/A	N/A
Risks of Labor-related Violations	Work, wages and welfare				Wages and welfare
Risks of Human Rights Violations	Freely chosen employment Deductions from wages as a disciplinary measure	N/A		Freely chosen employment	N/A
Risks of Human Rights Violations	Noise and odor Causing local traffic congestion	Noise and odor	Noise and odor Loss of local property value	N/A	N/A

Local Procurement, Operational Resilience

Suppliers are key partners in sustainable operation. AUO has adopted the procurement strategy that gives priority to local suppliers. Especially under the impact of the epidemic, Taiwan's local procurement can accelerate production efficiency and reduce carbon emissions, and it also supports the local economy and creates employment opportunities. Local purchases of raw materials for display products accounted for about 90% of the total supply in 2020. Taiwan is AUO's most important production base. From the perspective of corporate social responsibility, material suppliers were classified as Taiwanese-owned, foreign-owned or Chinese-owned based on their corporate attributes. Taiwanese suppliers accounted for 46% of Display Business's material purchases in 2020, which maintained the same level as 2019.

Risk Management Process

Comply with the Standards
Meet RBA Code of Conduct and Regulations
Meet Code of Conduct of Customs

Risk Assessment
Questionnaire and CSR Risk Evaluation
Information Survey and Supplier Information System

Audit Confirmation
On-site Audit and RBA Audit
Document and Record
Employee Interview

Continuous Improvement
Education and training,
Common Prosperity Series Courses Counseling
Effectiveness Inspection

Supply Chain CSR Risk Evaluation

AUO conducts supply chain CSR risk assessment every year. Through questionnaire self-assessment, AUO introduces the supplier ESG management mechanism, grasps the performance of the supply chain in the three major aspects (Economy, Society, and Environment) to identify high-risk suppliers and take follow up actions. High-risk suppliers will be listed in RBA audit target in the following year. The new system was established in July 2019 to systematically organize the annual RBA audit data and facilitate long-term tracking of RBA performance.

RBA Management Target Conditions:

1. Suppliers that accounted for top 70% of AUO purchasing by value
2. High-risk suppliers identified through the CSR Risk Evaluation
3. Key suppliers receiving mentoring
4. 2020 CSR Risk Questionnaire Evaluation Results 88 manufacturers were surveyed in 2019, and the number increased to 98 in 2020

Economy	Environment	Society
· 2 high-risk suppliers, lower than in 2019 · High risk in product transportation	· 12 high-risk suppliers, higher than in 2019 · The number of industrial safety accidents has increased. The frequency of disability injuries has increased. The frequency of legal identification was too low	· 3 high-risk suppliers, slightly higher than in 2019 · Work continuously for seven days or overtime. No laws or regulations to enforce regular identification, or the interval was too long *The ratio of low-risk manufacturers was low, and most suppliers were medium-risk. · After years of counseling, suppliers have made significant improvements. Therefore, targeting specific items such as labor human rights, communication channels were weighted in 2020 to improve the evaluation standard.

Supplier RBA Audit Results

There are a total of 32 RBA audits in 2020 (27 suppliers), targeting non-conforming items, AUO has requested suppliers to review their practices and supervise the implementation, and the suppliers have all completed improvement.

	Environmental Aspect	Social Aspect
Audit Pass Rate	83.3% >70% Meet the Standard	78.3% >70% Meet the Standard
Non-conforming Items	105 items in total (Lower by 18.6% from 2019)	156 items (Lower by 20% from 2019)
Result Analysis	· "Health and Safety" non-conforming ratio accounted for 77.1% · Occupational Safety: Insufficient safety protection of machines and equipment, Poor chemical management Emergency Response Preparation: Failed to implement evacuation and response drills	· "Health and Safety" non-conforming ratio accounted for 46.8% · Public health, food and lodging: The storage of food materials in employees dining rooms and kitchens does not comply with regulations "Workers" non-conforming ratio accounted for 77.1% · Working Hours: Overtime, Working for Seven Consecutive Days · Salary and Benefits: Disciplinary wage deductions

Environmental aspect
- Health & Safety — 77%
- Environment — 23%
- Management System — 0%

Social aspect
- Labor — 44%
- Health & Safety — 47%
- Ethics — 4%
- Management System — 6%
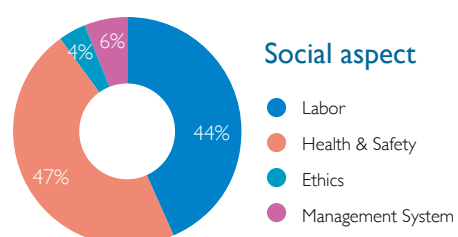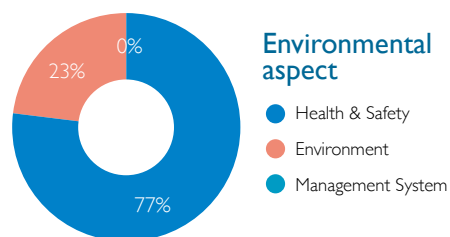
Practice Conflict Minerals Declaration of Non-use Conflict Minerals

In order to pass on the requirements of conflict minerals management, AUO has publicly disclosed the conflict minerals policy on the Company website. 🔍 We announce the conflict minerals policy and requirements to suppliers via written or physical events (Supplier Conference). Suppliers must abide by AUO's conflict minerals policy and establish their conflict minerals policies and pass it on to its next-tier suppliers.

Declaration of Non-use Conflict Minerals

1. AUO and suppliers take the social responsibility and protect environment
2. AUO ensure no Gold, Tantalum, Tin, and Tungsten come from conflict regions
3. AUO should notify and require suppliers to comply with the declaration

Conflict Minerals Management Results

In accordance with the duty and responsibility of investigation of the Organization for Economic Cooperation and Development (OECD), AUO has established the Supply Chain Non-use Conflict Minerals policy, requiring suppliers to cooperate in implementation and establish a set of Conflict Mineral Material Management Process. We ensure that products comply with international conflict minerals related laws and regulations and customer requirements.

92 suppliers have been investigated and 5,219 part numbers have been validated in 2020 to ensure that all of AUO's sources for Gold (Au), Tantalum (Ta), Tin (Sn) and Tungsten (W) came from non-conflict regions.
In addition, the system regularly collates the results of investigations through systematization to generate a monitoring report for all relevant units. Progress on conflict minerals are also validated through regular internal meetings so that the relevant improvements can be made to ensure product compliance.In order to ensure that conflict minerals management was being enforced by suppliers, AU Optronics also conducted Conflict Minerals Audit activities to make sure that due diligence was conducted by suppliers and that they are progressively meeting the requirements set by AUO.

AUO's Conflict Minerals Policy	Source of Mineral Investigation	Due Diligence	Documentation & Public Disclosure
· Make regulations according to AUO conflict minerals policy	· Product analysis · Screen metal-containing materials according to material classification · Use Conflict Minerals Verification Platform to launch related investigations (combined with the procurement order system)	· Request suppliers to establish and document conflict minerals management procedures · Request suppliers to use RBA RMAP certified smelters · Supplier Conflict Minerals Management Audit	· Accept Customer Audit · Submit conflict minerals documents to customers

Investigation Result in 2020

92 eligible suppliers

239 3TG smelters

100% conflict-free minerals

Completed **46** supplier non-conflict minerals audit
(A total 49 sessions were complete)

*3TG refers to 4 elements – Tantalum, Tungsten, Tin and Gold

2.5.3 Supplier Sustainability Engagement and Recognition

CSR Partners Conference, focusing on circular economy, drawing the sustainable supply chain roadmap

In order to continue the original intention of exchanges and sharing, AUO hosted the "Creating Shared Value-AUO CSR Partners Conference" with the concept of creating value and resource mutual benefit. A total of 45 companies and hundreds of suppliers were invited to participate together to jointly strengthen the energy of sustainable development, and make the most adequate preparations for the ever changing big environment and increasingly stringent requirements of laws and regulations requirements. With the Conference theme of "Circular Economy", experts were invited to share global trends and predicament. Chief Technology Officer, Wei-Lung Liau, also delivered a special speech on "New Opportunities for Green Circular Economy", sharing AUO's three major circular economy strategies. The sharing focus on green supply chain, green products, and green manufacturing. AUO enhances the efficiency of using recycled materials in products based on the thinking of product circulation, and strive toward creating green business opportunities in the value chain. Chief Sustainability Officer, Ms. Amy Ku, shared AUO's CSR actions in climate action, including carbon management, sustainable talent cultivation, global epidemic prevention risk management, and stakeholder management. We also recognize outstanding supplier partners with 4 awards, "Global Sustainable Partner Award", "Outstanding Sustainable Partner Award", "Best Social Inclusion Partner Award" and "Best Environmental Sustainable Partner Award" on the conference. Simultaneously exhibited the circular economy achievements created by the Group Companies in recent years outside the venue. AUO Crystal exhibited a new type of liquid silicon fertilizer using nanosilica powder produced in the manufacturing process and synthesized with innovative purification technology for agriculture use, and AUO Envirotech exhibited the full recovery technology of manufacturing process water and intelligent control technology independently developed by AUO to achieve zero discharge. Those are concrete cases of successfully entering the fields of agriculture, industry and life.

Co-prosperity Series Activities

Supplier partners give feedback after class. The common prosperity courses combines practice and theory, which is very helpful, and the follow-up can share waste reduction and reuse, natural disasters (earthquake) practical drills, labor laws, human resources practice, occupational health and safety issues.

Fire Fighting Response Drill and Fire in Practice Sharing

Jointly explored the valuable experience of fire protection and fire risk reduction with the topic of "Safety" and through the experts sharing large and small response drills and fire fighting practices

29 suppliers, 46 attendees, satisfaction rate: 98%

Corporate Response and Countermeasures on Labor Incident Act

RBA Global Supply Chain Standardized Social Responsibility Codes of Conduct for electronics industry specially invited professional lawyers to give key points lecture on the corporate response and countermeasure practices on Labor Incident Act.

37 suppliers, 64 attendees, satisfaction rate: 99%

Energy Conservation / Carbon Reduction and Practical Case Field Day

Enable the partners to feel the action with the topic of "Energy Conservation" with field tours of water resources recycle reuse and energy conservation cases

33 suppliers, 51 attendees, satisfaction rate: 92%

Recognition of Partnership from Supplier

Continue to work with supplier partners to practice the sustainable concept of common prosperity

Daniel Tseng, President of Corning Display Technologies Taiwan Co., Ltd.

As a benchmark company in the panel industry, AUO also sets example in corporate social responsibility, leading suppliers to establish a high-quality corporate model, which is truly admirable and followed! Corning will continue to work with AUO to deeply root and grow the seeds of Corning's century-old innovation in Taiwan, and do our best jointly create the sustainable development of the Taiwan community and the panel industry!

Edamatsu Kunishige, President of Sumika Technology Co., Ltd.

As a long-term business partner, Sumika recognizes that AUO is actively participating in the field of corporate social responsibility and has organized a CSR Partners Conference to connect the supply chain and emphasize the importance of CSR activities. AUO is a very exemplary company, and we are honored to continue to share the value of corporate social responsibility with AUO and work together as a business partner.

Penny Tsai, Executive Vice General Manager of Everlight Electronics Co., Ltd.

AUO's CSR mission and 2025 targets are deeply recognized by Everlight. AUO attaches great importance to sustainable management, the coexistence of society and the environment, and the future management core concepts of CSR and ESG. Everlight also deeply approves and hopes to continue to work with AUO!

Shang Lu, Group President of Hwa Chang Industrial Co., Ltd.

In the trend of CSR, AUO continues to lead the partners around by playing the role of pioneer. We believe that one person can walk fast, but only a group of people can walk further. Under the concept of inclusive growth, we hope to grow together continuously in the future.

External Recognition of Partnership from CDP

In 2020 CDP Supplier Engagement Rating Report, AUO has achieved Leader A-score, surpassing the global corporate average (C level). AUO is committed to supplier partnerships and actively engages in value chain partnership engagement for climate change mitigation and adaptation. Evaluation items include five aspects of "Value chain engagement", "Carbon management targets", "Scope3 emissions", "Overall CDP Climate Change score" and "Governance", with the "Value chain engagement" and "Scope3 emissions" received benchmark recognition, demonstrating the best performance of deep upstream and downstream operating resilience for the cooperating supply partners to practicing the "2020 Water Neutrality Target[1]" and "2020 Carbon Reduction Target[2]". It is worth mentioning that through the connection of online platforms, AUO effectively controls the use of carbon energy by supplier partners of approximately 70% of the purchase amount and optimizes their performance.

1. Water neutralization refers to how much water is consumed by enterprises, and the same amount of water saving and water creation measures are used to achieve balance. AUO is looking forward to achieving daily water saving of 5,000 tons in 2020.
2. In the five-year period, the carbon 100 additives are automatically reduced, from the design and replacement of materials, the local procurement of suppliers and the low-carbon production, transportation and other product life cycle vision interventions.

2-6 Risk Management

2.6.1 Enterprise Risk Identification and Operations Management

Risk Governance Policy and Operation

With the Board of Directors as the top management and decision-making organ, the risk management organization of AUO adopted the risk management policy as the top guiding principle in 2020. The risk management group under the CSR Committee is responsible for implementing the risk management policy approved by the Board of Directors. In accordance with the risk management standards and guidelines of ISO 31000, the Company has formulated corresponding policies and procedures. The strategic framework includes external political economy, climate environmental protection and laws/regulations compliance, as well as internal risk management such as operational manufacturing, R&D business, information security, and finance.

Risk Identification Process and Management

Risk identification focuses on the aspects of operation, strategy, finance, and hazards. In 2020, the new issues affected by the epidemic was evaluated. We also identified risks and opportunities and established strategies to respond to the epidemic.

🔍 AUO's risk management structure and process, please refer to CSR website
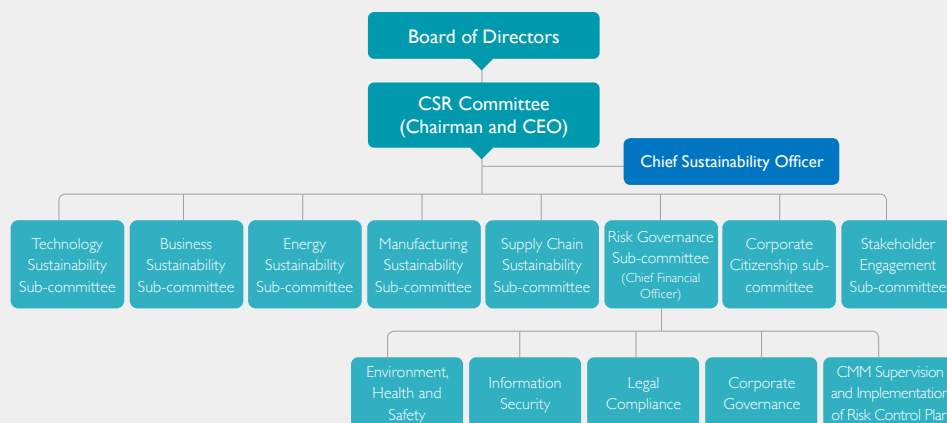
In 2020, based on the Company's established procedures, all factory-level management filled out the risk identification form for their business, pay attention to the complete picture of the Company's operating risks based on the frequency of occurrence and degree of impact. Next, we define the real operating risks based on the actually implemented internal control mechanism for that risk. When the operating risk is ≥4, it will be included in the high-risk concern list. After that, we identified key risk management issues by applying high-impact and low-control L-shaped screening. Last, the CSR committee discuss issues and make appropriate plans. A total of 24 key risk issues are belong to high impact and low control in 2020.

Risk Screening Process

2020 Risk Identification Results
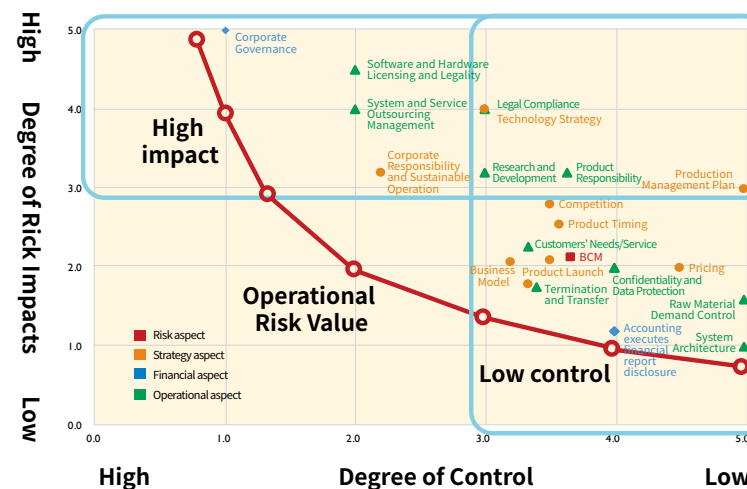
Identification Results and Strategies

Risk Type		Focus of Concern	Response Strategy
Emerging Risk	Information Security	1. Employee information security regulations compliance, avoiding leakage of secrets 2. System and application verification, reducing the interruption of system operation 3. Cloud protection and management measures upgrade, avoiding attacks 4. Software and hardware authorization and lawful, preventing illegal 5. The availability of information equipment, reducing the operational impact of new types of demand	· Strengthen information security publicity to improve implementation of mechanisms · Increase the diversity of information security management response drills · Strengthen cloud defense and response mechanisms · Strengthen testing and online security · Regularly review and update, to strengthen the equipment completeness rate
	Strategy Safety	1. 1. Uncertain customer demand affected by the epidemic, shortage of manpower and raw materials, delays in equipment installation and modification, avoiding the impact to production 2. Ensuring stable power supply, reducing production risks 3. Electricity usage and renewable energy settings, reducing the impact of major electricity consumers laws and regulations 4. The crisis management measures that fulfill stakeholders' expectations, reducing the impact of the Company's reputation 5. Disposal of defective products, reducing operating resources and costs 6. Product life cycle requirements (continuation/termination) cannot meet the expectations of different customers	· Monitor supply chain information and work with supplier partners to prevent the epidemic together by providing resources to optimize digital transformation · Continue to develop smart grids, increase response capability, and continually implement energy conservation plans · Integrate energy business and continue to develop business opportunities · Strengthen the risk management mechanism, increase the multiple interaction and channels for stakeholders, and improve the quality of communication and disclosure · Optimize product quality control, returns/replacements mechanism · Strengthen agreements with customers and inventory of the competitiveness of shipped models. This could be the basis to adjust the Company's internal production plan
Emerging Risk	Marketing Strategy	1. Responding to competitors' moves, reducing the impact of operations and market share 2. The diversification of business models, strategies and sales channels, reducing the loss of key and new customer groups 3. Product pricing mechanism and flexibility, managing market attractiveness 4. Customer service and product quality satisfaction, reducing loss of customers	· Continually construct the market analysis and development capability mechanism, invest precisely, in-depth alliance with business partners · Business model adjustments, to increase product diversified value solutions and acceptance · Review and adjust pricing strategy to increase the balance between cost and market demand · Set up a one-stop service team to optimize the customer service capabilities of front-line communication personnel, and improve the yield rate and quality control mechanism
Strategy Risk	Technology R&D	1. New product development: reducing the suppression of innovative thinking, avoiding non-compliance with business needs or delays in investment of new technologies, avoiding miss out good opportunities of product launch 2. Technology partners: reducing new technologies/new generation materials introduction barriers, enhancing application and R&D personnel capabilities	· Review and optimize new technology R&D and product development mechanisms regularly · Increase upgrades and expanding R&D capabilities of existing technologies · Actively cooperate with industry and academia to improve the blueprint for R&D training · Deeply cultivate and expand the partnership with new and old suppliers
External Risks	Compliance	1. Understanding and implementation of relevant laws and regulations, reducing the risk of violations, such as: competition laws and regulations, privacy and security regulations, intellectual property rights laws, trademarks, trade secrets, environmental protection/health and safety, labor and employment, and financial accounting, etc. 2. New-style transactions global/local laws/regulations compliance, reducing investment and financial operations risks	· Regularly collect and analyze the trend and new knowledge of laws/regulations in various fields, and understand the degree of exposure through risk assessment and propose corresponding solutions · Enhance the knowledge and sensitivity of relevant colleagues through communication, sharing and training

2.6.2 Risk Management Cases and Business Continuity

Technical Strategy and Risk Control Response to Product Competition

In terms of risks in strategy aspect, most of the identification results are related to technology development and product competition. Operating pressure for panel manufacturer was getting higher under the control of industry active expansion of production in recent years that resulted in imbalances in supply and demand and falling prices. Therefore, the Company is moving towards the strategic development of "two-axis transformation" strategy of "Go Premium and Go Vertical"l to add value and integrate capabilities, and create differentiation in the industry without direct competition in production capacity expansion.

The "Go Premium" strategy starts from the core business, to increase product value through technology and management capabilities, and returns the generated profits to investment in new technologies to generate a positive cycle. The "Go Vertical" policy responds to the trend of digital transformation and smart multiple applications. The display plays a key bridge in human-machine communication and interaction. By integrating hardware, software, and system solutions to solve the pain spot, AUO has gradually transformed into an AIoT solution provider with panels as its core components, redefining the value of panels. In 2020, AUO entered into a strategic partnership through the public acquisition of ADLINK Technology shares. ADLINK Technology has many years of experience in the industrial computer field. By combining its product computing system capabilities, AUO provides customers with more immediate and complete smart IoT integration services. Looking into the future of the development of next-generation display technology, AUO will continue to invest in technology research and development, through industry chain cooperation and cross-industry alliances, to leverage synergies to grasp opportunities.

Action Description:

Develop high value-added products
Launched the 8K Zero Board TV panel which reached the world's highest screen-to-body ratio close to 100%. It is the highest-end product among LCDs

Actively making the value chain alliances
The 9.4-inch high-resolution flexible Micro LED display jointly developed with PlayNitride uses massive transfer technology to achieve the world's ultra-high pixel density of 228ppi in the same size. It also has flexibility and high weather resistance characteristics, which greatly improves the degree of freedom for product design

Implement the integration of upstream and downstream industries
The LED manufacturers, Lextar and Epistar, in the Group, are integrated to establish Ennostar Inc., and will accelerate technological progress by deepening the division of specialization and integration benefits in the future

Business Continuity Management (BCM) and Epidemic Risk Response

AUO continues to pay attention to all risks, establishes the Business Continuity Plan, and takes immediate and effective response measures to reduce the impact. Take Infectious Diseases of Business Continuity Management 🔍 as an example. The global economy has close operation dealing, if a large-scale infectious diseases epidemic occurs in areas where factories/customers/suppliers locate, it is very likely to directly or indirectly affect the Company's operations. AUO has experienced large-scale infectious diseases including SARS and H1N1 in the past, and has accumulated a lot of relevant experience in response to establish the infectious disease prevention and response process following the Company's Business Continuity Plan (BCP). When a large-scale infectious disease breaks out, the Department of ESH Safety and Risk Management will immediately conduct a comprehensive assessment of the scope of influence of the Company, customers and supply chains. An epidemic prevention and response organization in stages will be set up according to the severity, implementing countermeasures to reduce the impact. In the early stage of the epidemic in 2020, AUO established a cross-functional project team to monitor and then plan for domestic and international information and response through the establishment of the "Global Business Continuity Response Command System". It is led by the Chairman/CEO and the first-level executives are in charge of the command, to respond to the development of the epidemic at any time, minimizing the operational impacts through flexible adjustments and immediate response.

> 🔍 For details, please refer to CSR official website for Business Continuity Management

Aspect	Item	Content of Concern	Situation Analysis	Response Measures
Operational Aspect	Risk Management of Operation Interruption	・Shipments affected by the epidemic ・Supply impact of supply chain	・After the outbreak of the epidemic in early 2020, the Company immediately assessed the impact of shipment revising downward on operations ・The epidemic results in remote teaching and working from home in the mid-year. Thus, the demand for panels is rapidly increasing, which makes supply chain management challenges	◆ Short-term: New year and holidays and low information transparency ・The countermeasures are based on rapid information investigation and tracking ◆ Mid-term: The spread of the epidemic, the lockdown in various countries, the delayed start of work for factories and other impacts on production and supply ・Quickly integrate manufacturer feedback and production information, adjust production and resource allocation to minimize potential impacts, and strive to real-time control of materials, production and manpower scheduling ・Activate the supplier's BCP investigation mechanism, grasp the material condition and do the factory transfer verification if necessary ◆ Long-term: The demand for IT products is rising rapidly, and the supply of IC materials is tightening ・Highly grasp the trend of delivery and inventory changes, and respond to the risk of material shortage in advance ・Increase buffer inventory and purchase from multiple sources to reduce dependence on a single supplier
2020 Implementation Results Effectively control all types of indicator levels :			(1) Panel capacity: maintain full load (2) Shipment achievement rate: quickly return to normal (3) Maintain product inventory level and reduce cost pressure	

2.6.3 Information Security Management

AUO promotes a variety of information security activities through the Information Security Committee. The committee regularly reviews the achievement of goals for the year and conducts risk improvement to protect the Company's intellectual property and customer data as well as raise the information security awareness of employees. The committee is chaired by the Chairman with the President as the deputy chair, and the members are made up of tier1 executives from each department, and the Chief Digital Officer serves as the convener of Information Security. In addition, in order to continuously improve the internal Executing Group management, the annual reassessment of ISO 27001 information security management system was passed successfully in 2020.

Lead by Chairman and President + First-level executives

資安委員會 — HR/Sustainability, Digital & Technology, Manufacturing, ESH, Sales, R&D, Legal, Auditing

Cross Functional Team

Executing Group — Control Technology team, Education & Training team, Audit & Investigation team, Risk Management team, Document Control team, Unit/Site Representative

Information Security Management Process

Based on the goal of Information Security Policy, the implementation strategies and action plans are established every year. To increase the maturity of information security and protect data security, the "Keep data secure at all times" policy was implemented in 2020 to make sure data protection and security.

Implementation Progress of "Keep data secure at all times"

2012 Improvement	
2013 Awareness	
2014 Education	
2015 Self-Accountibility	
2016 Continual Improvement	
2017 ISO Certification	
2018 Intelligent Analysis	

2019-2021
Classification and separation of rights
Keep data secure at all times
Information security big data
Behavior analysis and risk forecast

Behavior Management   Source Management

Execution Strategy & Action plan

Maturity of information security

AUO continues to carry out a culture of shared responsibility for information security. In order to allow each department to grasp the status of departmental information security, all information security control measures and information security education and training indicators are transformed into quantitative management and infographics to achieve the effect of obvious at a glance for users. Information security maturity scores are provided every month as a reference for management adjustments of all departments.

Information Security Maturity Signage

AUO
4-
78.22

Information Security Risk Assessments

AUO conduct information security risk assessments every year according to the Information Security Policy. The assessment items covered by include system architecture, system change management, project and resource management, asset and physical environment management, software/hardware licensing and compliance. The internal and external information security topics are also considered in terms of probability of occurrence, degree of impact, degree of impact scale to obtain the quantitative score for the degree of risk. After that, we inspect with the degree of control scale to assess issues' impact on AUO operations. Furthermore, the overall results will be reported to the Risk Management Committee quarterly. Three issues of software licensing and legality, system and service outsourcing management, and information security are identified as moderate risks in 2020. After the implementation of control measures, the risks have been reduced to an acceptable level.

2020 Risk Assessment Results Top 5

Risk level

Risk issue	
Software licensing and legality	
System and service outsourcing management	
Information security	
System structure	
System change management	
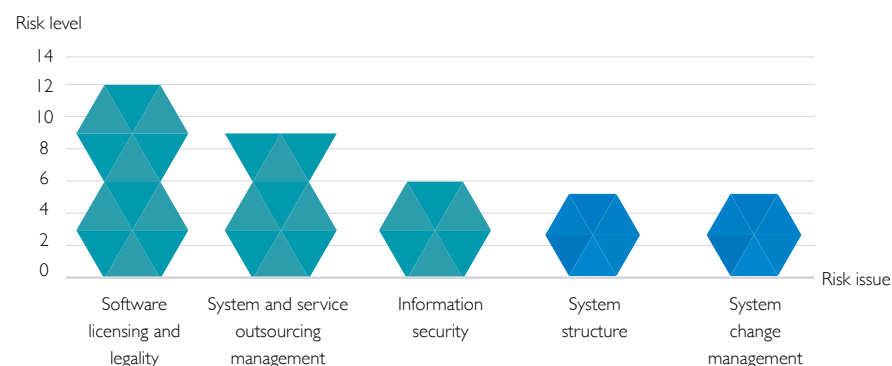
2020 Risk Scenario and Improvement

Category	Risk Scenario	Improvement Handling
Software Licensing	Colleagues download and install improper software from Internet	Restrict software installation permissions Continue educate and promote Take the initiative to investigate thoroughly
Information Security	External hosts attacked by hackers	Operating system upgrade WAF(Web Application Firewall) Introduction IPS(Intrusion Prevention System) Introduction
Outsourcing Management	Cloud service settings are incorrect or attacked by hackers	Automatic configuration inspection Enable protection upgrade

Information Security Notification and Processing

In order to respond to and handle information security incidents in real time, the internal information security platform is set up with notification mechanism. Colleagues can use the online notification mechanism to feedback incidents discovered or encountered. The Information Security Technical Team can handle the incident according to the classification and level after the notification is received.

Information Security Incident Classification

1. Illegal invasion, Web attack
2. Virus infection
3. Internet service interruption, System bug
4. System/equipment failure or overload, physical environment equipment failure or destruction resulted in abnormal operation
5. Data theft, Infringement of intellectual property rights
6. Human error, Violation of control measures, or improper use of permissions

Information security platform entrance screen

Information security incident notification and handling

| Year	Number of notifications received	Number of notifications processed	Number of notifications not processed
2019	1	1	0
2020	1	1	0

Information Security Response Exercise

In view of the continuous occurrence of cyber attacks on well-known companies in recent years, which resulted in operational interruptions, it shows the importance of mastering cyber attacks and response measures for company operations. In addition to continue the implementation of Cyber Attacks drills in 2020, AUO also implemented a Fab security strengthening plan to reduce production and operation risks.

Cyber Attacks Drill Plan

The plan covers system detection, personnel computer/network abnormalities reporting, the collection of information by each unit, and the identification of infected machines/ channels. The relevant units communicate and coordinate and immediately take response plans, such as specific machine offline, area network disconnection or activation of backup support system and subsequent recovery. The plan reviews the process one by one through multiple drills, evaluates the risk coefficients of each stage, establishes a response and recovery plan, and strengthens the Corporate risk bearing capacity against cyber attacks.

Fab Information Security Strengthening Plan

In order to prevent production and operation from being threatened by encrypted ransomware viruses, a series of Fab security enhancement measures have been implemented to not only reduce the risk of viruses entering Fab but improve machine computer virus protection and resilience to abnormal recovery.

USB Control
- USB Hard Drives Entering Factory Control
- Import Virus Scanning Disk
- Import Antivirus Disk

Strengthen Protection
- Operating System Critical Hotfix Update
- Antivirus Software Update
- Virus Message Monitoring and Joint Defense
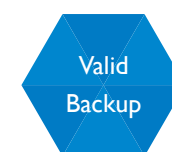
Valid Backup
- Machine Hard Disk Backup
- System and Data Backup

Information Security Training Blueprint

In order to enhance employees' awareness of information security, a series of online courses on information security are planned and produced to allow colleagues to use the available time at any time to quickly master relevant knowledge and correct concepts in a short period of time through lively online courses.

Business Email Compromise (BEC) Publicity Training

AUO conducts training through online courses to prevent Business Email Compromise. A total of 1,748 colleagues participated and passed the test in 2020.

Information Security Exchange of Supplier Partners

Supply chain information security has been the topic of concern to customers in recent years. In order to respond to customer requirements and create a good atmosphere for information security with supply chain partners, the exchange activities with supplier partners were conducted in 2020. Seven suppliers are invited based on transaction frequency and transaction amount. The discussion topics include information security management organization, information security incident handling, external network attack protection, trade secret protection, email fraud prevention, EOS (End of Support) operating system management, and Fab information security management.

In 2020, a total of 80 supplier information security self-assessment plans were received. The results show that supplier partners have lower confidence in information security policies and organization communication and operational safety. The overall confidence is lower than in 2019. The main reason is the different size of supplier's businesses and their significant differences in resources invested in information security. In the future, AUO will further communicate and share with supplier partners how to use limited resources or public resources to help the businesses improving information security risks.

Information Security Training Blueprint

	Global business/finance/ procurement employees	AUHQ Employees	Global Employees
Basic Professional Module	Business Email Compromise (BEC) Publicity Training ✔		
Basics of New Employees		Business Secrets Protection Laws and Regulations ✔	Information Security Regulations ✔
General Knowledge	Email Anti-fraud ✔		
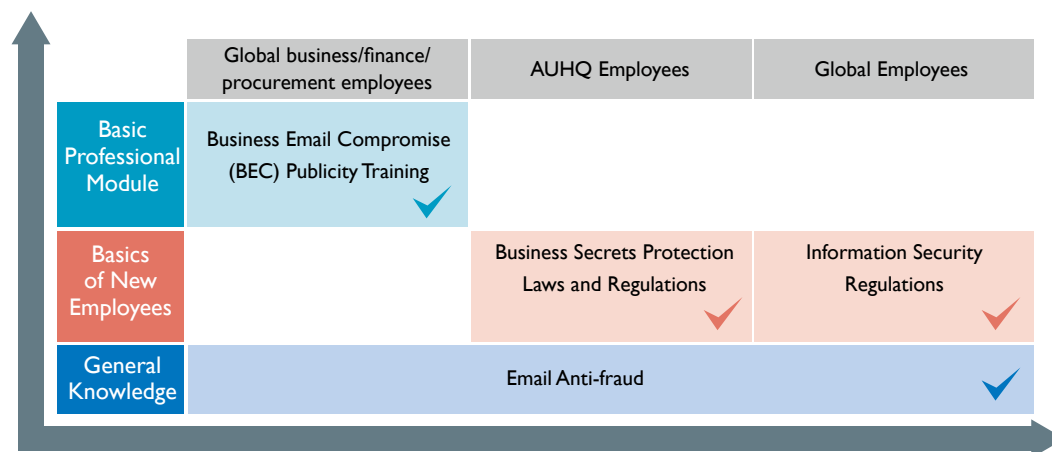
Business Email Compromise (BEC) Publicity Training Completion Summary Chart

Number of employees completed training
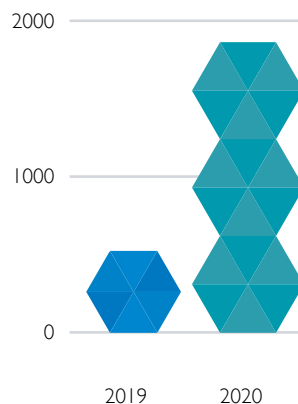
Average score of information security self-assessment
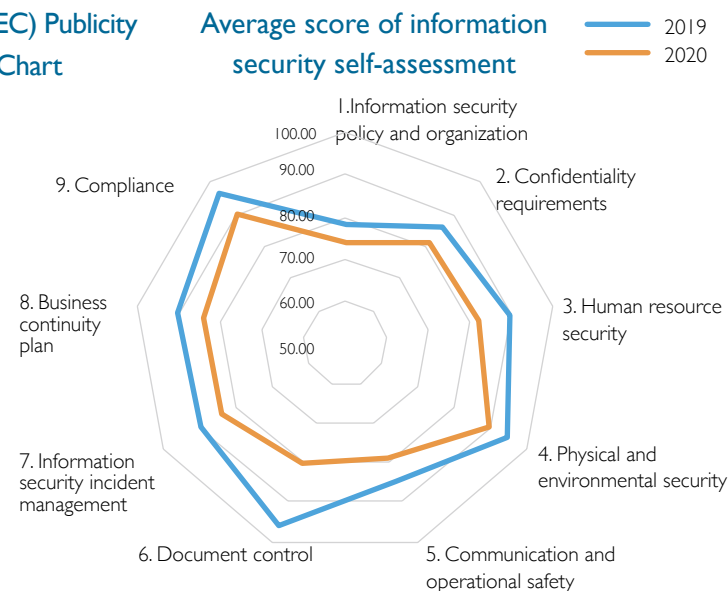
3 Environmental Sustainability

Promote low-carbon production and resource recycling together with the value chain.
Reduce the impact on the environment and ecology, and improve the resilience of adaptation.

3.1 Climate Change

3.2 Water Resource Management

3.3 Circular Production
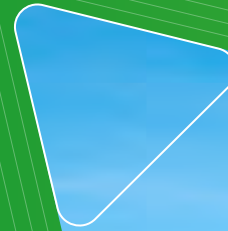
Annual Achievements

Climate Change and Power Conservation

1. Achieved Carbon 2020's objective of reducing 1 million tonnes of carbon in **5** years, attaining **194%** performance in 2020.

2. Submitted more than **870** energy-saving proposals, saving a total of **105.86** million kWh of electricity per year, roughly **2.19%**.

3. Completed SBTi review; using 2018 as the base year, the target is to achieve a **25%** absolute reduction of carbon by 2025.

4. Continue to monitor climate change issues following the TCFD: **8** opportunities and **10** risks.

Water Resource Management

1. Process water reclamation rate **93.8%**.

2. Process water decreased by **1.19** million tonnes compared to 2018, equivalent to a reduction of over **5.2%**, significantly reducing water consumption for 2 consecutive years.

3. Water consumption per unit area was **0.32** tonnes/m2, a reduction of **35%** from the base year of 2014, thereby achieving the AUO Water 2020's goal of decrease water consumption by 30%.

4. Completed the evaluation of the true value of total wastewater reclamation, lowering environmental impact by TWD **1.4** billion

Circular Production

1. Circular production economy of scale has grown by **41%**.

2. **First** display panel manufacturer in the world to receive the UL 3600 Circularity Certification.

3. Total benefit of recycled packaging materials reached TWD **910** million.

Environmental Friendliness

1. VOCs dropped to **0.98** g/m2.

2. Wastewater discharge was reduced by **9.2%** compared to last year thanks to production process improvement at the source, significantly reducing emissions for 2 consecutive years.

3. Waste generation per input sheet substrate area was decreased by **44.4%** compared to 2015.

4. Reduced organic sludge and turned it into a resource; in 2020, landfill wastes decreased by **66%** compared to last year

Foreword | Business Operations | Sustainable Management | **Environmental Sustainability** | Inclusive Growth | Agile Innovation | Data Overview | Appendix

2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

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Description of Material Topic

	Significance to Operations	Management Strategy	Evaluation Methods, Outcome, and Adjustments
Circular Production	In response to scarce resources on Earth and international trends, waste reduction and reutilization are applied to minimize the impact on production and develop new opportunities.	1. Through raw material recycling, waste reduction as well as product design and sales, we generated a circular economy growth of 30% 2. Establish and consolidate various platforms and mechanisms to expand collaborations in the value chain	1. Create a dialogue mechanism and host internal/external exhibitions 2. The working group conducts a target review every month and keeps track of international and industry trends 3. Consult external experts to continue our bolstering measures
Water Resource Management	Water is a key element in production. Faced with resource shortage and climate issues, it is important to implement effective management and stakeholder engagement.	1. Apply big data, AI technology, and refined platform management 2. Introduce water efficiency management certification system	1. Improve recycling system efficiency and optimize parameters 2. Enhance wastewater reclamation technology and measures 3. Continue to implement and promote water resource management system including water condition monitoring, water-saving solutions, as well as incorporating TCFD water resource contingency plans and drills

3-1

Climate Change
3.1.1 Governance Organization

Board of Directors

The annual CSR Achievement Report is regularly conducted at the Board of Directors Meeting every year, including the response of material topics concerned by stakeholders. If there is a major climate change topic, such as the impact of the major power consumer clause of the Renewable Energy Development Act and the response thereof, it will be included in the special topic report in the Board of Directors Meeting.

CSR Committee

The CSR Committee is the decision-making platform for the Company's climate topics. The SDGs connotations, and targets established by the Company are mostly in the direction of climate issues, such as cherishing water resources, striving for energy conservation and carbon reduction, climate adaptation and operational resilience, and generalized preference energy, etc., The committee as a management unit that regularly reviews and conducts organizational response for Climate Emergency through the coordination and resource allocation of all authority and responsible units.

Carbon Energy Working Group and Achievements

Formulate and implement year-by-year targets in a timely and appropriate manner according to the organization's operating status and trend development.

For the details of the functions and job duties of the working group please refer to CSR website

2020 Important Achievements

Emission Reduction Team	· Implement the carbon emission reduction and energy conservation/carbon reduction technology improvement in the organization in accordance with SBT targets. · The absolute emission reduction decreased from 3.14 million tonnes in 2019 to 3.01 million tonnes in 2020, a decrease of 4.1% · Exceeded AUO Carbon 2020 targets by reducing 1.94 million tonnes of carbon to reinforce the organization and value chain. Carbon emissions management for suppliers and product energy consumptions far exceeded the expected goal by 94%. · The annual energy reduction of 2.19% was achieved in 2020 according to the ISO 50001 energy management system and IPMVP verification. · Extended value chain audit, completed ISO 14064 2018 external verification, established audit protocol in preparation for indirect emissions (Scope 3) reduction.
Risk Adjustment Team	· Connect to the Company's risk identification system to converge the risk/opportunity perspective and perception of factory-level management inside and outside the organization. · Implemented the Task Force on Climate-related Financial Disclosures, TCFD framework to review the risks/opportunities associated with the Company's operations, climate change, market technology, and regulations, as well as propose management measures and solutions to mitigate the impact and enhance adaptive resilience. 1. Manage and monitor entity operation interruption situations and financial impacts, such as infrastructure failures and supply chain interruptions 2. Countermeasures and actions in response to climate change market/technical changes, such as: product energy consumption standards 8.0 and EPEAT 3. Control and analyze impacts to response to external laws and, such as major power consumer clause of the Renewable Energy Development Act, Climate Change Response Act (Draft), and carbon Tax
Resource Platform Team	· Introduce technological tools and platform development 1. Industry-Academia Partnership: Collaborated with National Taipei University of Technology to develop the smart grid monitoring and integration platform to expedite power data forecasting and management, as well as implement a load management mechanism in advance to regulate power consumption 2. AI-assisted optimized operations Introduced chiller, air compressor, and pure water resin tower systems · Activity promotion and trial operation: 1. Performance review: Training and cultivation of internal experts; introduced IPMVP review mechanism to the ISO 50001 energy-saving system, accounting for 100% total power savings and considerably improving the monitoring rate of wireless power meters 2. ESCO incentive mechanism and review: Encourage total participation in the competition through the incentive program to enhance the innovation of energy-saving and carbon reduction technology; furthermore, competition rankings are held by applying diverse energy-saving and carbon reduction review benchmarks. Recognition is given to the winners at the annual meeting.

3.1.2 Strategic Blueprint

Climate Change Management Policy

The Company's climate change policies include information transparency, mitigation/adaptation, responsible participation, and cooperative development.

Please refer to CSR website
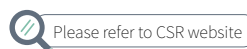
Climate Strategy

・ Link the carbon reduction development to the value chain

In response to the SDGs 2025 targets, we have incorporated the value chain into the targets based on the concept of an optimized product life cycle. We believe that only through the overall improvement of the entire value chain can we realize the sustainable vision of shared value. Absolute reduction of WB2C (Well Below 2°C) based on Science-Based Targets (SBT) is adopted as the medium to long-term carbon reduction goal.

・ Climate Action Linked to SDG Goals

AUO's 2025 SDG targets has strategically integrated climate action into all aspects of EPS. By applying our core technology and through the introduction of smart production, high-efficiency energy conservation and energy generation technologies, water-saving and water generation technologies, and with the application of material recycling production, AUO will become an organization with climate mitigation opportunities as well as operational adjustment and resilience. Besides continuing to develop low energy-consumption display products and introducing diverse generalized preference energy infrastructure, AUO has also engaged in product R&D and applications to introduce versatile, innovative, and convenient display technology to the urban living-sphere for the sake of elevating people's resilience towards abnormal weather.

Introduced convenient and visual display technologies, as well as affordable and clean energy into the city's infrastructure, thereby improving the resilience of people towards climate abnormalities.

・ Renewable Energy Development and Market Development

Expanded the market sales of power plant developments to strengthen R&D in improving battery efficiency for solar power; we have also continued to reduce production costs and pushed the share of solar module shipments and power plant business. We also cooperated with the government's overall energy policy development blueprint to support renewable energy development by taking action, thereby expanding investments in renewable energy and value chain engagement solutions.

3.1.3 Audit and Mitigation Results

Greenhouse Gas Inventory

・ Greenhouse Gas Inventory Milestones

AUO began auditing the GHG emissions of our global manufacturing sites in 2003, and the ISO14064 standard was introduced to disclose emissions-related information through external verification. We developed a digital platform internally in 2010 to systematically manage the organization's GHG emissions as a means to managing long-term operational carbon reductions. This year, the latest ISO14064 standard was introduced to continue refining GHG audit management.

Greenhouse Gas Management Milestone

2010
（Total of 1 item）
Start the Scpoe3 carbon inventory of the value chain
employee business Travel

2012~2015
（Total of 5 items）
New inventory item
waste, employee commuting, subsidiaries, fuel energy

2016~2018
（Total of 8 items）
Expand the scope of inventory
raw materials of upstream and downstream transportation and purchase

2019
Develop systematic management of Value Chain Accounting (VCA) platform

2003
First year of greenhouse gas inventory

2005~2006
Introduce ISO 14064-1 third party verification in 2005-2006, and obtaine declaration for all factory areas

2007~2009
Respond to CDP's disclosure of the carbon management mechanism
Counsel the supply chain to introduce greenhouse gas inventory

2010
ECA platform systematic management

2010~2011
Conduct inventory and verification demonstration plan
Expand required inventory Target for suppliers

2012 to Present
Participate in the promotion of all greenhouse gas projects of the Environmental Protection Administration
previous project verification, development of offset methodologies, and declaration operation of the Greenhouse Gas Reduction and Management Act

2020 Introduce ISO 14064-2018 and receive the certification, making AUO the first company in the display panel industry.

・Scope 1+2 Emissions & Intensity Description

AUO's global greenhouse gas emissions in 2020 totaled 3.01 million tonnes of CO2e, mainly consisting of indirect power consumption emissions, accounting for 96.61% of the Company's total emissions. This is followed by the production processes using PFCs and fuel emissions used by utility systems, accounting for 3.39%. To continue to achieve the trend of international reduction, AUO uses "Greenhouse Gas Emission Intensity per Input Sheet Substrate Area" as the main greenhouse gas management index, and tracks the reduction through the CSR Committee. In 2020, the greenhouse gas emission per input sheet substrate area was 43.9 kgCO2e/m2, a decrease of 8% compared to last year. Reduced emissions intensity signifies an improvement in production efficiency brought by smart manufacturing technology. The main reduction achievements include: Besides increasing the efficiency of ISO 50001 energy management system and factory utility systems, the Company has promoted smart manufacturing for several years, while the smart monitoring and management of factory equipment has also significantly improved production efficiency. Additionally, the country's transition to renewable energy and connected grid has resulted in visible decreases in the overall indirect carbon emissions.

Other Indirect Emissions (formerly scope 3) Audit

AUO has established a company-level Scope 3 greenhouse gas inventory and disclosure since 2010 and has expanded the scope of investigation in line with the corporate green gas inventory Scope 3 Standards published by GHG protocol. In 2020, the ISO 14064 standards were introduced in conjunction with third-party verification to further manage GHG emissions and other indirect emissions (formerly scope 3).

AUO has categorized other indirect emissions into 4 categories based on the current conditions and the new ISO 14064 materiality selection principle and completed 8 emissions audits.

For details, please refer to the 2020 AUO GHG Audit Report
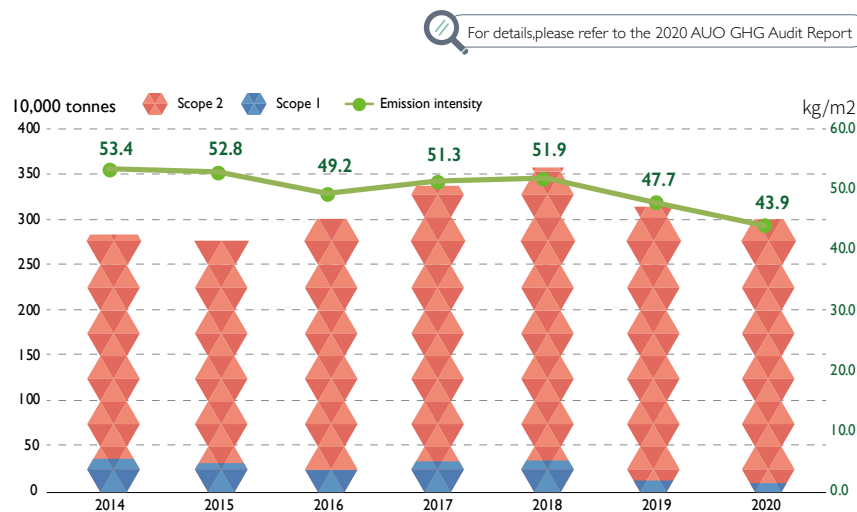
Other Indirect GHG Emissions (Total of 16 items)

Seven Majority Selecting Principles

1 Data Collectability

2 The data calculation method is reliable or representative

3 The scale of emissions is relatively large based on experience

4 Frequency of activities

5 Industrial relevance

6 Stakeholders' level of concern

7 Corresponding to company's reduction action

Implementation Status

A Applicable to AUO, and has been quantified (8 items)

B Applicable to AUO, and has not been quantified. AUO has plan or mgt. methods (1 item)

C Applicable to AUO, but there is no quantitative plan. (4 items)

D Not applicable to AUO (3 items)
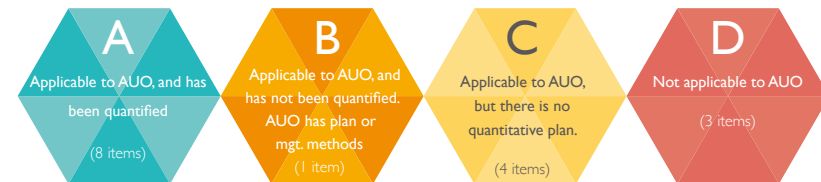
Indirect GHG Emissions from Transport

| Item	Status	Audit target description	Emissions
Emissions from upstream transportation	A	Materials needed for factory production (63!、65!、67!、68!) are included in the calculation, these include glass, PI spacer, Target, gas chemicals, etc. These will generate GHG emissions from the supplier's location (actual address or a representative factory is selected from the website). Transportation between the Company's factories is not included in the calculation.	18,665.52
Emissions from downstream transportation	A	All products delivered by all the factories in the year (including the contractors' factories) are included in the calculation, but the transportation of front-end products to the OEM is excluded. GHG emissions are generated by land transport to the port or airport, or sea freight/air freight to the destination port/airport, but excluding transport between the factories and OEM factories.	51,853.97
Business travel	A	Calculate the greenhouse gas emissions of AUO colleagues through the business trip travel system; the individual emissions will be calculated according to means of transportation applied for reimbursement including airplanes, high-speed rails, rental cars, self-owned cars and taxis, etc.	832.84
Employee commuting	A	Calculate the greenhouse gas emissions of all employees in the factory, including direct employees and indirect employee. Commutation to and from work and shuttle bus between factory areas, the shuttle bus for foreign nationality employees commuting to and from work are also included in the calculation.	47,932.54
Customer and visitor transportation	C	This item is applicable to AUO; however, since there is no accurate and mature methodology and information collection method at the present time, therefore, it is excluded according to the indirect emission materiality standards.	-

Indirect GHG Emissions from Products (upstream) Used by the Organization

Item	Status	Audit target description	Emissions (tonnes)
Purchased products and services	A	Using previous product carbon footprint audit conducted by AUO as the basis to calculate the materials needed during production. While the main carbon emissions during the product raw material stage are used as the reference for calculating this item. The item includes glass substrate, liquid crystal, photoresist, developer, etchant, array stripper and thinner, etc.	721,696.53
Fuel and energy related activities	A	Calculate AUO's energy consumption, including diesel, LPG, natural gas, electricity. Calculate fuel energy-related emissions resource with cradle-to-gate coefficient announced by the EPA.	572,489.11
Wastes generated during the production process	A	Calculate GHG emissions generated during the final waste shipping and treatment process including sludge waste, waste solvent, glass, acid, EAF dust, empty barrel, and hardware. If the aforementioned items have not reached at least 80% of the total waste disposal volume, items will be added to the calculation.	19,703.02
Capital goods	C	The company has not purchased a large amount of capital goods in recent years, and there is no quantitative plan for this project after evaluation.	-
Upstream leased assets	C	This item is applicable to AUO; however,it has not yet established a pipeline platform for collecting information with the leasing unit, it is excluded according to the indirect emission materiality criterion.	-

Indirect GHG Emissions from Products (downstream) Used by the Organization

Item	Status	Audit target description	Emissions (tonnes)
Investment process	A	AUO Crystal Corp. is a wholly owned manufacturing subsidiary of AUO. Since it conducts GHG audit every year, its emissions is included in the calculations.	38,578.99
Processing of products sold	C	This item is applicable to AUO; however, since there is no accurate and mature methodology and information collection method at the present time, therefore, it is excluded according to the indirect emission materiality standards.	-
Use of products sold	D	AUO is a B2B company and we do not manufacture end products, therefore it does not apply to this item.	-
Final processing of products sold	D	This item applies to AUO, and relevant protocols have been evaluated and formulated. It will be included in future calculations.	-
Downstream leased assets	B	-	-
Franchise	D	-	-

Carbon Reduction Target Achievement

Carbon 2020 targets – Reduce a total of 1 million tonnes of carbon

To implement energy conservation and carbon reduction, AUO proposed the Carbon 2020 initiative in 2015 to decrease carbon emissions by 1 million tonnes within 5 years. As of 2020, we have exceeded the target by reducing a total of 1.94 million tonnes of carbon. In particular, green procurement and operations accounted for 1.3%, green manufacturing accounted for 30%, and low carbon product design accounted for 68.7%.In terms of low product energy consumption, in light of energy star 8.0 coming into effect in 2020, it has become the biggest contributor in reducing carbon emissions by 1 million tonnes by directing product design. AUO is committed to developing products with low energy consumption, and we have established a good technical foundation in this field.

Category	Item	Carbon Emissions (Tonnes)	SDGs Goals
Purchasing & Logistic	4R project	24,686	
Manufacturing	GP energy saving, reducing environmental impact of raw materials	586,939	
Product Innovation	Energy saving products, reducing carbon emission during the phase of use	1,328,441	

BIO **1,940,066** Tonnes

Achievement rate **194%**

Equivalent to **4,987** times of the annual carbon absorption of Daan Forest Park

Note: The annual carbon absorption of Daan Forest Park is 389 tonnes

CSR 2025 target – Reduce a total of 6.5 million tonnes of carbon

Climate change mitigation is an inevitable international trend, hence AUO proposed a more aggressive carbon reduction target for 2025 in 2018. It responds to SDG 13 climate action, stipulating direct and indirect emissions reduction targets. These include 4 major dimensions that will continue to reduce carbon emissions by 6.5 million tonnes.

Organization	Product	Supply Chain	Raw Material
· Scope 1+2 · Adopt WB2C based on SBT · Absolute reduction target	· Scope 3 · 100% Shipped Products · Assessment of carbon emissions throughout the life cycle based on PCR	· Scope 3 · Regular electronic platform collection and tracking · Program or target carbonreduction	· Scope 3 · Reduce the use of raw materials · Increase the recycling rate of raw materials
Absolute reduction YoY -7% Intensity reduction YoY -10.7%	The life cycle carbon emission reduction of the total product shipments in 2020 was 335,700 tons of CO2e	Collaborate with the supply chain to save energy and reduce carbon by 17,300 tons	Strength source reduction YoY -44.3% Carbon reduction reached 46,000 tons compared to 2017

In terms of organizational carbon reduction, we have reached the SBT target review stage and received approval after official review. In terms of carbon reduction within the organization, we have used 2018 as the base year and adopted WB2C(Note) absolute reduction target, aiming to achieve 25% absolute reduction by 2025. More reduction measures will be implemented in the future including reinforcing F-Gas management, responding to the major power consumer regulations of the Renewable Energy Development Act, using 10% renewable energy, and the increasingly sophisticated smart manufacturing and energy-saving technology as the main reduction measures.

Note 1: WB2C Well Below 2°C proposes holding the increase in the global average temperature to well below 2° C at the Paris Agreement
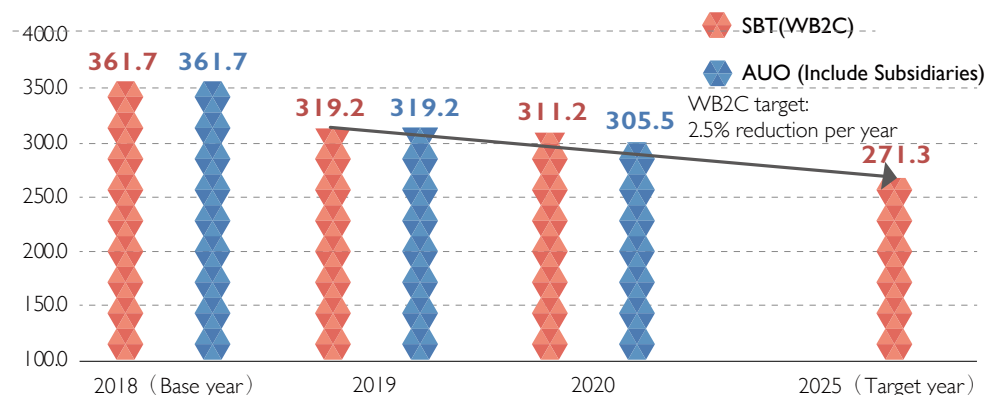
Note: The carbon targets and AUO carbon emissions includes AUO Crystal according to the SBT guideline.

GHG Reduction Actions

Progressive reduction of scope 1 F-Gas during the production process

1. Applying artificial intelligence (AI) to improve the usage of fluorinated gas

In terms of Global Warming Potential (GWP) reduction, we have developed a set of calculation models that can accurately control the end point of the NF3 cleaning process using proprietary program and control systems. By calculating theoretical data and repeatedly verifying actual data from the production line, we can now decrease the duration of the NF3 process by 9%.

NF3 Gas Consumption Solution
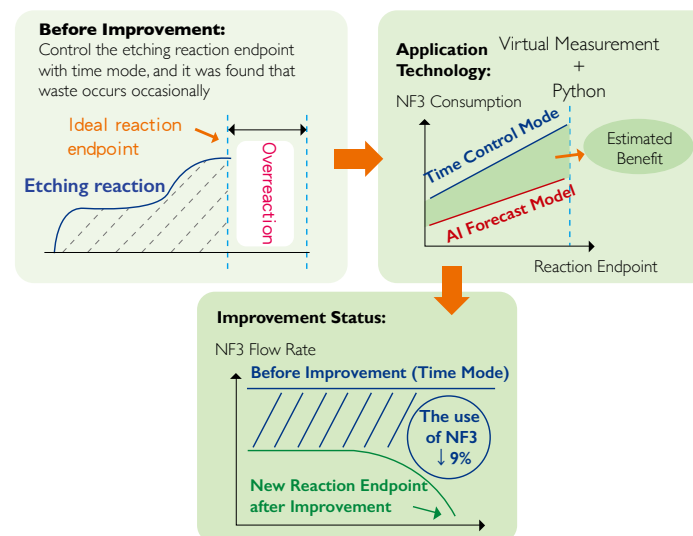
2. Destruction removal equipment local scrubber, L/S progressive management

Continuing the fluorinated gas reduction efforts of 2019, to ensure the performance of fluorinated gas L/S, the best-operating conditions must be maintained. The equipment operating parameters and management regulations of all the sites are incorporated into the SOP regulations, where audits are carried out to ensure that the equipment is operating within the necessary scope. This not only effectively decreases GHG emissions but is also in compliance with the needs of product EPEAT certification(Note), thereby improving the competitiveness of our customers' products.

(Note1) Electronic Product Environmental Assessment Tool

Scope2 Production Process Power Consumption and Management

1. Use renewable energy, expand renewable energy investment and engagement

In response to the major power consumer clause of the Renewable Energy Development Act, AUO assessed the feasibility of purchasing land to build a proprietary renewable energy power plant, and proactively evaluated other measures that can produce environmental or economic benefits in order to satisfy the 10% installed capacity regulation. On the other hand, AUO has engaged in diverse renewable energy development including generating renewable energy with renowned domestic manufacturers by installing rooftop and ground surface power plants. To support the concept of total participation in renewable energy, an alliance has been formed with the largest citizens' power plant in the country to build a solar power plant with an annual output of 10MW. An estimated 30,000 people will get involved every year. Also, 42MW of solar power generation equipment has been installed on the rooftops of factories in Taiwan. In 2020, solar power generation amounted to 55.75 million kWh; the Kunshan plant has generated 5.24 million kWh of renewable energy.

2. Annual energy-saving improvement performance

The law stipulates that energy users must achieve an energy-saving of more than 1% per annum and register the energy-saving achievement and solution on the Report Platform of the Competent Authority. AUO however set its internal target as 1.5% due to energy conservation, carbon reduction and transformation to intelligent manufacturing. In 2020, there were over 870 energy conservation proposals, and the total annual electricity saving was 105.86 million kWh, which is converted to an annual electricity saving rate of approximately 2.19%. Among them, 68% was the improvement of factory advanced manufacturing, and the remainder was attributed to investments in improving the equipment. In terms of measurement verification, up to 67% of the data was attributed to estimated calculations.

In 2020, AUO's global process power consumption was approximately 4.96 billion kWh. We have demonstrated an absolute reduction for 2 consecutive years despite increased output. Power consumption per unit area process has dropped by 5.1% compared to 2019. We strive to save energy through the horizontal resource connection of the Carbon-Energy Working Group and vertical performance goal management, hoping to demonstrate results on an ongoing basis.

Legend: Manage electricity saving (100 thousand degrees) | Invest in electricity saving (10 thousand degrees) | Annual electricity saving rate (%)

Year	Manage electricity saving	Invest in electricity saving	Annual electricity saving rate
2015	3,599	4,742	2%
2016	4,069	2,546	1.60%
2017	3,897	2,977	1.55%
2018	5,234	4,405	1.94%
2019	5,895	5,227	2.26%
2020	7,158	3,428	2.19%

Legend: Power consumption in production (million degree) | Power consumption per unit (degree/m2)

Year	Power consumption in production	Power consumption per unit
2015	4,133	78.50
2016	4,345	76.50
2017	4,945	75.50
2018	5,131	74.60
2019	5,001	76.10
2020	4,959	72.25

Smart Grid

Actuarial electricity consumption → Electricity analysis → Abnormality detection

Pragmatic Energy Management

AUO introduced the International Measurement & Verification Protocol (IPMVP) in 2018 to conduct the performance verification of large-scale energy conservation projects through the third-party professional testing and verification agency, based on the calculation method of emphasizing engineering logic to establish a pragmatic, technological data-based energy management model. We also hope to train the internal energy conservation performance verification talents, accumulate professional energy, and enhance the objectivity and accuracy of the data at the same time through IPMVP. During the 3-year collaboration project, we reached outstanding achievements in the following dimensions and the goal of internalizing energy measurement and verification by 2020.

1. Foster a Back to Basic Corporate Culture

Energy-saving and management proposals are essential for major power consumers to comply with regulations. However, AUO also strives to ascertain the materiality associated with these performance outcomes. Although the existing electricity savings will be diminished during the discussion, with support from senior management and concerted efforts from the engineering departments, AUO will continue to explore root causes in a bid to establish a sound energy database.

2. Propagate IPMVP to engender a company-wide consensus

Through external CMVP consultations, we conducted about 43 person-days of external audits for nearly 90 major annual proposals, saving a total of 71.57 million kWh of electricity in the past 3 years. In the time, 6 energy-saving performance verification protocol seminars were organized to train review experts across 6 categories of high energy consumption organizations, 34 factory-level seeds, and 59 GP, ESH, and energy management proposal reviewers across all sites. A total of 1,142 persons completed the online IPMVP course, which is used for verifying the authorization of the Energy Management System (EnMS).In addition, the IPMVP review system is integrated into the EnMS system development, resulting in the review and confirmation of all energy-saving performances in 2020.

3. Strengthening the professional application of IPMVP review

When planning and executing IPMVP projects, we have specially invited experts from 6 categories to join the review team including Vacuum pump, oven, heater, chiller, air compressor, and water treatment, etc. During the inspection process, external experts apply IPMVP's principle to review the rationality of the solution protocols, examine the measurement significance before and after the improvement, as well as the validity of the data used during the review. Internal experts provide the principle and characteristics of the organizations, as well as discover and extend towards the direction of future improvements. The internal and external collaboration imperceptibly reinforced IPMVP applications and generated values.

4. Installing pragmatic, smart power meters

During the project, the greatest achievement comes from the expedited activation of AUO's proprietary IoT wireless power meter module to enhance economic benefits and improve the versatility of factory construction. Almost all the major proposals have reported the installation of power meters that significantly elevate the materiality of power-saving performance while at the same time accelerated the smart factory management model. The development of the Smart Grid management platform allows chart visualization to increase the factory's management efficiency.

3.1.4 Climate Adaptation

TCFD Framework

The breadth and depth of the impact of climate change on the organization's operations have reached a time of great urgency. In signing support for TCFD, the Chairman & CEO of AUO specifically mentioned in the statement that "Facing climate emergency, the greatest challenge of sustainable development, AUO is proud to support climate-related financial disclosures and transparency, and strengthen stakeholder trust for the Company's sustainable development. That is why we would like to play a part in the low carbon economy, respond to the opportunities and the challenges of the energy transition by developing a solar energy business, and applying our core technologies to improve the resilience of the human lifestyle and value chain creation." Therefore, the Company specifically integrates the climate adaptation topics into the Company's sustainable development goals and establishes a management basis for climate risk opportunities and a PDCA cycle, to become an important issue for long-term and continuous advancement.

AUO has long been monitoring climate change-related issues, and the Company participates in the translation committee of the Traditional Chinese version of the climate finance-related disclosure proposal initiated by Ernst & Young. Please refer to the article's appendix.

2019-2020 Climate Risk and Opportunity Matrix

By following the TCFD guideline, we can help stakeholders to understand climate change-related risks and opportunities faced by the Company. Through the expert knowledge of various departments and collaboration during the process, AUO can materialize the final climate-related financial disclosure target. To disclose meaningful climate-related risk information, our priority is to establish, measure, assess, manage, and report climate-related financial information. Besides, we incorporate climate evaluation, monitoring, and management into daily activities before completing the policies, procedures, and implement them.

Using TCFD's recommended framework, AUO has identified and ranked climate-related risks/opportunities. Climate risk and opportunity-related research reports from international institutions are also taken into consideration, where risk/opportunity scenarios are identified and defined through group discussions at the Company's internal TCFD annual meeting. Next, cross-organizational teams will assess climate change risks and corresponding contingencies to determine the potential risks and opportunities of climate change. Based on the impact of climate change, AUO has developed the climate change risk and opportunity matrix, as well as contingencies such as climate mitigation and adjustment, and proactively implemented energy-saving, carbon reduction, and water resource projects. Moreover, we have developed low-energy consumption, high circular value products to strengthen climate resilience and establish EPS sustainable vision.

Legend color: represents the categories of financial impact

Severity of occurrence

14.93% Changes in customer and market needs

23.07% Extreme weather (Flood, typhoon, lightning strike)

37.74% Renewable energy

20.31% Chronic climate change (Average temperature rising, water shortage)

3.94% Cap and trade

People — Personnel: Due to incidents affecting attendance, labor shortage, and employee disability

Machine — Machines and equipment are damaged or scrapped, resulting in asset loss and reduced availability

Materials — Raw Materials: Operating costs of the product caused by loss of quality and delivery schedule or price increase due to weather
Loss of Semi-finished Products: Scrap loss due to abnormal basic supply of water and electricity
Energy Resources (water and electricity): supply prices increase

Law — Laws and regulations compliance costs, fines and penalties, penalty for breach of contract
Necessary operating expenditure costs under compliance with laws and regulations

Environment — Loss of inventory caused by unsalable products due to transformation of product market mechanisms
Loss of profit due to decline of industry/product/capacity competitiveness
Loss of production capacity due to factory operations and supply chain disruption

2020-2021 Risk Items, not yet financially quantified
- Responding to the circular economy and waste-related issues
- The impact of solar panel recycling-related regulations and response measures
- Brand customers' carbon reduction demands (carbon footprint reduction)
- Climate causes an interruption in the transport network
- Increasing insurance cost due to frequent natural disasters

Tax 0.01%

% Refers to the proportion of the financial impact of the risk

Frequency of occurrence

2019 extended risk dimension

Risk evaluation	Aspect	Item	Stakeholder	Challenges and Opportunities	Financial Impact	Management policy
Transformation Risk	Policies and Laws	Cap and trade	AUO	Recently implemented by Taiwan's EPA, most of AUO's manufacturing sites will face total emissions restrictions and increased operating cost	Medium	· Engage in internal carbon emissions management, energy-saving, and carbon emissions technology improvement based on SBT targets · Monitor target-reaching status in real-time by using the dynamic information management system · Application for EPA's Off-Set project was approved · Implemented the factory's internal incentive program to bolster carbon emissions momentum · Monitor the operations of the renewable energy certificate market in Taiwan. AUO is a member of the renewable energy certificate (REC) trading platform · Assess renewable energy installations, spontaneous usage, and preparation of relevant capital
		Relevant taxes	AUO	The carbon tax has been levied for AUO's Singapore site, increasing the cost of indirect energy and operations. PS. The risk item has been concluded	Low	· Implement ISO 50001 energy management system to reduce manufacturing energy consumption · Assess medium to long-term investment energy-saving solutions in preparation for more rigorous carbon management standards
	Technology	Renewable energy	AUO customer	As the need for renewable energy rises domestically and abroad, the government's regulations and green supply chain stipulate the installation or use of renewable energy	High	· Study the major power consumer clause of the Renewable Energy Development Act and the response thereof · Assess the financial risk and timing of various measures (installing renewable energy equipment, purchasing REC and power, installing energy storage equipment, and payment)
	Market	Changes in customer and market needs	AUO supply chain	Customer requirements for green products exceed that of local and international regulations. Stakeholders expect better environmental protection performance from the enterprise	High	· Develop Energy Star-compliant products · Introduce new design/new technology/new material · Control reasonable costs to ensure revenue and profitability · Install product environmental footprint management system
Physical Risk	Immediate	Extreme weather (flood, typhoon, lightning strike)	AUO supply chain	The blackout caused by extreme weather, water supply interruption, factory, equipment damage, and supply chain interruption, resulting in delays/interruptions	Large	· Water tanker backup system · Committed to using reclaimed water by 2023 based on the construction progress of the government, thereby decreasing factories' reliance on municipal water. · Equipment water consumption monitoring is conducted on individual machines to monitor changes in water consumption more accurately · Factory industrial water tank activated as backup · Expanded production water recycling system · Introduced smart energy monitoring system for machines, where smart grid and AI operations mode are applied to optimize power consumption · Increase the number of UPS systems installed · Areas lacking in generators must be equipped with additional generators to minimize the impact of temporary power shortage
	Long Term	Chronic climate change (average temperature rise)	AUO customer	Chronic climate change causes increased probability and severity of floods and droughts; continuous high temperature in summer causes risk of restriction on power due to load instability	High	· Areas lacking in generators must be equipped with additional generators to minimize the impact of temporary power shortage · Factory performance optimization · Factory industrial water tank activated as backup · Expanded production water recycling system

2020 risk dimensions

Risk identification	Aspect	Item	Stakeholder	Challenges and Opportunities	Financial Impact	Management policy
Transformation Risk	Policies and Laws	Increasing insurance cost due to frequent natural disasters	AUO	The insurance industry's quantified management of natural disaster risks causes decreasing asset values and increasing insurance costs	Medium	· Discuss insurance types and possible insurance solutions with the insurance company · Establish a correlation between tangible risks and insurance fees to present the risk impact and adequate decision timetable
	Market	Responding to the circular economy and waste issues	AUO customer	More consumers are inclined to purchase low carbon circular products, hence brand values can be fostered by focusing on this aspect. Furthermore, the EU has already begun planning the relevant regulations of circular products	Medium	· Introduce UL3600 circular product certification to demonstrate the products' green values · Engage in circular economy and market to search for potential business partners · Continue to invest in circular product design · Monitor the recycled materials market
		Brand customers' carbon reduction demands (carbon footprint reduction)	AUO customer	Brand customers demand the supply chain to reduce carbon emissions in response to the carbon reduction trend	High	· Implement green and smart production to continue internal carbon reduction · Develop energy-saving technology and monitoring system · Evaluate the use of renewable energy or purchase REC · Localized supplier management and low carbon material design
Physical Risk	Immediate	The impact of solar panel recycling-related regulations and response measures	AUO customer	Solar panels that have fallen due to the weather (typhoon) cannot be recycled (loss or injury sustained by the public)	Low	· Investigate the power plant construction site and reinforce the landlord's legal awareness at the solar power construction site to avoid violating the law · Formulate risk management SOP for incidents
		Climate causes an interruption in the transport network	AUO supply chain	With accelerated global climate change in recent years, the likelihood of typhoons, torrential rains, flood tides, and seawater intrusion is increased, causing interruptions in the regional transport network, production, and operations	High	· Determine the risk of material shortage and transport and management mechanism (BCP); review and demand cooperation from the supply chain · Review personal shortage and possible management actions

2020 opportunity dimensions

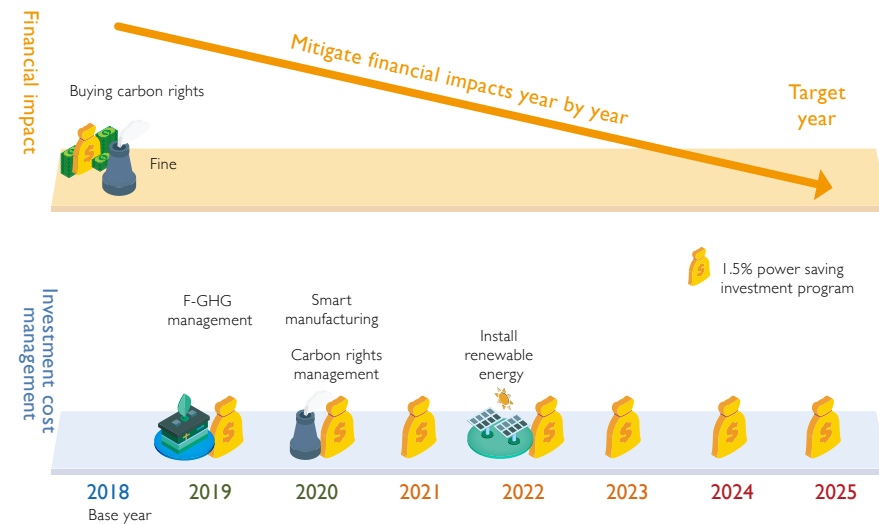| Opportunities (TCFD)	Item (TCFD)	Stakeholder	Challenges and Opportunities	Management Approach
Resource Efficiency	Higher production efficiency	AUO, customer, new business	Minimize energy cost and generate smart production business opportunities through the energy management system, big data, and AI applications	· Implement energy management system (ISO 50001) and data quality verification (IPMVP) mechanism to ensure energy-saving and carbon reduction performance · Establish know-how management for energy-saving solutions · Smart production has been applied to help new business AUO MegaInsight develop new partners · Provide low carbon product footprints fosters international market competitiveness
	Recycle and reuse	AUO, suppliers	Verify technology through R&D, use recycled materials in the display panels to foster circular values of the products	· Observation of the recycled material market · High-quality recycled material application and quality management · Product promotion and market management
	Reduce water consumption	AUO, customer, new business	Reinforce water resource management to mitigate the operational impact and facilitate new business service opportunities	· Formulate know-how management for water conservation solutions · Continue to reduce water use intensity to decrease the impact of water scarcity on production · Observe zero-emissions plant to increase the sales development of AUO Envirotech sustainable new business
Energy source	Use of low carbon energy	AUO, investor	Incorporated the use of renewable energy to reduce carbon emissions, conforming to the current trend and responsible investment efficiency	· Increase the ratio of renewable energy in response to the national renewable energy policy · Observe REC market and cooperation · Reinforce ESG performance, increase investor attention

2020 opportunity dimensions

Opportunities (TCFD)	Item (TCFD)	Stakeholder	Challenges and Opportunities	Management Approach
Energy source	Engage in carbon trading market	AUO, carbon credit buyer	Decrease the impact of cap and generate other service opportunities through carbon trading	· Vie for carbon credits in accordance with Taiwan EPA's carbon credit application procedure to increase the Company's carbon capital · Implement corporate social responsibility, collaborate with the Forestry Bureau to realize the spirit of zero carbon emissions via afforestation and carbon sink
Products/Services	Develop low carbon products or services	AUO, customer	Through R&D, we can design low energy consumption display panels to minimize carbon emissions during usage and enhance the customer's brand performance	· Monitor the international standards and requirements of product energy consumption · Invest in technology R&D to increase transmittance and tighten design standards · Establish a carbon management platform to track carbon data
Products/Services	Develop insurance risk solutions	AUO, insurance industry	Review insurance and claims' impact on production due to various climate change and environmental disasters to minimize the loss of properties	· Monitor long-term and short-term weather forecasts and establish an early warning system · Consult industry, government, academia, and research institution experts to monitor the climate · Review financial impact and claims · Seek new insurance solutions
Resilience	Engage in renewable energy	AUO, investor, those with needs	Manage renewable energy market, focusing on those who have signed the international agreement (RE100) or Taiwan's Renewable Energy Development Act to provide renewable energy service	· In response to the national renewable energy policy, AUO proactively deploys solar power plants in Taiwan to increase installed capacity · Elevate the maintenance and operational capability of power plants and the smart energy monitoring platform service · Assist power plant customers to evaluate REC application · Continue developing high-performance solar panels Promote community renewable energy

TCFD Risk Case Study

Transformation risks - cap and trade

In terms of the impact of transformation risks, although legal regulations in Taiwan remain uncertain, the overall trend suggests a development towards management strategies designed for absolute carbon reduction. Therefore, we use the hypothetical scenario of GHG emissions control in Taiwan in 2025 as our basis, and the reduction target is set according to the simulated SBT projections. Carbon reduction needs from 2021 to 2025 is approximately 630,000 tonnes. The financial impact will be evaluated according to fines stipulated by the law or carbon pricing. This will be regarded as the key risk item for mid to long-term transformation risks.

AUO conducts an inventory of carbon emissions path in 2025 and reduction measures that can be implemented. Measures includes increasing production gas destruction removal equipment to decrease fluorinated gas emissions, and increasing power-saving performance by at least 1.5% per year according to energy regulations. In response to the demand of major power consumers as per the Renewable Energy Development Act, 10% installed capacity for renewable energy will be attained. While carbon rights will be reserved through EPA's Off-Set project to introduce diverse measures for future cap and mitigate financial impacts/risks.

Financial impact

Buying carbon rights

Mitigate financial impacts year by year

Fine

Target year

Investment cost management

F-GHG management

Smart manufacturing

Carbon rights management

Install renewable energy

1.5% power saving investment program

2018 Base year | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025

Physical risk – Extreme weather such as floods and typhoons causing water supply interruptions

Over the last several decades, countless weather-related disasters have occurred globally including drought, flood, wild fire, and extreme temperatures, etc., resulting in the loss of innumerable lives and properties. Major natural disasters mainly took place in Asia, particularly areas with relatively inadequate infrastructure. Looking back, Typhoon Aeres in 2004 and Typhoon Matsa in 2005 brought over 800 mm of rain, the sudden downpour caused large-scale landslides in the upstream catchment area, and turbidity of dams spiked. In particular, Typhoon Aeres caused high levels of turbidity at Shihmen Reservoir, and water purification stations were unable to deliver water, resulting in a 17-day water outage in Taoyuan. In the extreme weather – Floods and typhoons causing water supply interruptions scenario. Our hypothetical calculations revealed a potential loss of several billion TWD in production due to water outage. However, with short, medium, and long-term response strategies and management measures, production loss can be limited to within TWD 300 million. For the short-term, lower factory water needs through the water intelligence center's contingency system and use water tankers to mitigate the impact. For the medium-term, introduce reclaimed water for the central Taiwan region, where there is a higher risk of water shortage for the Company. Besides introducing reclaimed water, machines are also converted from direct water to circulating water in order to improve the recycling rate of production water. In the long-term, monitor valuable water resources through the ISO 46001 water efficiency management system and smart manufacturing management platform.

Physical risk – Power outage caused by lightning strikes

According to the Central Weather Bureau's statistics in 2018, more than 1.2 million lightning strikes and one million thunders occur annually. Taiwan Power Company measures approximately 30,000 thunders. We estimate that the Company has sustained production losses to the tune of tens of millions TWD due to lightning strikes during 3 years (2017-2019). In particular, the Taichung site and Longke Site sustained the highest losses due to 16 voltage drop incidents. Time factors of different voltage drop and blackout incidents are analyzed using the historical event database to determine the key equipment with a highly sensitive need for power quality, where Uninterruptible Power Supply (UPS) is expected to improve the loss of sensitive equipment caused by voltage drop by over 50%. Furthermore, IoT smart energy monitoring and grid are deployed in the factories to minimize production loss by regulating and allocating power consumption.

External Evaluations and Accolades

AUO has been included in the Dow Jones Sustainability World Index (DJSI World) for 11 straight years, making us the only Taiwanese firm in the electronics equipment and components industry to do so. In particular, we obtained a full score for climate strategy of the environmental dimension, whether it is a financial assessment of risk and opportunities based on the TCFD framework or low carbon objective and strategic guideline associated with our core business and value chain, as well as internal/external climate governance. AUO has demonstrated proactiveness in confronting climate change-related issues, as well as determination in expanding such impact to the value chain.

In terms of the Carbon Disclosure Project (CDP) that explores the issue of climate change, AUO has received the Management B level for overall disclosure and performance. In terms of carbon-energy governance, climate change operational strategy, emissions reduction, and value chain engagement, AUO received Leadership level recognition. In terms of water disclosure, AUO CSR EPS 2025 Targets focused on AUO Water 2020 water reduction, water creation, and water neutralization as the disclosure topics. Through water resource policy, strategy, impact assessment, and target management, we have come up with integrated environmental solutions to receive Leadership level recognition.

Management Measures for Water Supply Suspension Caused by Extreme Weather

The most severe impact
Water supply suspension for 17 consecutive days

Emergency response within 3 days
1. Water source&water quality monitoring
2. Start water use reduction
3. Start the water shortage response plan
4. Water tankers(within 2 ays)

Mid-term management measures
1. Introducing reclaimed water
2. Change the machine's direct water to circulating water
3. Introduce Standardized ISO 46001 water efficiency management

Long-term continuous measures
1. Neighboring factory area dispatching backup
2. Recycling system performance Improvement
3. Intelligent IoT Water monitoring and management

Production losses	Water shortage response	Create water source	Continuous improvement
	Short-term	Middle-term	Long-term

Management Measures for Power Outage Caused by Lightning Strikes

Frequent pressure (voltage) drop
Loss of production capacity

Mid-term management measures
1. Use big data to analyze sensitive machines
2. Evaluate and prioritize strengthening the UPS production line
3. Improve pressure (voltage) drop by more than 50%

Long-term continuous measures
1. Introduce IoT intelligent monitoring of machine electricity consumption
2. Smart grid (electricity distribution and adjustment)
3. Intelligent adjustment according to the machine's electricity consumption/operation mode

Production losses	Hardware enhancement	Intelligent management
	Middle-term	Long-term

3.1.5 Other Carbon Management Operations

Internal Carbon Pricing

Faced with the challenge to control the increase in global temperature by less than 1.5°C, the carbon pricing mechanism has become a key point in international climate conferences and a key direction for law amendments in Taiwan. When the Paris Agreement came into effect in 2016, AUO began implementing the carbon pricing mechanism by tracking the international carbon trading market. The annual carbon prices announced are used as a reference for internalizing the Company's external costs. In 2020, AUO's carbon price was TWD875 per tonne (a growth of 20% compared to last year), equivalent to a saving of TWD 0.45 per kWh Carbon pricing can also be applied to the additional carbon emission costs of colleagues' business travel, allowing them to recognize the external costs of their activities and that of the Company. Additionally, the carbon price trend over the recent years is also provided to let the public appreciate the Company's carbon management expectations and intensifying control standards.
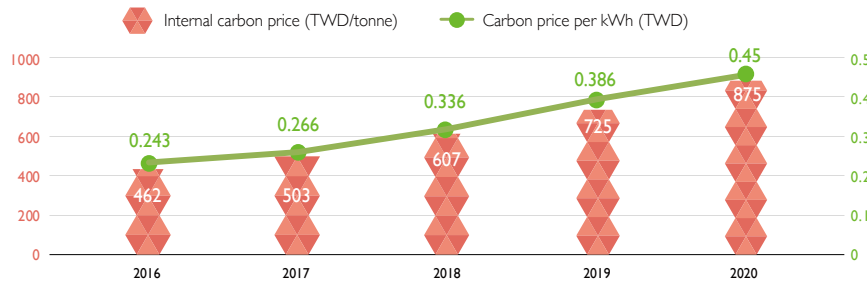
Note: The carbon emission coefficient of electricity is calculated based on the power emission coefficient of the previous year.

Create a Carbon-energy Management Ambiance

Discuss the organization's performance management solutions

Through the operation of the carbon-energy working group, energy conservation and carbon reduction have become the actions of all employees, so it is planned to evaluate the implementation results of all factories in 2020 through a multi-element indicator in conjunction with the IPMVP internal audit system.

Carbon Asset Management

Carbon neutrality has become an important subject for countries and businesses around the globe, and they have proposed short, medium, and long-range carbon reduction strategies to achieve carbon neutrality in the future. In particular, carbon asset management will become a crucial strategy for materializing carbon neutrality.

AUO introduced F-GHG destruction removal equipment in 2014 in response to the EPA's Early Action Reduction Project and received early carbon rights. In 2019, AUO continue to refine F-GHG reduction management and applied for the offset project, turning the Company's carbon reduction efforts into carbon assets.

Since 2014, AUO also stipulated carbon asset management strategies for the organization's buildings and events, as well as to promote internal carbon neutrality. Externally, we give back to society to facilitate carbon neutrality projects, making AUO one of the few carbon right donating enterprises in Taiwan. By 2020, we have accumulated 19 external donations and 10 internal activities.
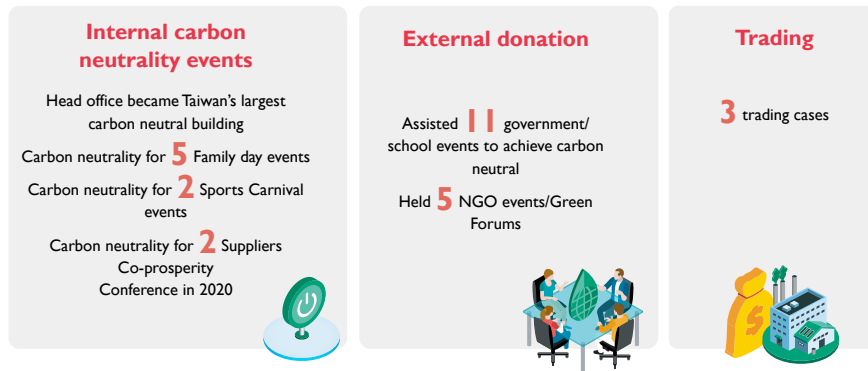
Site-level comprehensive evaluation mechanism

Innovation Proposal Competition Award

Since 2008, AUO has continuously strived for energy conservation, water-saving, environmental indicators, and raw materials reduction, and has invested a lot of resources in fostering an ambiance of environmental sustainability. The efforts of various factory teams in the competition are combined with substantial incentives to encourage our colleagues to continue devising new solutions. The ECSO internal incentive regulations are also formulated to act as further encouragements for our colleagues.

Promote All Employees Activities and Education and Training

Promoting energy conservation and carbon reduction through education and training is an important corporate culture of the Company. In 2020, AUO has engaged in professional knowledge promotions including the Green Knowledge green citizen campaign, which combines carbon reduction efforts with life. Upon the completion of the carbon reduction campaign, you will receive Green points that encourage our colleagues to lead by action. Community promotion is conducted to expose our colleagues to diversity at work and in life, thereby shaping our corporate culture and establishing the climate action of knowledge transformation.

Let us lose weight and love Earth together this summer!
Supporting the Green Knowledge green citizen campaign
Every innovative carbon reduction and energy-saving action will receive Green points.

Detective DADA is designing a tabletop game inspired by the theme of energy conservation and carbon reduction.
The game requires collective knowledge and search for the best answers from green.

Do you want to know how much carbon emissions we can achieve through simple environmental protection?
Partake in the 21-day carbon reduction challenge to see your daily contributions to carbon reduction.
It is so simple to reduce carbon by 1kg!

ESCO Internal Reward Measures

Proposal
- Creative Proposal
- Management Measures

Verification
- Energy Management Platform
- IPMVP Verification
- Expert Review

Reward

The reward prize level is divided by the quantity of electricity saving
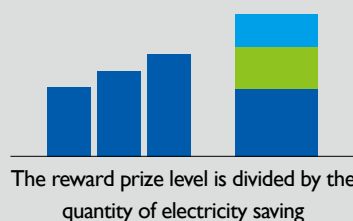
Promote All-staff Activities and Training

Category	Item	2020 Achievement	Note
Teaching material and knowledge	TE-Learning (Energy Conservation Common Knowledge) Challenge	277	person-time
	IPMVP Verification Classic Case Studies	30	
	Factory Affairs GP Energy Conservation Courses	688	
	Site GP Energy Conservation Courses	6,791	
Individual activity	Green Knowledge Green Citizen Campaign	2,264	
	Summer Energy Conservation Activity	1,386	
	AUO GP Annual Conference	57	
	Annual IPMVP Education And Training Workshop	30	
	Smart Manufacturing Exhibition	4,260	
Project participation	External Energy Conservation Competition	5	Number of submissions
	Annual GP Proposal Competition	32	Number of proposals

3.1.6 Life Cycle Energy Conservation and Carbon Reduction Project Accomplishments

Organizational Carbon Reduction

Smart factory management projects

1.Optimization of Compressed Dry Air (CDA)

Factory affairs power consumption constitutes 60% of factory-wide power consumption, with CDA being the main power consumers after analyzing the power consumption of various systems. Thus the number of CDA equipment operating is decreased to improve the situation. Besides digital power consumption reports, Taichung Site 3 also installed equipment to monitor the number of machines in operation and the CDA of various production lines. Once the production line CDA equipment increases and intends to start another machine, the manager can review power consumption from the real-time information and implement relevant measures, saving an estimated 4.85 million kWh of power.
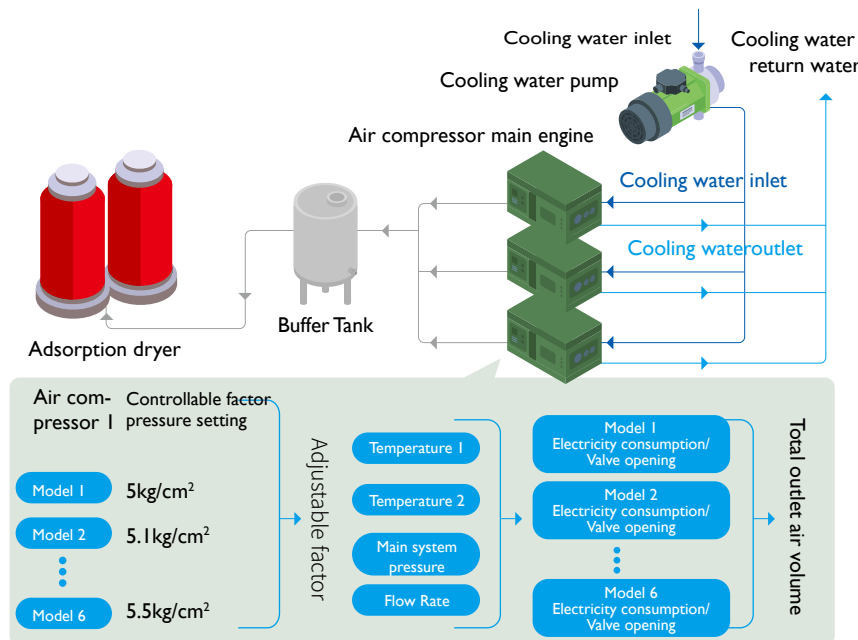
The CDA equipment consists of an air compressor, absorption dryer, storage tank, and circular coolant pump. After compression by the compressor, the clean, dry air is supplied to the user end, where a data analysis software is applied to establish the correlation between various data and calculate the optimal module. With a fixed airflow, various equipment can achieve minimal power consumption under specific pressure, saving power by 1.6%.

2. Chiller Operation Optimization

Chillers produce chilled water to cool down the temperature of the AHU, clean room chilled water coils, and machines. Data from the machines is collected by the monitoring system and sent to the database for categorization and processing, where the AI platform calculates the optimal predicted values before sending the data back to the monitoring system. Under the same AC demand, differences between the chillers are considered to regulate their loadings and lower energy consumption. At the same time, the optimal energy-saving configuration for fan frequency and the cooling tower is determined to achieve an overall power saving of 1.9%.

79
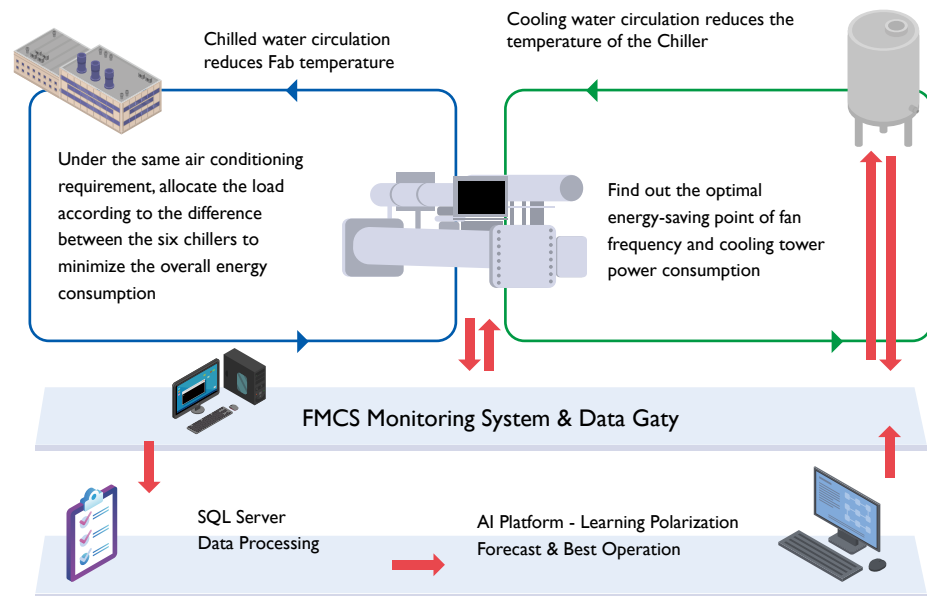
Industry-academia Collaborations

1. Prediction model for high-temperature chiller optimization

In the chiller power consumption improvement project, the chilled water temperature for each unit is regulated automatically by establishing a database and algorithm. At the same time, the best control point is determined by combining the equipment's power consumption with relevant parameters and configurations. In the collaborative project with the National Taipei University of Technology, complete data from 2018 and 2019 were used, where Pearson product-moment correlation coefficient (PPMCC) was applied to calculate the correlation between the parameters and compare the operation of chillers designed using different neuro networks to determine the optimal solution. Lastly, we improved the chiller loading regulation, as well as the main equipment and affiliated equipment to optimally generate chilled water using minimal energy. We also established a cooling tower abnormal operation early warning system and management model.
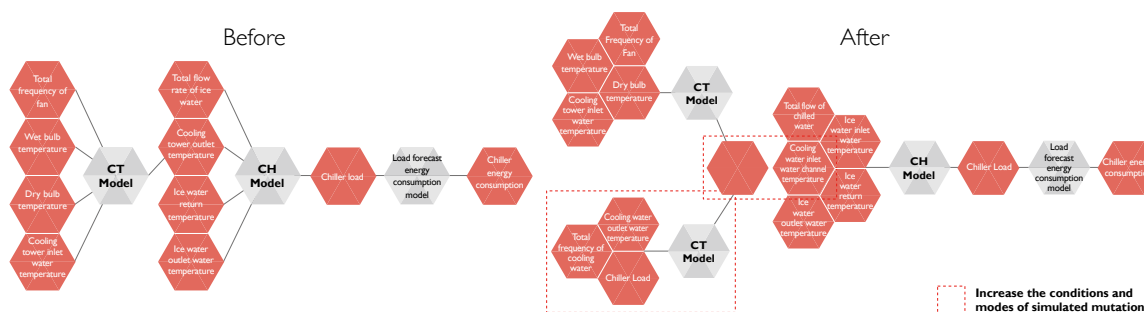
2. Power consumption loading prediction and contract capacity optimization

Contract capacity is influenced by factors such as season and production capacity in the past, this required adjustment based on the personnel's experience. AUO collaborated with the National Taipei University of Technology in 2020 to analyze the history of power consumption, weather conditions, and production data of the Longke site. This is combined with Deep Learning optimization to make arrangements for loading management or regulate power consumption, thereby ensuring effective electrical expense management. Furthermore, we can conduct forecasts through data collection and statistical analysis models to minimize additional operating costs.

Product Carbon Reduction

Product and technology carbon reduction

AUO has a product technology blueprint that is dedicated to materializing environmental friendliness and enhancing performance. The Company's key carbon reduction objective is to engage in designs and technological developments of energy-saving products. Panel transmittance is a clear indicator; the higher the transmittance means less power is needed to drive the backlight module, in turn lowering the power consumption specifications of the product..

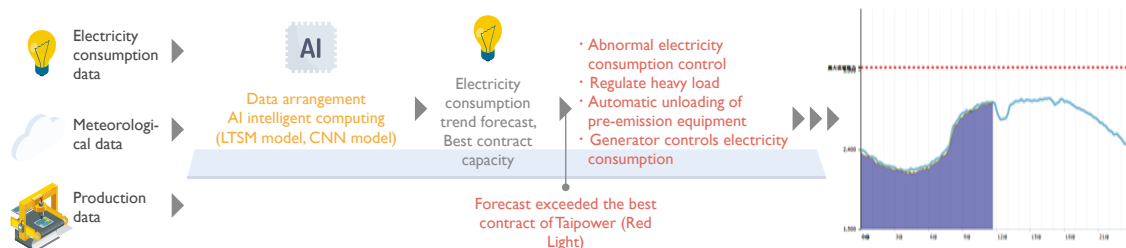In terms of television displays, AUO launched the 85-inch 8K/4K displays in 2020. Their transmittance has been improved by 20% through improvements in materials, manufacturing process, and design. In terms of desktop monitors, AUO has constantly pushed the envelope of low energy consumption displays without compromising picture quality. The optimized pixel electrode design minimizes the ratio of the masked area and maximizes the aperture ratio to improve the transmittance of the display panel considerably, in turn catering to the application needs of desktop monitors. Minimizing energy consumption is a long-term goal, AUO will collaborate with IC manufacturers in the future to design controller ICs with lower energy consumption to continue improving the products' energy consumption during use.

In terms of notebook displays, as consumers' demand for high resolution and energy-saving increases, the Low-Temperature Poly-Silicon (LTPS) production was introduced for personal computer displays. Now, light optimization is conducted through the light guide plate, improving transmittance and reducing power consumption. In addition, we also developed low voltage LCD material with our suppliers to decrease the display panels' energy consumption. In the future, we will develop low-frequency display panels to support different scenarios and further lower power consumption.

Product and Technology Carbon Reduction

Existing design AHVA H-type · **Improved design AHVA V-type** · **Display Vignetting**

Pixel electrode design illustration

Penetration rate △ ○

60Hz(target) — Browsing/Productivity
24Hz(target) — Media Playback Full Screen
20Hz(target) — Idle
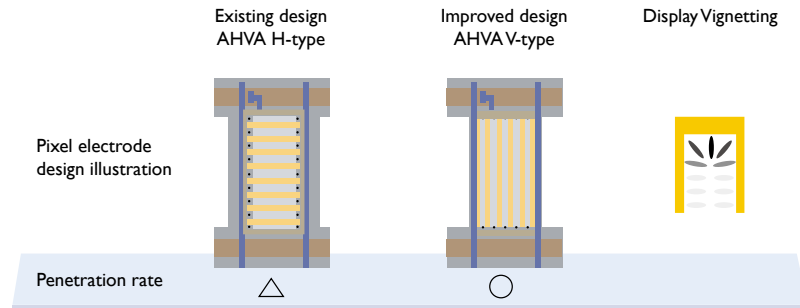
International Energy Label

Driven by the international energy conservation and carbon reduction trend and the market energy label. AUO continues to develop product technologies that conform to the Energy Star label specifications. As far as desktop monitors are concerned, a series of products has been developed for our clients in response to the Energy Star 8.0 regulations that took effect in 2020. As for the Energy Star 9.0, which has yet to be announced, our R&D unit will conduct an advanced assessment on potential new designs, technologies, and materials. Also, the manufacturing capability will be optimized in preparing to embrace the next generation of energy-saving products.

AUO continues to develop high-efficiency products with low energy consumption technology. This complies with the Energy Star's requirement, and corresponding technologies have also been developed for California Energy Commission (CEC)'s CEC Phase II verification standards.

Energy Star

Supply chain carbon reduction- GPARS management

In 2020, 19 important suppliers were invited to report quarterly electricity consumption and energy-saving measures for their factories through the GPARS supplier management system. The original target of reducing carbon by 10,000 tonnes per year during 2020-2025. In 2020, the actual carbon reduction was 13,008 tonnes, met the target successfully.

Energy Conservation Guidance Project

AUO is committed to supplier guidance, training, and exchange. We invited suppliers to conduct lectures in our factories and share practical experiences in improving operations, optimizing/updating equipment, and introducing smart management. An energy-saving expert group was also formed to visit our suppliers' factories to engage in on-site exchanges and improve energy conservation through inspections and briefings.

Raw Material Reduction

AUO has implemented raw material reduction for several years. Besides helping to improve profit, it also conforms to the spirit of circular economy and reduces GHG emissions due to the depletion of raw materials. Since 2015, the raw material needed to manufacture a glass substrate has been decreased from 0.23 Kg/m2 to 0.117Kg/m2, equivalent to a reduction of nearly 50%. This includes the optimized management of the developer. Due to its large consumption volume, the technical team developed the PLC function to upload key parameters such as developer replenishing time in real-time to monitor consumption. Furthermore, an optimization model is established to lower developer consumption by 30% daily while reducing carbon by 6,783 tonnes at the same time. New technology has also been applied to sludge waste. After the system was implemented in 2020, the weight of organic sludge decreased by about 35%, while cleaning and treatment expenses were reduced by roughly 40% on average. Compared to 2017, carbon emissions for the overall waste sludge removal and treatment was lowered by 2,186 tonnes

Carbon reduction (tonne) — EEI (Raw material Kg/m2)

	2015 Base year	2016	2017	2018	2019	2020 Target year
Carbon reduction	16,321	42,513	83,539		96,560	118,508
EEI	0.23	0.218	0.21	0.165	0.139	0.117

3-2

Water Resource Management

3.2.1 Goals and Results

AUO Water 2020 Goals

AUO plans to achieve the 3 major water resource development goals of water reduction, water creation, and water neutralization. In particular, the "water reduction" goal is to reduce the production water use intensity by 30%, the goal of "water creation" is to introduce 10,000 tonnes of reclaimed water every day in the manufacturing factory area, and the goal of "water neutralization" is to promote water conservation actions jointly with the supply chain. AUO saved water by 5,000 CMD through the value chain in 2020. Achievements in 2020:

Water Reduction Goal (Note)

Since 2018, AUO has engaged in the field of smart manufacturing. AI is integrated with mature technologies such as equipment automation and manufacturing process optimization, and applied to the optimization of water resources. Optimization models for various stages are created to constantly improve water reduction performance. For AUO Water 2020, water use intensity is 35% lower than the base year, an improvement over the original target of 30%.

AUO has continued to promote production water reduction, circulating water reuse, and increasing the recycling of production water, we have successfully decreased production water in 2020 by 1.19 million tonnes. In terms of production water recycling, AUO has recycled 158.46 million m3 of water in 2020, an increase of 13.05 million m3 from 2019. Production recycles rate also rose from 92.29% to 93.81%. In terms of water use intensity, due to the lowering of water consumption, a total of 21.69 million m3 of water was used in 2020, and water consumption per unit was decreased from 0.35 tonne/m2 to 0.32 tonne/m2.

	Process water consumption (10 thousand tonne)	Water consumption per unit (tonne/m2)
2014	2,610	0.49
2015	2,500	0.47
2016	2,440	0.43
2017	2,848	0.43
2018	2,870	0.42
2019	2,288	0.35
2020	2,169	0.32
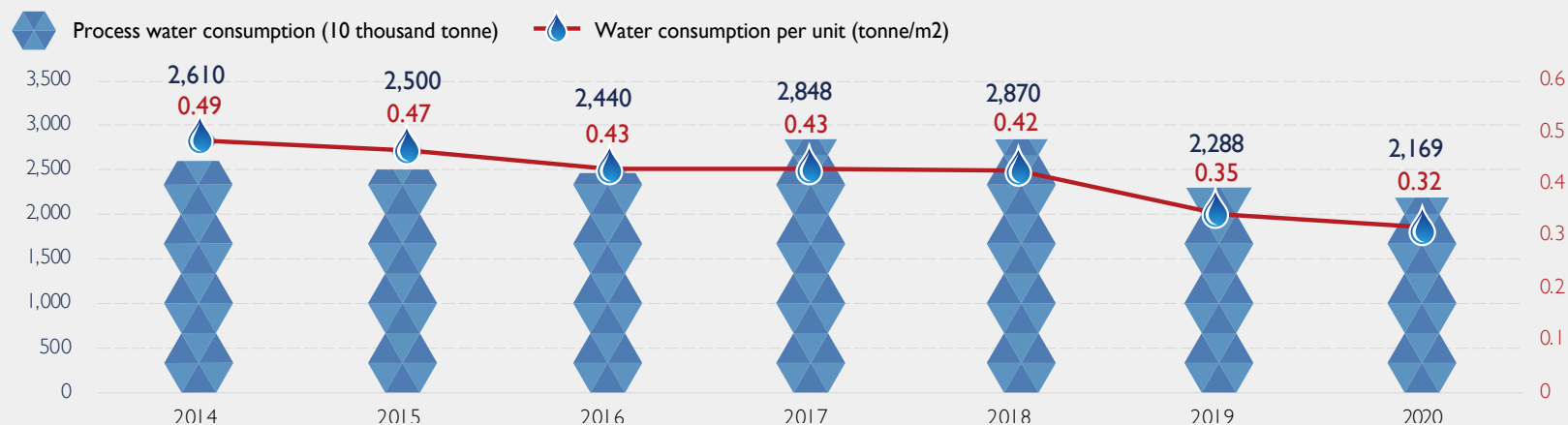
Note: Calculate the water consumption of the process to manufacture every square meter of the panel with the 2020 wafer starting area as the denominator.

Note: The accounting scope of water reduction goal only refers to sites in Taiwan.

The goal of Water Reclamation:

Since the progress of the reclaimed water project in Shuinan is behind schedule, the original goal of 10,000 CMD of reclaimed water cannot be reached for the Taichung site in 2020. However, the project's contract was signed in Q1 of 2021, and the water supply is expected to commence in 2023. The steady water supply will help AUO's Taichung site from water shortage zone restrictions. On the other hand, the goal of water creation is to introduce a wastewater reclamation plant in AUO's Kunshan site in China to stabilize operations. In 2020, reclaimed water usage in Kunshan every day amounted to 4,821 CMD, making it the primary source of production water for the site.

Water Neutralization Target:

Since 2016, AUO has invited 20-plus suppliers with high procurement amounts and high demand for water to promote water-saving management to address the risk of water resource shortage amid climate change and mitigate the impact of water shortage on operations. In 2020, AUO achieved water savings of 9,209 CMD, exceeding the target. In the future, we will continue to meet AUO's 2025 CSR water resource target and foster environmental benefits with our partners through the value chain.

2025 CSR Water Target

Due to climate change, the rainfall pattern in Taiwan has experienced significant changes. In particular, frequent droughts and floods have accelerated the diminishing of the reservoirs' storage capacity. In 2020, Taiwan was left typhoon-less for the first time in 56 years, resulting in an orange/red light water storage situation in central Taiwan, and the water supply was limited to 5 days a week. Faced with deteriorating climate change, water demand and production scale are assessed, while factors such as the tightening of regional water supplies are also taken into consideration. AUO has listed 3 production sites in Taichung as water resource-scarce sites. The main water source of the region (Note) consists of municipal water and a small quantity of rain water.

In response to the UN's SDGs and to mitigate and regulate the impact of climate change, AUO has integrated water-saving and creation goals into the theme of environmental sustainability. The value chain responds to the water shortage crisis collectively and saved approximately 100,000 CMD of municipal water. The water-saving goal for 2020 was 11,690 CMD, but actual water savings reached 36,020CMD, achieving the annual target.

Note: Mainly fresh water (≤1,000 mg/L total dissolved solids)

Water-saving Case Study

Implementing the Best Water-saving Solution

Compare the water consumption per unit between machines of the same model/the same production process in the factory, determine the difference and perform protocol verification to discover water-saving opportunities. In particular, downward aluminum wet etching is closed and the upward/downward photoresist spraying at the Houli plant is decreased to save water. Developer machine water cleaning volume is decreased and the air knife is activated to reduce solvents after cleaning at Taichung Site 1. Considering the high processing volume of the wet deacidification unit of dry etching at Taichung Site 3, the waste gas is centralized to minimize the number of operating machines. After implementing the 3 water-saving solutions, water-saving was improved by 521,000 tonnes compared to 2019.

Production process survey, direct water is converted to circulating water + WIS

The direct water approach was used during the production process for a long time, leading to significant water wastage. To increase water circulation, we have installed a tank to collect clean water from the rear section of washing and pump it to the front section for reuse. To reduce the long-term use of the circulating pipeline that causes fungi breeding that affects the yield of product, therefore, the sterilizer is installed to conduct cycle sterilization for the water in the tank, which can take into account both the yield of the product and the reuse of the cleaning water to achieve the purpose of reducing water consumption. Saved about 363,000 tonnes of water compared to 2019.
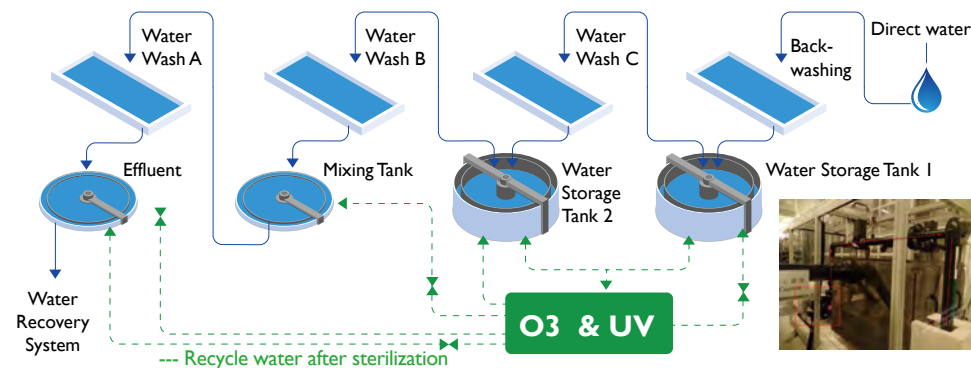
System Expansion

There were 8 filter membrane technology (UF+RO) systems in Taichung Site 1, the number was increased to 10, increasing reclaimed water by 200CMD, saving roughly 73,000 tonnes of water annually. Huaya factory changed to biological filters. The original design involved backwashing based on time parameters, and the backwash indicator was changed to the liquid level of the biological filter combined with optimization through water discharge classification. This resulted in water savings of 167CMD, saving about 61,000 tonnes of water annually.

3.2.2 Water Management Refinement Project

2020 Water Situation and Preparations

In response to the unpromising water conditions in Taiwan in 2020, AUO began monitoring water condition changes throughout the country in September and formed a team led by executives from the operations center in October, where weekly meetings are convened to devise advance deployment strategies. AUO's obtained water and water shortage zones in 2020 are outlined below.

Allocate Water Amount Based on the Source (ML)		In company	Water shortage pressure zones	
			Taichung	Houli
Surface water (including rain water)	Fresh water	9.58	0.16	0
	Other water	0.00	0.00	0
Ground Water	Fresh water	153.96	0.00	0
	Other water	0.00	0.00	0
Third-party water	Fresh water	24,532.31	11,170.24	3629.152
	Reclaimed water	1,764.53	0.00	0
	Other water	0.00	0.00	0
Total obtained water		26,460.38	11,159.28	3629.152
Total waste water		18,624.45	8,665.66	2,387.24
Total water consumption		7,835.93	2,493.62	1,241.91

Note: (Fresh water≤1,000 mg/L total dissolved solids) ML; Other water (>1,000 mg/Ltotal dissolved solids) ML

Water Condition Management System Implementation

We successfully developed AUO's water condition management platform by combining IT with the factory management system. With real-time information on various water channels, the manager can effectively monitor changes in water consumption used for different purposes and manage the implementation progress of various water-saving solutions to verify water-saving performance.

Accelerating the Implementation of Water-saving Solutions

Due to the unique circumstances, the manufacturing team kept a close eye on various testing details. Through regular meetings, sharing, and exchanges, the aim is to introduce water-saving improvement solutions as quickly as possible after passing through different stages of experiments and tests.

TCFD – Water Shortage Solutions

For the 2020 TCFD risk project, the extreme weather – Floods and typhoons causing water supply interruptions scenario has already formulated a rigorous water outage and shortage table-top exercise script, hence in the event of water shortage, the response team can apply the contingency plan directly. These include increasing the water production of water reclaiming system, depressurization of non-production water, increasing the concentration of the waste solution, and preparing water rights and water tankers, across various sites in Taiwan.

Oct.
· Set up a working group for regularly tracking every week and preemptive preparation
· Management Direction and Goals:
  · Information Collection (reservoir water situation, on-site tap water supply/demand monitoring)
  · Tackling Goals (increasing recovery rate, reducing manufacturing process water consumption, optimizing people's livelihood and factory water use)
· Launch the AUO water situation response management platform

Nov.
· Formulate water restriction countermeasures and increase water consumption monitoring points at the same time
· The introduction of the water saving plan in 2021 has been completed ahead of schedule

Dec.
· Share water-saving experience and work with suppliers to fight drought
· Increase the replacement frequency of recovery water consumables to strive for a higher recovery rate

Jan.
· Introduce water-saving programs in succession to bring reduction into effect
· Evaluate the expansion of water recovery equipment

Implement core strategies

Reduce water condition impact

Speed up the introduction of water saving programs

Water consumption target management

Water situation information control

Lay out the future
Continue to improve water-saving technology and cultivate management talent

Autonomous water saving
Exceed the regional water restriction limit target and increase the percentage of water consumption recovery

Trial Run of the ISO 46001 Water Resource Performance Management System

Water resource stability has always been a high-risk climate adjustment item. In 2015, AUO demonstrated our innovation in water resource technology with the first zero-emissions production technology in Taiwan. On the other hand, we are also eagerly learning externally and keeping abreast of international developments. ISO officially announced the ISO 46001 water resource performance management in 2019. To achieve systematic management, AUO introduced the system in 2020 on a trial basis. Based on the system's management requirements, we need to make an inventory of all the machines' water consumption status including production operation water supply model, monitoring and submitting the readings from the water meter, and system circulating water. Through digital dynamic monitoring, the factories' water supply system and equipment water consumption can be monitored. In conjunction with the Company's dynamic water consumption visualization chart, we can search for more water-saving opportunities more efficiently.
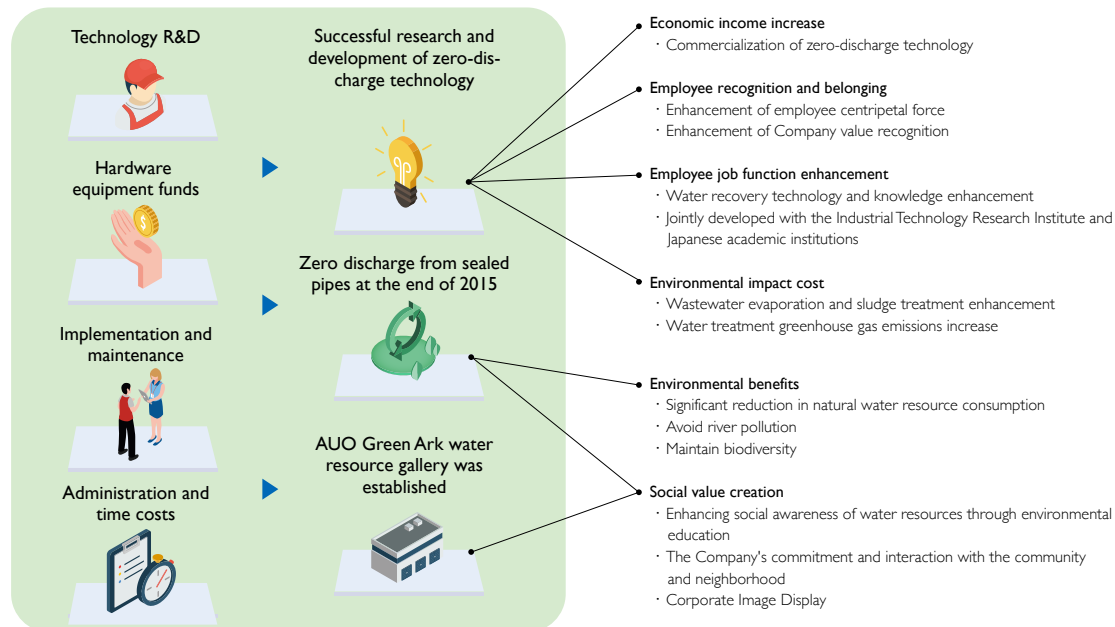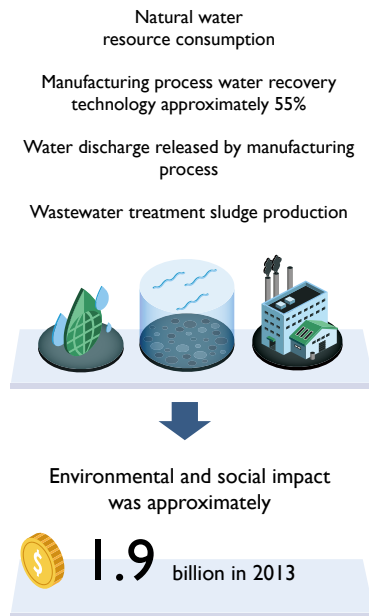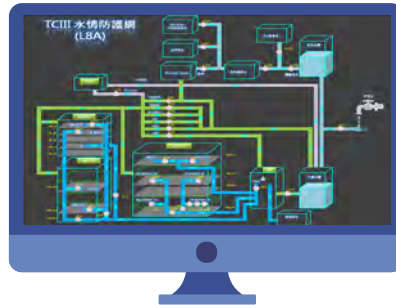
Evaluating the True Value of Complete Wastewater Reclamation – Application of True Value

AUO constructed the first 100% production water reclamation plant in Taiwan 6 years ago. To assess the effectiveness of the plant, the True Value method was applied in 2020 to monetize the environmental and social values of the project besides economic costs, where the combined performance of these 3 dimensions is evaluated. Taiwan has always been considered a high-risk water shortage area, the lay panel manufacturing process consumes a large quantity of water and there is no problem with effluent discharge. The total water reclamation technology lowers the consumption of natural water and effectively addresses the issue of effluent discharge. The monetization result shows a decrease in an environmental impact equivalent to TWD1.4 billion. While developing the total reclamation technology, AUO is also aware of our corporate social responsibilities, hence the GreenArk water resource education pavilion was constructed to reinforce the connection with the local communities and enhance people's water resource-related knowledge. The e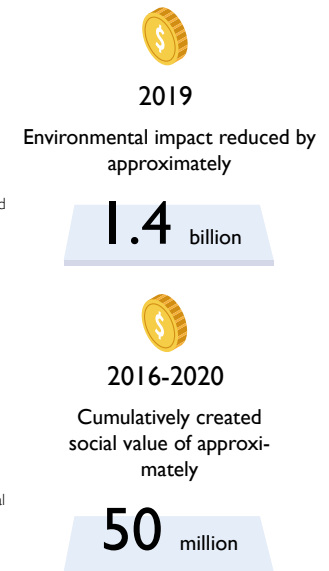valuation resulted in nearly TWD10 millions worth of True Value (based on 2019 statistics). After successfully developing the technology, AUO continues to improve our total reclamation technology; besides lowering the cost of zero-emissions operation at our Longtan site, AUO's new business AUO Envirotech also helped to develop water-saving technologies for different industries, in turn exerting our external influence.

For details please refer to AUO CSR Website

Natural water resource consumption

Manufacturing process water recovery technology approximately 55%

Water discharge released by manufacturing process

Wastewater treatment sludge production

Environmental and social impact was approximately

1.9 billion in 2013

Technology R&D

Hardware equipment funds

Implementation and maintenance

Administration and time costs

Successful research and development of zero-discharge technology

Zero discharge from sealed pipes at the end of 2015

AUO Green Ark water resource gallery was established

Economic income increase
· Commercialization of zero-discharge technology

Employee recognition and belonging
· Enhancement of employee centripetal force
· Enhancement of Company value recognition

Employee job function enhancement
· Water recovery technology and knowledge enhancement
· Jointly developed with the Industrial Technology Research Institute and Japanese academic institutions

Environmental impact cost
· Wastewater evaporation and sludge treatment enhancement
· Water treatment greenhouse gas emissions increase

Environmental benefits
· Significant reduction in natural water resource consumption
· Avoid river pollution
· Maintain biodiversity

Social value creation
· Enhancing social awareness of water resources through environmental education
· The Company's commitment and interaction with the community and neighborhood
· Corporate Image Display

2019
Environmental impact reduced by approximately

1.4 billion

2016-2020
Cumulatively created social value of approximately

50 million

3-3

Circular Production

3.3.1 Circular Management

Strategy and Operation

AUO has promoted green solutions to proactively shape a circular economy and respond to SDG-12 responsible production. We continue to examine and improve raw material reduction management during production and forge an alliance with the upstream/downstream value chain by consolidating technology and innovation, so as to take action to materialize and expand the benefits of the circular economy. AUO strives to attain the goal of a 135% growth rate by 2025.

To integrate AUO's sustainable corporate development with core operational strategies, as well as to realize "circular production", one of the Company's top ten goals of sustainability by 2025, AUO formed the Circular Economy Working Group that operates across different departments via horizontal integration. Comprehensive tracking indicators have been formulated in the product, manufacturing, and supply chain dimension. These include reduction at the source, product circularity certification, increase in the recycling and reuse of materials, and reduction in waste generation during the production process. Furthermore, AUO has collaborated with our partners to recycle packaging materials, develop reclaimed material technology and circular materials during the production process, thereby achieving the goal of a circular economy by taking action.
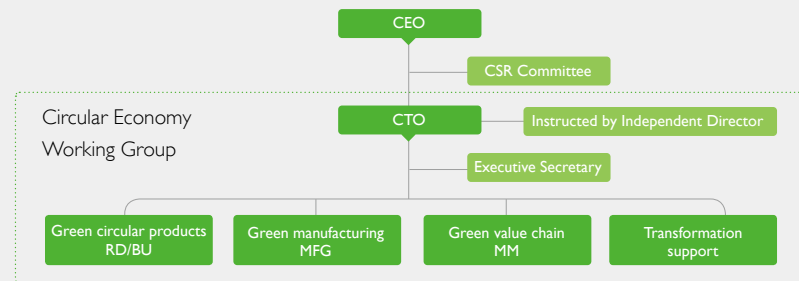
Management Outcome of Circular Production Goals

AUO's 3 major circular economy strategies in 2020 include: Green production, green circular products, and green supply chain.

Green Manufacturing

The value of raw material circulation used for green production is equivalent to TWD4.64 billion, these include the recycling of photoresist, reduction of sludge waste, as well as water reclamation and reduction.

Green Circularity

Green circular product completed the first display product produced using reclaimed plastic materials for our client, and the product has generated annual revenue of TWD374 million.

Green Supply Chain

AUO continued to recycle packaging materials and encouraged our clients and suppliers to do the same. In total, the value of recycled materials amounted to TWD910 million.

The goal of circular production is to develop production material recycling and waste reduction technologies, as well as the design and sales of circular products. Using 2017 as the base year, the financial growth target of **30%** was stipulated.

and AUO achieved the target with a growth rate of **41%** in 2020.

AUO is the First Display Panel Manufacturer to Receive the UL 3600 Circularity Certification

On November 27, 2020, AUO became the first display panel manufacturer to receive the UL 3600 Circularity Certification, demonstrating outstanding performance in the circularity of our products and display panel production. It also exemplifies the benefits of implementing value transformation over the long run. AUO has adopted the UL circularity certification standards to produce the 24-inch desktop monitors at our Taichung site, attaining a remarkable 75% circularity, 59% product circularity, and 91% site circularity, making AUO the first company to obtain the certification with our display panel product.
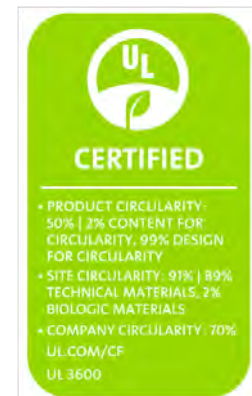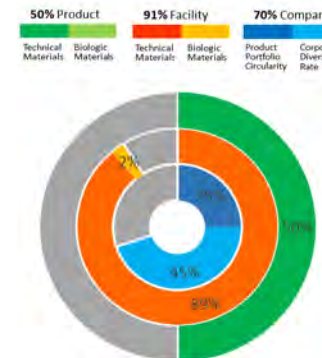
UL 3600 Circularity Certification assesses a company's circularity based on the recyclable content of a product and recyclability, as well as data such as factory waste disposal status, etc. The certification allows a company to plan the recyclability of the products and increase the use of reclaimed raw materials during the design stage while implementing the circular economy model. At the same time, it upholds the spirit of green production to facilitate the adoption of innovative waste reduction measures during the production process, thereby achieving more comprehensive economic benefits and minimizing environmental impact.

AUO has also introduced reclaimed plastic material to our products for the first time, where close collaborations with our suppliers and multiple certification specification tests were conducted to apply

PCR (Post-Consumer Recycled Plastic) to display panels. In terms of strength and productivity, PCR is identical to that of virgin materials, hence we have successfully expanded the scope of application of waste plastic materials. Also, defective glass substrates waiting to be scrapped are cleaned, inspected, and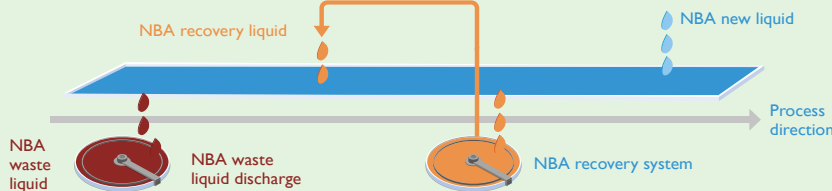 reintroduced to the production process to minimize waste generation. In terms of product material selection, the recyclability of steel, aluminum, and plastic is taken into consideration when scrapping display panels. They can be dismantled and reused for different purposes. To achieve the circular benefits of waste disposal at the Taichung site, refi on and reuse of solvents, minimizing the use of keto acids, and sludge reduction have allowed the site to achieve 91% circularity, of which 49% are recycled materials and 25% are repurposed materials.
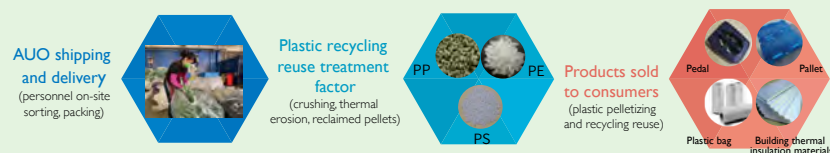
Circular Production Highlight

NBA Waste Solution Recycling and Reuse System

NBA (N-BUTYL ACETATE) is an organic solvent with excellent dissolving properties on photoresist. It is used for cleaning the edges of substrates at yellow light machines. Edge Bead Removal (EBR) is the solvent used for diluting the photoresist during the yellow light production process, and it can also be used for cleaning photoresists. During production, photoresists tend to accumulate on the surface of the spinners, hence EBR must be applied to clean up the photoresist. Inspired by the concept of a Circular Economy: We collected NBA waste solutions to reuse it in place of EBR to minimize EBR consumption while cleaning the machines. This resonates with the concept of a circular economy and redefines wastes.

NBA recovery liquid — NBA new liquid

Process direction

NBA waste liquid — NBA waste liquid discharge — NBA recovery system
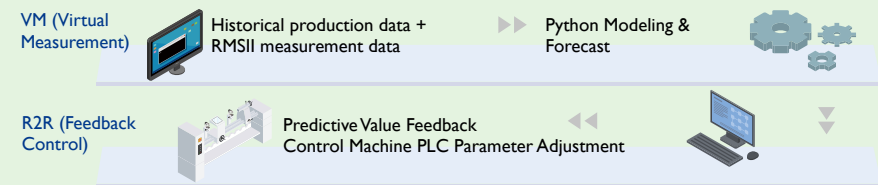
Recycling and Granularization of PE Films

Waste PE films are recycled and processed into granules before they are produced into garbage bags according to the customers' requirements. Turning business waste into usable resources minimizes the environmental impact.

AUO shipping and delivery (personnel on-site sorting, packing) — Plastic recycling reuse treatment factor (crushing, thermal erosion, reclaimed pellets) — PP PE PS — Products sold to consumers (plastic pelletizing and recycling reuse) — Pedal, Pallet, Plastic bag, Building thermal insulation materials

Precision Control over PR Stripper Consumption

Previously, during the photoresist stripping process, more strippers are used intentionally to maintain a relatively low photoresist concentration. Reducing photoresist concentration prevents poor product yield, but such a method often leads to stripper wasting. The smart manufacturing concept has been applied to the factory, where virtual measurement is complemented by the batch control model to develop the automated, smart photoresist concentration control system, successfully lowering stripper consumption during production, in turn achieving the goal of precision control.

VM (Virtual Measurement) — Historical production data + RMSII measurement data — Python Modeling & Forecast

R2R (Feedback Control) — Predictive Value Feedback Control Machine PLC Parameter Adjustment

Circulation of Alignment Material

Alignment material is coated on the glass substrate surface. Excess alignment material on the glass substrate is used to collect by qualified processing contractors and incinerated. To uphold the spirit of sustainable resources and reuse, AUO researched ways to guarantee the quality of the residual alignment material collected, where qualified processing contractors process the alignment material, and it is subjected to the most rigorous verification procedure so that it can be reused. In 2020, 13% of the alignment materials were reclaimed, equivalent to approximately 28 tonnes.

Before Improvement — After Improvement

Residual liquid collection, transport to non-primary liquid suppliers for refinement

Supplier (Raw Material Supplier) — User (AUO) — Processor — Processing Manufacturer

Residual liquid collection, clean up and disposal

After the processing is completed, transport back to AUO for use in the manufacturing process
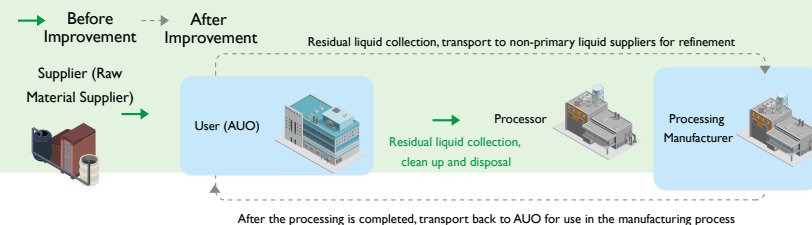
3.3.2 Wastewater Management

In realizing AUO's environmental policy and spirit, as well as our commitment to decreasing environmental impact, we have applied standards that are more stringent than legal regulations to wastewater management. In addition to categorizing wastewater at the source, we also vigorously search for recycling technology to materialize the spirit of a circular economy by reducing wastewater generation and wastewater discharge. Besides regular inspections, automatic monitoring is implemented to ensure the wastewater complies with relevant standards.

To ensure that the sewage discharged complies with legal regulations, AUO proactively seeks new processing technologies to improve pollutant concentration in the water and research ways to recycle reusable resources. For example, the resin is used to absorb and lower the concentration of molybdenum in the water; while the solution containing molybdenum produced after backwashing in the resin tower is chemically treated to become molybdenum oxide, turning it into a useful resource and achieving the purpose of resource reuse. Aside from back-end processing, AUO also focused on the source of raw materials to assess how to turn solvent-based strippers into water-based strippers with lower chemical oxygen demand. Moreover, waste photoresists are distilled to remove impurities, and their concentration is adjusted before they are reintroduced to the production process. With improvement and treatment at the source and at the back-end, besides decreasing pollutant concentration, AUO's wastewater discharge in 2020 was also 9.1% lower than that of 2019. By gradually lowering wastewater discharge every year, its impact on the environment will also be reduced.
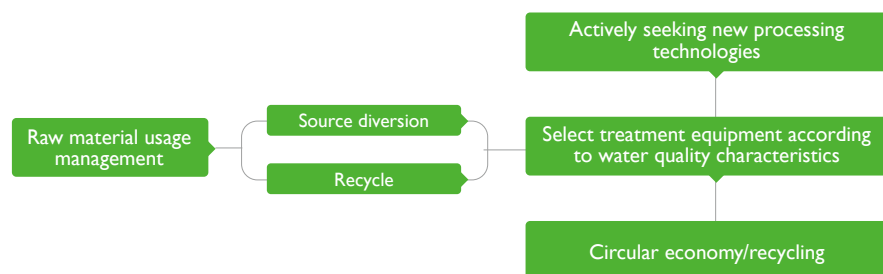
Smart Wastewater Management

AUO also applied smart management to wastewater treatment, where operational data and pollutant monitoring statistics are introduced to the control center for systematic monitoring and management. An alert will be issued for any abnormal situation to effectively and promptly monitor the operating condition of prevention equipment. In addition, the automatic chemical adding mechanism was introduced, and relevant data analyses are conducted to verify the volume of chemicals added and prevent wastage. In 2017, the Water Pollution Control Act underwent extensive revision, tightening control on high-risk heavy metals. Therefore, real-time monitoring and control have been introduced to the factory to prevent the risk of abnormal discharge.

Wastewater Ammoniacal Nitrogen Reduction Program

As a common ingredient in industrial wastewater, ammoniacal nitrogen not only depletes dissolved oxygen but also produces an unpleasant odor. To mitigate environmental impact, AUO has participated in Taoyuan City Department of Environmental Protection's "Nankan River Industrial Wastewater Reduction Management Program" by proposing the "Effluent Ammoniacal Nitrogen Voluntary Reduction Program" to improve the wastewater treatment system, as well as implement ammoniacal nitrogen reduction measures such as reduction at the source, etc. to improve the water quality of Nankan River.

In 2020, the UF wastewater recycling system was implemented to improve low concentration organic wastewater, where UF and RO systems are used to lower ammoniacal nitrogen concentration, and reclaimed water increased from the monthly average of 26,247CMD to 50,739CMD, improving the overall wastewater recycling rate by 93.3%, as well as effectively reducing effluent discharge.

AUO Wastewater Management Process
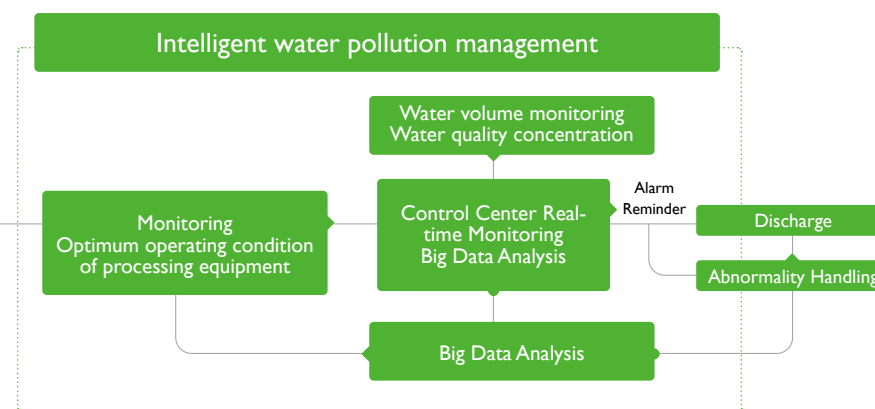
Source Management_ Developer Recycle

Waste developers could divided into high concentration developers and low concentration developers. In particular, the high concentration waste developer must be treated by the Up-flow Anaerobic Sludge Blanket (UASB), where organic substances are degraded by anaerobic digesters before broken down by a high-efficiency BioNET. Low concentration waste developers are subjected to a biological treatment system to break down organic matters, the water is also passed through the BioNET to further improve water quality. After introducing the developer recycling system, all the waste developers from the machines are collected and reused before being purified through the membrane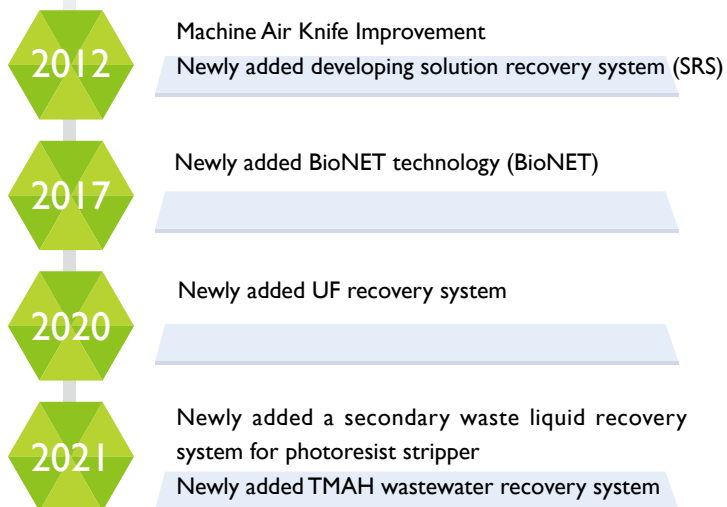 filtration system, adjusted to the appropriate concentration, and supplied to the machines. The total wastewater ammoniacal nitrogen was reduced by 37% after the recycling system was implemented. Furthermore, after the recycling system was implemented, besides effectively decreasing the consumption of developers, the burden on the wastewater system is also reduced, further optimizing water treatment quality and lowering sludge generation, in turn achieving the objective of resource sustainability.

Wastewater Ammoniacal Nitrogen Process

2012
Machine Air Knife Improvement
Newly added developing solution recovery system (SRS)

2017
Newly added BioNET technology (BioNET)

2020
Newly added UF recovery system

2021
Newly added a secondary waste liquid recovery system for photoresist stripper
Newly added TMAH wastewater recovery system

3.3.3 Air Pollution Management

The main air pollutants of the optoelectronics industry are VOCs, acid gases, and alkaline gases. These are divided at the source and treated with different treatment equipment based on the pollutants' characteristics. In response to air pollution prevention and complying with the legal regulations, AUO has also stipulated air pollution reduction targets and searched for new technologies to decrease the environmental impact.
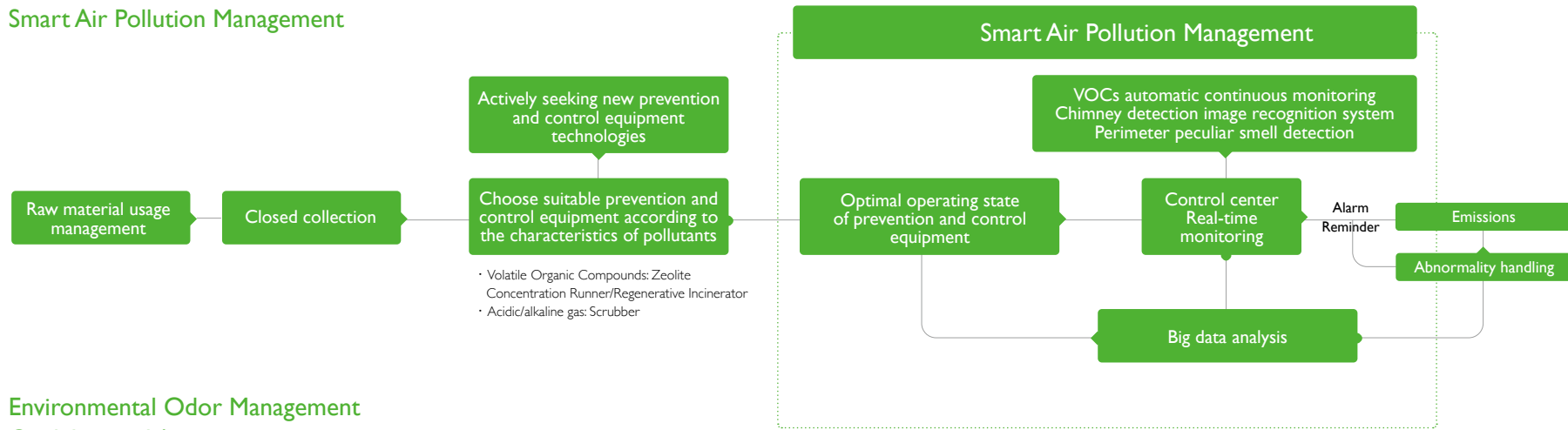
Materialize Environmental Reduction Targets

To materialize environmental pollution reduction, AUO's VOC emissions target for 2020 was less than 145 tonnes. AUO reviews the statistics of monthly meetings to make improvements and confirm the implementation progress and benefits by the target solution. In 2020, the actual emissions were 142.3 tonnes. For air pollution management, besides monitoring raw material usage at the source, AUO regularly conducts law identification to materialize law compliance. In terms of pollutant emissions, VOCs used during production are collected via a closed system at the front end of production before being condensed with the zeolite rotors based on Best Available Control Technology (BACT). It is then introduced into the Regenerative incinerator for processing and discharging. Acid and alkaline gases enter the scrubbing tower separately to undergo neutralization treatment. At the Houli and Taichung site, before entering the scrubbing tower, the acid gas is introduced into the wet static demister to let the waste gas carry a negative charge, where electrical properties allow the negatively charged mist to drift onto the collecting plate, in turn achieving the objective of pollution improvement and deodorization. By separating the flow of different gases, we have chosen adequate treatment equipment o to lower the pollutants' negative impact on the environment.

Smart Air Pollution Management

In recent years, AUO has engaged in smart manufacturing, emphasizing environmental safety and protection. Proactive management is implemented via smart technology and big data analysis. Big data is an important foundation of smartization, where the operating parameters of the prevention equipment are digitized and sent to the control center along with pollutant monitoring data for centralized monitoring. An alert will be issued for any abnormal situation to effectively and promptly monitor the operating condition of prevention equipment; big data is used as the basis for performing analysis, building models, and determining the key factors affecting operation, so as to optimize equipment operations and maintain optimal operating conditions. On the other hand, failure model effectiveness analysis is applied to conduct data analysis based on previous experiences within the defined boundaries. The aim is to analyze the failure model and its effectiveness and implement improvement measures. The outcome will be used as feedbacks, while relevant experiences and procedures will be standardized and used as the basis for future operations. The Company has collaborated with Industrial Technology Research Institute (ITRI) to introduce a smokestack image identification system, where an IP camera is installed on the roof and an image identification system will detect whether there is smoke from the image captured. The result is sent back to the control center for management for ongoing and proactive surveillance.

Foreword | Business Operations | Sustainable Management | Environmental Sustainability | Inclusive Growth | Agile Innovation | Data Overview | Appendix

2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

90

Smart Air Pollution Management

Raw material usage management → Closed collection → Choose suitable prevention and control equipment according to the characteristics of pollutants

Actively seeking new prevention and control equipment technologies

· Volatile Organic Compounds: Zeolite Concentration Runner/Regenerative Incinerator
· Acidic/alkaline gas: Scrubber

Smart Air Pollution Management

VOCs automatic continuous monitoring
Chimney detection image recognition system
Perimeter peculiar smell detection

Optimal operating state of prevention and control equipment → Control center Real-time monitoring

Alarm Reminder

Emissions

Abnormality handling

Big data analysis

Environmental Odor Management Guideline and Actions

Taiwan's hinterland is relatively small, so industrial areas are often found in the vicinity of residential and public areas. Waste gas emissions from factories often cause environmental odors that warrant special attention. Besides reinforcing prevention equipment management and monitoring the operating conditions of various prevention equipment, big data analysis is applied to make adjustments to the prevention equipment to keep them in optimal conditions. Self-management measures are established, and acid detectors are installed voluntarily near the factory area to conduct monitoring. Self-management measures are also implemented when the air quality is poor. Moreover, AUO also established a parameter patrolling mechanism to address odor management, where personnel patrol the areas frequently to ascertain the intensity of the odor and occurrence frequency. They will also ask for nearby residents' opinions to increase objectivity. In addition, they will bring along professional sensors to conduct testing and recording in fixed locations; should any abnormalities occur, prevention and adjustment measures will be implemented immediately according to the contingency procedure.

Strengthening Prevention and Control Equipment Management Mechanism

Environmental Peculiar Smell Improvement

Autonomous Management Mechanism

Perimeter Patrol Inspection System

Perimeter Patrol Inspection System

P Define Peculiar Smell Hot Spots/Types Planning Patrol Inspection Route

D Intensive Patrol Inspections, Sensory Perception of Peculiar Smell Professional Instrument Measurement

A Actively Seeking New Technological Prevention and Control Equipment Confirm/Optimize Prevention and Control Equipment Operating Parameters

C Analyze Monitoring Data Conduct Regular Third-party Calibration of Instruments
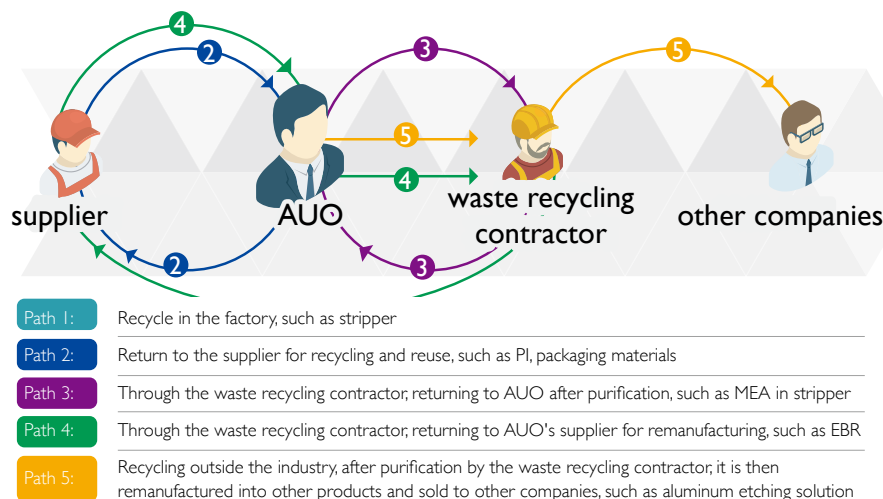
3.3.4 Reuse of Waste

To promote sustainable resources and reuse, as well as to shift away from the linear economic of manufacturing, production, and waste to a circular economy, AUO's waste disposal principle focuses on reduction at the source, reuse during production, and producing resource by-products. Next, qualified contractors are commissioned to carry out recycling before wastes are disposed of through incinerators or landfills. This is to ensure the efficient utilization of resources and foster a circular economy.

Waste Management Performance

The total hazardous waste in the Taiwan sites is 11,511 tonnes every year, of which a very small amount of nickel-metal hydride and lithium batteries accounted for 0.01% of the total hazardous waste and those are shipped to developed countries for recycling disposal in accordance with the essence of Basel Convention.

In recent years, due to technology and resource integration of waste circular economy, AUO's hazardous and general wastes have demonstrated absolute reductions, while there is a significant decrease in unit area indicators. With decreasing landfill capacity in Taiwan, the total amount of landfill wastes has shown a significant reduction of nearly 66% compared to last year. These are not only tangible eco-friendly actions but also engender the true value of a circular economy for the industry.
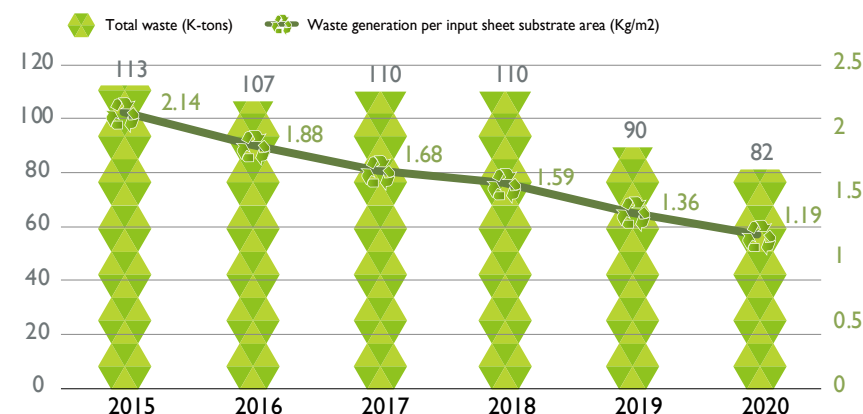

supplier — AUO — waste recycling contractor — other companies

Path 1:	Recycle in the factory, such as stripper
Path 2:	Return to the supplier for recycling and reuse, such as PI, packaging materials
Path 3:	Through the waste recycling contractor, returning to AUO after purification, such as MEA in stripper
Path 4:	Through the waste recycling contractor, returning to AUO's supplier for remanufacturing, such as EBR
Path 5:	Recycling outside the industry, after purification by the waste recycling contractor, it is then remanufactured into other products and sold to other companies, such as aluminum etching solution

Waste Classification

Waste Item	Treatment Method	Recycled Product
Sludge	Thermal Treatment	Controlled low strength materials (CLSM)
Waste glass substrate	Crushing	Additive for concrete and asphalt
HF liquid waste and dust	Chemical treatment	Industrial-grade sodium hexafluorosilicate
Indium dust and indium resin	Electrolytic refining	Indium ingot
Waste container	Washing and physical treatment	Plastic pellets
Aluminum Etchant	Distillation	Industrial-grade phosphoric acid
Mixed metal scrap	Crush and magnetic sorting	Metal recycling
Waste liquid with molybdenum	Reuse	Calcium molybdate

Previous Achievements

Year	Turing wastes into resources
2020	Organic sludges reduce and turn into resources
2019	Circular use of alignment material, organic sludges reduce and turn into resources
2018	Waste solvents recycle and reuse by cooperate with cogeneration contractors, which were meant to be disposed of through incineration.
2017	Zero liquid copper waste. The copper waste recycling project was implemented on the Longke site and Houli site.
2016	Liquid copper concentrate, extract and convert into reclaimed copper tubes through electrolytic reduction in Houli site.

Total waste (K-tons) — Waste generation per input sheet substrate area (Kg/m2)

Year	2015	2016	2017	2018	2019	2020
Total waste (K-tons)	113	107	110	110	90	82
Waste generation per input sheet substrate area (Kg/m2)	2.14	1.88	1.68	1.59	1.36	1.19

Complete Process Management Model Minimizes Operational Impact

Aside from searching for new technologies to minimize waste generation, in response to the drastic fluctuations in the waste disposal market and to manage wastes more effectively, the Waste Management Complete Process has been established for Taiwan sites through the ongoing review of previous management models and the impact of relevant events. From new material introduction and usage, as well as changes and adjustments made to the production process, AUO has established a process to respond to new wastes in advance and make confirmation with waste contractors. On the other hand, we are constantly monitoring changes in the waste disposal market and the processing conditions of the waste contractors. The amount of waste generated is combined with production information to analyze the difference between expected and actual output to prevent abnormal waste generation and disposal. The aim is also to achieve early prediction so that the disposal schedule can be arranged in advance. Before disposal, wastes generated are stored in the factory. Besides complying with basic legal regulations, the temporary storage facility is also monitored to understand the current stored states. In terms of waste contractors, they are regularly inspected and evaluated to discover high-risk contractors that require reinforced management and increased inspection frequency to confirm their improvement progress. The waste contractors' capacities are determined to facilitate waste disposal. In addition, the route of the waste contractor is also monitored and analyzed to prevent illegal dumping. Waste generation management is conducted through early warning planning to bolster the overall management mechanism and ensure that waste disposal has no impact on operations. Furthermore, wastes are handed over to qualified contractors for disposal and treatment per the law to lower the public's doubts on waste disposal in the technology industry.

Waste Contractor Management System

To fulfill our responsibility of managing our waste contractors, one of the key aspects of the waste management complete process is waste contractor management. When choosing a new waste contractor, a review must be jointly conducted by relevant units to make sure that it conforms to AUO's standards. Only by passing the review will the waste contractor become a qualified partner of AUO. In regards to wastes, regular inspections are conducted every year, and reinforced inspections must be carried out on high-risk waste contractors every 6 months to ensure that waste disposal complies with the law.

Percentage of Waste Generation and Treatment by Disposal

	Total quantity (tonne)	Recycled	Landfilled	Incinerated	Others[1]
Hazardous Waste	19,326.73	13,358.01	606.39	3,099.77	2,262.56
		69.12%	3.14%	16.04%	11.71%
Non-hazardous Waste2	62,184.21	54,423.13	1,526.14	6,077.32	157.62
		87.52%	2.45%	9.77%	0.25%
Total	81,510.94	6,778.14	2,132.53	9,177.088	2,420.18
		83.16%	2.62%	11.26%	2.97%

Note1 Other: Hazardous waste is produced by the waste water in Singapore site, nonhazardous waste is produced by chemical treatments in Taiwan sites.
Note2 Domestic waste in non-hazardous waste:
(1) Waste from the Suzhou and Xiamen sites is estimated based on the number of collections and average weight of each load.
(2) Domestic waste in the Hsinchu factory area is not included in the statistics.
(3) Manure and excrements from Hsinchu, Suzhou, Songjiang, Xiamen, and Slovakia factories are not included in the statistics.

AUO Waste Management Complete Process

Cleaning and Disposal	· Contractor Check · Contractor Processing Volume Control	· Abnormality Management Mechanism · Cleaning Vehicles Track Monitoring
Planning	· Control the Output of New Waste · Waste Risk Communication	
Temporary Storage	· Valuable Waste Monitoring · Temporary Storage Space Monitoring	
Planning Output	· Production Information Connection · Estimated and Actual Output Difference Management	

Waste Contractor Management System

Randomly	New Contractor Selection
Annually	Regular Audit
Six months	Strengthen Management for High-risk Contractors
Monthly	Handling Capabilities of High-risk Contractors Contractor Penalty Processing Status
Daily	Contractor Violation Information Tracking

4 Inclusive Growth

Balance business growth with the diversified development of key stakeholders to achieve inclusive growth

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4.1 Workforce Structure

4.2 Talent Development

4.3 Enjoyable Workplace

4.4 Human Rights Management

4.5 Health and Safety

4.6 Social Engagement

Friendly Workplace Annual Achievement

Happy Workplace

1. Life Banquet lecture 10th-anniversary lawn concert drew an audience of nearly **1,500**
2. Online Marathon challenges saw participation from 1,576 people and 77 teams, accumulating **331,926** km

Salary and Welfare

1. The first Company in the industry to offer pensions under the old system in advance, reaching a collection rate of **97%** and a total of TWD **2.46** billion
2. Retention rate of childcare leave without pay: Male **81%**, female **76%**

Diversity and Tolerance

1. More than **1,500** people have joined the female health care program
2. **Exceeded** the quota for the hiring and counseling of disabled employees
3. The Company covers the Filipino employees **100%** of expenses to let them work with peace of mind in Taiwan

Communication and Consultation

1. Held **17** "Symposium with Senior Executives" and **23** DL Symposiums
2. For the employee engagement survey, **3,900** questionnaires were collected, indicating that **78%** of our colleagues identify themselves as AUO employees

Social Engagement Annual Achievement

Community Feedback

1. Purchased **30,168** kg of excellent-quality neighborhood rice used for group meals and loving lunch box in caring for the elderly living alone in the neighborhood
2. Purchased premium local rice souvenirs totaling more than TWD **8.68** million
3. Offered **123** local underprivileged students scholarships

Care for Nature

1. **16,426** people participated in the 21-day carbon reduction green movement, achieving a carbon reduction volume equivalent to **12,600** trees per annum
2. Nearly **820** energy-saving proposals were received for the Green Knowledge green citizen campaign
3. Supported the Forestry Bureau's Friendly Environment Ecological Afforestation Project by adopting **4,500** **m2** of forest land for homeland protection purposes

Caring for Social Welfare

1. More than **2,000** employees raised nearly TWD **8.21** million for the Honest and Smart Scholarship, benefitting nearly 2,500 students
2. Accumulated about **8,245** volunteer hours

Promotion of Education

1. **7,843** attended the popular science and environmental education program
2. **306** engaged in educational volunteer service

Description of Material Topic

	Significance to Operations	Management Strategy	Evaluation Methods, Outcome, and Adjustments
Occupational Health and Safety	Employees and contractors are our important human resources capital, hence ensuring the safety of the workplace and the health of our employees are the Company's fundamental social responsibilities	1. Establish an internal control protocol and form relevant committees, where safety and health management representatives will promote various health and safety-related solutions 2. Stipulate safety rules that embody the concept of safety first	1. Conduct regular monitoring and inspection mechanisms such as the environmental safety directors monthly meeting and the Occupational Health and Safety Committee 2. Regularly conduct safety rule promotion and testing 3. Establish an internal communication channel such as the President's Email to ensure rights protection 4. Real-time inspection, improvement, and follow-up
Social Engagement	Contribute specialized skills, extend the value chain for joint participation. Besides fulfilling our social responsibilities and showcasing our soft power, we can also enhance cohesion and social influence	1. Founded the AUO Foundation along with the volunteer system to engage in social welfare and support social entrepreneurship 2. Created the CSR Best Practice Principles to review our impact on the community	1. Sculpt a volunteer culture, encouraging our employees to partake in various activities 2. The annual achievements are reviewed by the AUO Foundation board of directors, where the necessary adjustments will be made

4-1

Workforce Structure

Global Recruitment Strategy

In pursuit of an excellent enterprise with sustainable operation, AUO draws up a forward-looking recruitment plan based on the medium and long-term strategy in the aspect of the own operations, new business, and key positions. AUO is also responding to the digital transformation by integrating hardware, software, cloud and service platforms in order to extend our core business to a variety of new smart fields. This has in turn spurred demand for "3A talent":
• Advanced Technology: Talent for R&D on pioneering display technologies
• AIoT: Talent for smart manufacturing and big data analytics
• Application of fields: Talent for software/firmware integration and development
Through a fair and just recruitment and selection mechanism, AUO creates a friendly workplace environment with equal rights between the sexes, featuring multi-cultural integration and cross-generation. Thus, AUO ranked on Forbes World's Best Employers list in 2020.

4.1.1 Diversity and Tolerance

In 2020, the Company had 38,524 employees worldwide, with its presence in Asia, America, Europe, and other regions. Aiming at the global multinational employees, we are committed to creating a multi-faceted working environment of equality, integration, and development so as to promote respect for differences among employees in an open and inclusive atmosphere, learn together, strengthen team cohesion, and drive AUO's ongoing growth.

Female Careers and Comprehensive Care

AUO adopts an equal principle. Employee employment, salaries, and promotion are not differentiated by factors such as gender, ethnicity, nationality, religion, age, disability, political opinion, marital status, or union membership. Substantive action has also been taken to create healthy and friendly workspaces that respect the career development of both genders. These include providing range of sexual harassment prevention and complaints channels as well as a comprehensive maternal care plan to help female employees with their work-life balance and realize their potential. In 2020, women accounted for 28% of our management roles worldwide and we continued to offer career opportunities for outstanding women. AUO was also included in the Bloomberg Gender Equality Index for the fourth consecutive year due to our longstanding efforts on the issue of "gender equality." (2021.01) More than 1,000 women took part in our 2020 female healthcare plan. Our health and pregnancy consultation services were also utilized by more than 500 people.

Recruitment and Counseling of Disabled Employees

AUO began actively cooperating with the government policy on hiring of disabled people in 2008. AUO is convinced that physically/mentally challenged employees can overcome their disabilities and realize their potential with proper assistance. AUO began actively supporting the government's policy on hiring of disabled persons since 2008. Experts were invited to develop suitable job descriptions, re-design jobs re-design, and provision of suitable aids (e.g. wrist watches with text prompts for hearing-physically/mentally challenged employees, or large computer monitors for the visually-challenged). Job vacancies are being reviewed and re-designed (e.g. access control) as part of our move to smart manufacturing to provide more job opportunities. AUO has continued to exceed the hiring quota in recent years and 220 disabled people were employed in 2020.

Care for Filipino Employees and Socializing

Around 2,200 Filipinos are employed by AUO. To help foreign employees settle into their work in Taiwan, AUO's "Golden Triangle of Lifestyle Support" pays for their costs on coming to Taiwan and takes care of their local living arrangements as well.

Lifestyle Care
· Provision of language classes
· Establishment of Filipino-style shops and menus
· Creation of leisure spaces for meetings, hairdressing, and sports
· Regularly checks and two-way communication

Psychological Care
· Club activities: There are 16 clubs for active/passive activities as well as annual exhibitions of results.
· Philippines Cultural Festival: Promotion of two-way cultural fusion

Health Care
· Provision of medical assistance and healthcare with follow-up tracking and support
· Health promoting activities and health education to enhance health awareness

2020 Philippines Cultural Festival

The festival was launched in 2017 and is now in its 4th year. The purpose of the mission is recognition x interaction x appreciation. The theme of "Taiwan and the Philippines Match Together" in 2020 was expressed through photos, images and artworks of how they live and play together. The AUO LOHAS online system could also be used to like, share and vote on each other's contributions to bring Taiwanese and Filipino employees closer together.

7 sites
8 sessions
1,787 participants

"Together You and I" exhibition
Design of fun games to promote cultural understanding.

"Show Match" exhibition
Public recognition of outstanding and senior employees along with sharing of stories on bilateral cultural exchanges.

"What Friends are For" exhibition
The "Epidemic Prevention Star" is a record of touching moments in mutual protection during the pandemic. "1,176 km of Longing" presented communications to check on the well-being and health of faraway families.
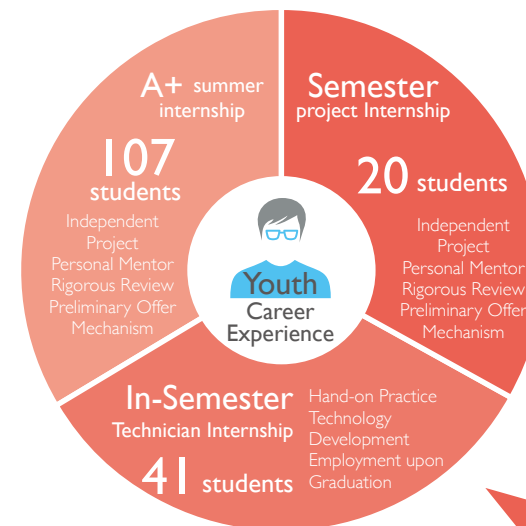
4.1.2 Diverse Career Experience Packages

Total Youth Internship Program

AUO offers a range of different career experience events to attract young talent. The events not only help students build up industry experience and contacts but also turn them into AUO's campus spokespeople for future recruiting efforts.

New-Generation Recruitment Marketing Plan

AUO makes adept use of diverse recruitment marketing channels to better communicate with the new generation of job seekers. In addition to physical campus recruitment events, we also use online job banks and social media to break down the time and space barriers for direct communication with job seekers. The first online live streamed recruitment event was conducted in 2020. The event offered the best method of interaction during the pandemic. It also demonstrated AUO's willingness to innovate to meet the needs of job seekers and enhanced our attractiveness as an employer.

A+ summer internship
107 students
Independent Project
Personal Mentor
Rigorous Review
Preliminary Offer
Mechanism

Semester project Internship
20 students
Independent Project
Personal Mentor
Rigorous Review
Preliminary Offer
Mechanism

Youth Career Experience

In-Semester Technician Internship
41 students
Hand-on Practice
Technology Development
Employment upon Graduation

"Thank you AUO for giving me the opportunity and honor to learn about the work culture here and to develop my independence. Through the internship, I became certain about my future direction and goals. I also made new friends and did not feel lonely at all. Thank you, AUO."

2020 A+ Intern - Student Bai

AUO's Diversified Social Media Platforms

AUOFacebook (AUO Career)   Instagram (AUO Career)   LinkedIn (AUO)

Feature

1. Live streaming of recruitment on social media
2. AUO managers invited to analyze industry developments and career prospects
3. Real-time QA session and prize draws

Outcome

3 sessions

Viewed by more than **30,000** people

540% increase in number of resumes received

Industry Talent Pool

A number of co-operative programs are conducted by AUO to help students connect with the industry and improve their employability. An industry-university center was also established in 2019 with the public and education sectors. The center offered a systematic framework for the introduction of external techniques, talent and opportunities that provided students with the chance to take part in actual projects.

Technical Collaboration

- Industry-University Project
- AUO partnered with 10 universities in 2020 on the development of advanced display, AIoT smart manufacturing and application of field technologies.
  (NTU, NTHU, YMCU, NCKU, NCHU, NSYU, NTUT, NTUST, FU, and TMKU)
- Collaborations with the MOST Global Research & Industry Alliance and top domestic/overseas universities helped AUO generate synergies by staying on top of global technologies and market trends.

Course Collaboration

Factory internships and collaborating with schools to develop custom courses

NTUT Department of Electrical-Optical Engineering
Classes taught by R&D managers in person (Opto-electrical theory/ Opto-electrical process)

NTUT - College of Mechanical & Electrical Engineering's Smart Automation Engineering Program
Industrial assembly line internship Chairperson/Factory director acting as corporate mentor (one-to-one career planning)

Talent Scholarship

Scholarships have been provided to 24 outstanding students since 2015. The scholarship reduced their financial burden and helped them concentrate on their studies.

4-2 Talent Development

Employee education and training at AUO are guided by the "Education and Training Procedure." Its purpose is to enrich employee knowledge and skills, improve productivity and quality, and ensure the effective utilization and development of human resources so that the employee growth is aligned with corporate development goals. Extensive resources are invested into employee training from the moment they join the Company. There are different training plans and phases offered by AUO for employees, such as new employee training, in-service training, and self-development to make employee learning and development systematic. Due to the pandemic, 53,667 man-day received training in 2020. We expect to meet the target of 66,000 person-days in 20201. With a people-oriented approach, retiring or departing employees are also offered references, career consultation, and other resources to assist with their future employment or career planning. Educational and training meetings for reviewing the training effect and countermeasures are regularly convened by the Academic Affairs Center of AUO University.
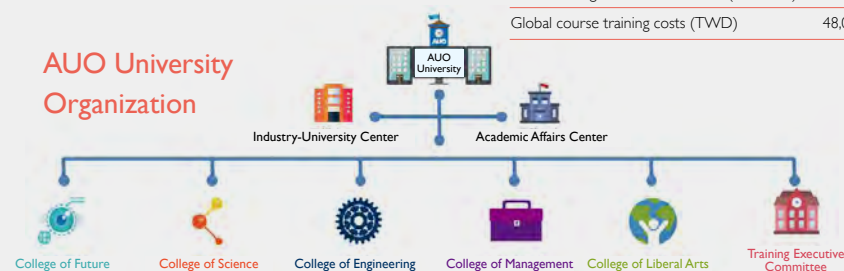
4.2.1 AUO University

The AUO Learning College (ALC) was established in 2001 to develop learning road maps and diversity plans in a systematic manner. Internal/external training resources were provided to encourage continued specialization and cross-training by employees. ALC was upgraded to AUO University to meet the needs of talent development in 2018. The AUO University was also organized into five colleges - College of Future, College of Science, College of Engineering, College of Management, and College of Liberal Arts - to design courses that correspond to R&D, manufacturing technology, leadership & management, quality management and business operations. A vice president serves as the dean of each college and course consultants assist with the development of educational resources within the organization. High-quality courses are offered by each college based on their core expertise. The Industry-University Center was established in 2019 so that external techniques, talent, opportunities and resources could be effectively introduced with the goal of becoming AUOers' best partner in learning and development.

2020 Global Talent Development Investment and Outcomes	
Global average course satisfaction (out of 10)	9.3
Global course training costs (TWD)	48,032,000

AUO University Organization

Industry-University Center   Academic Affairs Center

College of Future   College of Science   College of Engineering   College of Management   College of Liberal Arts   Training Executive Committee

4.2.2 Professional Training Courses

AUO University is organized into colleges and Education and Training Committees (ETC). The colleges are responsible for training on corporate strategy and culture, common professional expertise, as well as leadership and management. ETC play a critical role in the implementation of departmental training as well as helping employees (new, transfers, existing) with improving their professional knowledge and skills. Each departmental ETC develops a personalized training roadmap for talent cultivation based on position, seniority and professional complexity. The chair of each ETC (department head) convenes an education and training meeting every year to set the training plan and courses offered for the following year. Training performance is reviewed every six months. The Learning Passport scheme was introduced in 2015 to improve training efficiency. Employees are now provided with a personalizing learning blueprint managed through the Learning Passport. The Passport provides an organized way of cultivating employee job skills.

Teacher's Day Appreciation Event

AUO conducts refresher training for instructors based around the philosophy of "proper education and training" and "commitment and legacy." These include the appointment of deans and course experts, appreciation of outstanding internal/outside instructors, providing information about new teaching trends and recharging so that internal instructors have a better idea of their mission, accomplishments and accolades.

Internal Instructor's Comments :
· All the boutique courses and great instructors allowed me to learn a great deal of different knowledge.
· Mastered new teaching and learning approaches such as micro-courses that expand the mind.

2020 Teacher's Day event at AUO headquarters

2020 Kunshan site Teacher's Day event

2020 Suzhou site Teacher's Day event

2020 Xiamen site Teacher's Day event

Specialty Courses

College of Management

Micro-courses (Note)
· The management pain method was adopted to help managers, establish a proper understanding and mindset for performance management as well as offer techniques/methods on performance interviews.
· Outcome: Training was completed by more than 200 people.

College of Future

10-Minute AI Micro-Course
· 5G applications and smart healthcare are combined to learn about the scope of health applications.
· Theme：Why is Millimeter Wave technology being developed for 5G? Interpretation of smart healthcare application signs
· Performance: Over 100,000 clicks.

College of Engineering

Smart Manufacturing Module
· Range of basic to advanced training courses on digital technologies and their actual application in the work space such as Data Mining.
· Outcome: 9 courses were taken by 570 people with over 30,000 hours of training completed. Nearly 60 related project implementations have been produced so far.

Energy-saving Manufacturing to Create Sustainable Innovation" course series
· The 5-person AUO instructor team conducted workshops and inheritance classes that were produced into online courses.
· Benefits: More than 7,000 beneficiaries.

Micro-courses were introduced by AUO University in 2019. Course content were re-produced to organize and miniaturize course content. The smaller modules are easier for students to understand and allows them to learn everywhere.

4.2.3 E-Learning Cultivation Plan

AUO University has launched a variety of innovative e-learning plans to keep pace with AUO's digital transformation strategy. These are aimed at stimulating digital innovation among employees and creating a zero-lag learning environment.

2020 Micro Course Competition

The Micro Course Competition encouraged ETCs to pay more attention to the quality of micro courses and strengthened employees' production skills for online teaching materials. It also provided a bridge to micro-learning development in the post-COVID age.

Outcome : 61 submissions were received that involved more than 6,000 participants. 16 projects were chosen for recognition.

2020 Digital Hackathon

In the College of future plans to run 45-day hackathons aimed at identifying potential talent in data analysis. A variety of complementary online events such as "AI Pop Quiz" will also be held.

Outcome : 95 teams took part in competing against and learning from each other. More than 9,000 visitors were recorded.

4.2.4 Youth Empowerment

"GOLF Project" for University-Industry Transition

The Gap of Learning & Field (GOLF) alliance, co-founded by AUO, Compal, and Wistron, consists of 40 enterprises and 50 schools. The integration of participating companies' extensive training resources and internship opportunities provide over 100 online courses and 500 internship places to promote the linkage of university education with industry demand for talent. The business-university partnership encourage companys from more fields to join the alliance and usher in a new model of two-way industry-university collaboration and resource sharing to continuously promote sustainable operation with industry and academic integration. In 2020, the GOLF Alliance Corp. was officially registered to gather the enterprise's strength, combine government and academic resources.

GOLF Alliance Corp. also expand its integration of university and business resources to encompass southern Taiwan, eastern Taiwan and the offshore islands, and benefit more students.

Online Learning	Professional courses	Course Topic
More than 9,000 student accounts have been registered since the GOLF platform went live*	More than 260 courses are now available through the GOLF platform*	The learning roadmap is divided into three main topics Soft Power in the Workplace Cross-Disciplinary Learning Industry Expertise Students can take workplace general knowledge courses to explore what skills they need and to learn about the latest in other fields. These can be used with internships to support online training and offline practice.
*As of 2021/3/23		

For more information, please visit the CSR website and GOLF website

4-3

Enjoyable Workplace

4.3.1 Talent Retention and Management

Global Compensation and Welfare

AUO believes that employees are the greatest asset of a company, so we offer a diverse and competitive compensation package. Salary of worldwide operating sites is determined by the employees' educational background, previous work experience, professional knowledge/skills, years of professional experience and other factors, instead of differentiated by factors such as gender, ethnicity, nationality, religion, age, disability, political opinion, marital status, or union membership. AUO takes part in annual international market salary surveys, and salary adjustments are based on the job market and individual performance to ensure that we remain competitive. The starting salary for employees is at least 1.3 times the local minimum wage. In line with the Company's overall operation, team and individual performance, the short-term and long-term reward incentive schemes are designed according to different job flexibility to share profits with employees, so as to achieve the purpose of talent attraction and retention, the incentive mechanism and planned training of high-quality talents.

For explanation of global compensation and benefits data, please refer to the "Data Overview" for comparison of standard compensation and related ratios.

Group Insurance

In addition to the statutory social insurance provided by each operating site, comprehensive group insurance is also offered in Taiwan and China to provide life, accident, hospital and cancer cover at preferential rates. Employee families can also be enrolled in the group insurance even while on unpaid leave. Dedicated insurance plans are also provided for employees on business trips or stationed overseas.

Total Care for Expatriates

The AUO Expatriate Allowance and Benefits Regulations are reviewed every year to look after expatriate employees around the world and make sure they are in line with market standards. In addition to a free health exam before departure, expatriates are also encouraged to take their family with them. Employees and their dependents are provided with a high level of comprehensive group insurance and 24-hour International SOS medical assistance services. Monthly health newsletters are also sent to enhance the health education of expatriates. 15 expatriates

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received assistance in 2020. Basic allowances for expatriates are supplemented by children's education subsidies to help with their schooling overseas. Expatriates receive progressive reminders ahead of their scheduled return. They are also placed in a strategic position while the head office, their current and future supervisors jointly come up with a new career plan in readiness the employee's return.
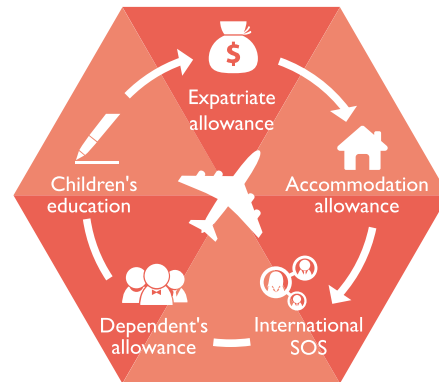
In response to the COVID-19 pandemic, employees can now use a digital device to access the International SOS global protection system and automatically receive the latest epidemic alerts based on their location. Quarantine dormitories have also been organized for the use of employees that cannot self-quarantine at home. A daily support system was also set up by the Wellness Center to look after their mental health.

Performance Management System

The Performance Management System is core to talent development and management as well as compensation design and planning. To ensure the validity of set goals, Management by Objectives is used to connect the company's overall strategic goals with the Key Performance Indicators (KPI) of each employee. The Performance Management System not only tracks progress on key goals. It also emphasizes employee performance and timely management feedback. Supervisor and peer feedback are also taken into account during evaluations. A "Personal Development Plan" is drawn up each year based on the outcome of the performance evaluation as well as the employee's career development requirements.
AUO also respects the diversity and differences among employees all over the world and specifies that the performance management system and assessment procedures are not treated differently because of gender, ethnicity, nationality, religion, age, disability, political opinion, marital status, or union membership. In 2020, 100% of the global formal employees completed the performance appraisal.

Pension Scheme

The "Retirement Policy" were drawn up by AUO to encourage employees to fully commit to their careers and work towards a stable, supported lifestyle after retirement. AUO contributes towards relevant social security premiums such as labor retirement, medical care, senior pension and so forth as legally stipulated at each operating location for every employee. For the Taiwan sites, AUO established the Retirement Fund Supervisory and Management Committee as required by law to oversee pension management and

retirement procedures. Under the old system, businesses are required to make monthly deposits equivalent to 2% of the monthly wages of eligible employees into an employees' retirement preparatory accounts in the Bank of Taiwan. The reserve currently amounted to approximately TWD 280 million. Withdrawals/deposits are controlled by the employer with no employee involvement. To safeguard employees' rights, AUO appoints actuaries to compile an actuarial report every year to ensure that the reserve is adequate to meet pension obligations. With the launch of the new pension system, the Company will deposit 6% of the employees' monthly salary into the employees' personal pension accounts in accordance with their pension interval. In addition to fixed deposits by the Company, employees can also choose to deposit any amount within 6% of their monthly salary to their designated account for tax exemption.

When an employee has met the requirements for legal retirement, he/she may submit a retirement application and opt to collect his/her pension under the old pension system (if he/she is eligible) once the process has been completed. Not only that, pensions in their designated account can also be accessed once they reach the age of 60. In 2020, 15 employees in Taiwan applied for retirement and collected TWD 20 million in pensions under the old system.

Parental and Unpaid Leave

AUO promotes a balance between life and work by doing everything possible to create a work environment where employees are treated with care and respect. For employees in Taiwan experiencing issues with childcare and breast-feeding, employees with at least 6 months of service may apply for unpaid maternal leave under the "Act of Gender Equality in Employment" and "Regulations for Implementing Unpaid Parental Leave for Raising Children." Unpaid leave is also available for reasons such as conscription, serious injury/illness, caring for a relative of first-degree, or personal reasons. AUO will automatically contact the employees 90 days before the end of unpaid leave to check on how they have fared while arranging for them to return to their original unit and position. Upon employees' return, Related training courses will be provided upon reinstatement to help employees settle back into their work. The reinstatement after unpaid leave rate in 2020 was 90%.

Special Case:
Early Collection of Old System Pension

The "Early Collection of Old System Pension" project was introduced by AUO in 2020 to thank senior employees for their longstanding support and contribution. Employees that have accrued years of service under the old system but not yet met the conditions for retirement can voluntarily apply for early collection of their pension. Up to 97% of qualifying employees applied to claim TWD 2.46 billion in pensions under the old system.

97%
Employees applied

A total amount of applied old system pension

24.6 billion

4.3.2 Labor Management Relations

AUO has labor unions in Suzhou, Xiamen, and Singapore. In Taiwan, the "Labor-Management Conference Procedure" has been formulated based on Article 83 of the Labor Standards Act and policies announced by the Ministry of Interior to ensure that labor-management conferences are held on a regular basis at each site for negotiation and discussion of labor-related issues. In principle, labor-management conferences shall be attended by an equal number of representatives on both sides, with 5 being the minimum and 15 being the maximum from each side. Representatives on the labor side are elected by all workers for a 4-year term, after which re-election is also possible. Labor-management conferences are held once every three months. There are currently 5 management representatives with 5 labor representatives from Headquarters and each site, in a total of 45 representatives. All employees can make recommendations to the company through their representatives. Quarterly labor-management conferences provide labor representatives with a clear picture of the Company's latest operation situation, manpower situation, and labor-related communication issues. The conferences help foster a harmonious labor-management relationship and mutual cooperation.

Welfare Committee

AUO Taiwan establishes the AU Optronics Corporation Welfare Committee (AUO Welfare Committee) to look after employees' life, maintain harmonious labor relations, promote employee relationships and their physical and mental health and encourage appropriate entertainment and leisure activities. AUO Welfare Committee members comprise representatives from various departments by a number of departmental employees and recommended or elected representatives of each department meet to carry out their duties, vote on welfare policies, and organize initiatives.

The benefits designed by the AUO Welfare Committee include not only holiday bonuses and travel subsidies but also cover employee's life, as well as unexpected situations or accidents such as childbirth, marriage, funerals, and emergency assistance. In keeping with the times, assistance with child-rearing was also provided in child care subsidies each quarter for children age between 2 and 6 with TWD 1,000 each semester in 2020, as most AUO employees are married and have children.

For sports and recreation, the needs of employees from different sites and age groups are met through club activities, partner merchants and sports seasons. Welfare platform vendors are contracted to make deals with partner merchants and leverage the resources of the welfare platform to provide access to nearly 10,000 partner merchants for food, clothing, accommodation, travel, education and entertainment throughout Taiwan. A search engine also allows employees to search for partner merchants anytime.

Communication and Consultation

Constructive employee relations are actively cultivated by AUO. Employee feedback can be given through a variety of open and constructive channels of communication. Case closure rate in 2020 was 100%. Employee relations specialist are also available at each site and random telephone surveys are conducted to check on employees' physical and mental well-being.

For the statistical data on each type of communication channel, please refer the "Data Overview"

Subsidy Type	No. of People Subsidized	Subsidy Amount (NTD)
Childbirth subsidy	691	3,892,000
Childcare subsidy	3,717	3,717,000
Condolence payment	1,875	1,875,000
Wedding subsidy	313	939,000
Emergency assistance	32	1,220,000
Hospitalization payment	484	484,000

2020 Highlights

Executive Town Hall
· Junior managers regularly invited to a relaxed tea party with the President and Vice Presidents of different business groups and manufacturing departments.
· Topics discussed include "Strategic Planning", "Company Operations", "Departmental Management", and "Human Resources."

17 sessions

DL interview
· Preliminary testing with Q12 employee engagement survey
· Interview conducted by the site's chief counselor

23 sessions
Collected 183 issues

2019 Average engagement of
72%

2020 Average engagement of
72%

Q12 Employee Engagement Survey

The "Q12 Employee Engagement Survey" indicators are applied by AUO to create a friendly working environment and boost employee identification with the company. Organizational atmosphere is monitored every six months to track employee sentiments. More than 3,900 employees were surveyed at random in 2020 to analyze variables such as unit, identity, and seniority. Average approval from employees in the four dimensions of basic needs, management support, team work, and learning & development all reached 72%. This year, 4 more engagement survey categories were added to investigate the net promoter score (NPS) of employees. 78% employees felt engagement with AUO. Sites and units can use the regular feedback to identify trends and weak-performing units. Improvements can then be devised and tracked such as employee experience, education and training, and departmental communications to serve as reference for optimizing organizational management and the company human resources policy.

4.3.3 Friendly Workplace

AUO believes that physical, mental and spiritual health are fundamental to happiness. The "LOHAS 5-Star Happiness" program focuses on the five aspects of Life, Office, Health, Activity, and System to enhance happiness.

<Life - Banquet of Positivity>

More than 200 performances have been held to convey the inspirational message of "Passion × Determination" since 2010. The themes of "Contemporary Arts", "Cultural Preservation", "Social Care" and "Think Big" were chosen for the 10th anniversary "Open-air Music Festival" at Mabuville to create special memories.

<Healthy Spaces - Site Fitness Center >

The sporting venues of the "Fitness Center" at each side were made available to employees and their families. Management was outsourced to professional sports marketing companies. Certified physical fitness and first-aid instructors were also introduced to provide all the necessary facilities and resources. The facilities include several courts for basketball, volleyball, badminton room, pool room, gym and aerobics classroom; recreational activities included the AUO Book Shop, children's playroom, and KTVZ room; the arts area included the cafe. In 2020, equipment utilization exceeded 82%.

<Healthy Diet - The Healthy Eating Quartet>

Up to 79% of AUO employees have their lunch and dinner at the company every day. AUO is committed to looking after employee health through more diverse menus and trusted kitchens. Under the "Healthy Eating Quarter", AUO monitors food traceability, implemented comprehensive cafeteria management regulations, and enforces the SOPs for environmental hygiene and kitchen staff. Environmental hygiene and food safety audits ensure a healthy and diverse menu selection in a dining environment that has character. Everything possible is done to enforce the core philosophy of Fhealthy food you can trust."

Part I: <Contemporary Arts> Sensory Experience of Passion and Determination

One Song Orchestra, artist Yan-Fu Guo and comedy actor Hau-ping Huang were invited to give indoor concert and talk show performances.

Caption: One Song Orchestra

Part II: <Cultural Preservation> New Looks for an Old Soul

Director Ruo-yu Liu, the director of U Theatre, paper-cutting artist Shih-yi Yang, and Liang-hsuan of Pili Puppet fame were invited to share how they combined their careers with their interests, the creative inspirations, as well as how they balanced tradition with innovation.

Caption: Shih-yi Yang giving a demonstration on paper-cutting

Part III: Exploring Society through "Social Care"

Worker author Li-ching Lin, and Yu-jen Yang the founder of the "Old Shoes Save Lives" movement, drew on their personal experiences to describe the lives of ordinary people living at the bottom of society, as well as how a hip hop artist launched an appeal for old shoes to help students in impoverished parts of Africa.

Caption: Li-ching Lin's down-to-earth approach resonated strongly with the audience.

Part IV: <Think Big> Proving Yourself

Exceptional people such as Cheng-min Peng and broadcaster Chan-yuan Hsu were invited to talk about their insights from baseball.

Remembering the 10 Years that Flew By - 10th Anniversary Open-Air Music Festival

A number of singers were invited to perform their own songs in their mother tongue over the past decade. Their passion and dedication imbued their music with its own soul. For the open-air music festival, 1500 employees and their families gathered at Mabuville where the banquet of life took place among the trees and green lawn. Singing and music brought together ten years of accumulated emotion.

The Healthy Eating Quartet	Implementation
Food Traceability	A food traceability database was established with dedicated personnel assigned to monitoring government reports. Any issues are immediately followed up and action taken to ensure proper food safety.
Cafeteria Management	The Cafeteria Management Regulations spell out the standards for environmental hygiene. Kitchen staff undergo annual refresher training on hygiene and their health exam results are reviewed on a regular basis to ensure that the SOPs for environmental hygiene and kitchen staff are being enforced.
Audit Mechanism	Hygiene Monitored (HM) certification has been obtained by AUO. We also arrange for SGS to carry out independent sampling and auditing of food hygiene and safety every month. These ensure there are no concerns with the food or environment.
Healthy Meals	AUO encourages employees to embrace a healthy diet that is low in sugar, fat and salt. WOW boards have been installed in the cafeteria to provide employees with a variety of food safety videos and information so they can not only enjoy healthy foods but also learn new knowledge.

Employee voting on environmental video

1,102 participants

cumulative likes
51,920

"Party Time" event
Participation of **75** clubs

\<Activity - Promoting Sports through Sports Seasons\>

Specialty Site Competitions

Specialty competitions such as ball sports and fun challenges returned to the sites again in 2020 due to their popularity in 2019. The fun low-threshold activities encouraged more employees to become active. Total attendance in 2020 was 3,055.

Online Challenges

The "Creativity x Marathon" campaign open to everyone was launched in 2016. In 2018, AUO used smart technology to develop the LOHAS APP (Note) and design an online marathon event. The COVID-19 pandemic in 2020 meant that employees were now encouraged to exercise at home. The online kinetic challenge used mobile devices and videos by professional coaches to detect proper posture and improve fitness. There was also a challenge on cumulative miles. The campaign encouraged more employees to join in together and take up exercising. A total of 77 teams were registered in 2020. Total attendance was 1,576 and clocked up 331,926 km.

AUO LOHAS APP is a general service integration app that contains information on employee benefits and interactive online events. The app provides employees with a way to communicate directly with AUO.

【Total Happiness Care System】

A total happiness care system was developed to promote the values of "people-centric", "compliance" and "safety first" from the AUO corporate culture. Club activities and internal site ambiance events helped employees get out more and balance their work and play.

AUO Clubs

The 160 clubs around the world cover sports, arts and culture, and philanthropy. The clubs enrich employee lives outside of work. Joint club exhibitions are held twice a year. In 2020, an online joint exhibition through the LOHAS app and a physical joint exhibition were held to recruit new club members and showcase their accomplishments for the year.

Site Ambiance Activities

A variety of themed sales promotions were organized as part of holiday celebrations. Charities and social enterprises such as Buy Nearby, Syin-Lu Social Welfare Foundation, Saint Joseph Social Welfare Foundation, and World Vision Taiwan were invited to set up stalls. An AUO Product sales promotion was also held during 2020. 3C products were marketed online and at AUO sites. Mock-ups were held to illustrate product applications in each field.

4-4

Human Rights Management

AUO is dedicated to safeguarding the human rights of employees. In 2006, AUO formulated four-stage human rights management system by referring to international standards, such as Social Accountability 8000, Global Sullivan Principles, The UN Guiding Principles on Business and Human Rights and Responsible Business Alliance Code of Conduct, meeting various regulatory requirements, such as freedom of employment, humane treatment, prohibition of discrimination and sexual harassment. Furthermore, diversified and effective communication mechanisms have been established together with the protection of the employees' reporting rights and interests, improvement of salary benefits, training and development opportunities, and course selection, ensuring that the rights and interests of employees are protected, and the social responsibilities are fulfilled.

🔍 Huan Rights Policy

Four-stage Human Rights Management System
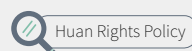
Risk Assessment	Prevention	Mitigation	Supervisory
1. Risk Identification 2. Light Warning	1. Human Policy 2. Anti-Sexual Harassment Policy 3. Occupational Health and Safety policy 4. Recruitment/ Appointment Policy	1. Education and Training 2. Awareness and communication 3. System Management	1. Grievance Channel 2. Audit System

4.4.1 Risk Assessment

AUO conducts human rights risk assessment every year to evaluate the risk value of the enterprise in terms of different human rights issues, including sexual harassment, working hours, occupational safety and health, discrimination, personal information risk, salary and welfare, hampering free choice of occupation and freedom of association. In 2020, through assessed high-risk human rights issues at sites via a communication channel, and identified working hours and occupational safety as high risk, and thus the training and communication were delivered through implementing mitigation measures accordingly.

4.4.2 Prevention Policy

Human Rights Policy

AUO's commitment to employee rights are clearly documented through the "AUO Human Rights Policy," "Employee Manual," "Work Regulations," "Recruitment/Appointment Policy," "Sexual Harassment Prevention Policy," "Unlawful Infringement Prevention Policy," "Employee Communication Policy", "Complaint Procedure" and "AUO Sustainability Policy." Employee human rights such as regulatory compliance, freedom of employment, humane treatment, prohibition against discrimination and sexual harassment, and safeguarding of employees' right to file grievances are explicitly protected through these documents. These measures were incorporated through our human rights education through the HR management process. A range of effective communication mechanisms, sound compensation and benefits, training and development opportunities, and course options were also established.

Anti- Sexual Harassment Policy

A "Sexual Harassment Prevention Policy" has been drawn up and a dedicated sexual harassment grievance mailbox put into place. Employees subjected to sexual harassment can file a written or oral complaint with the competent unit. If a case of sexual harassment is identified or suspected, AUO must establish a "Sexual Harassment Grievance Committee" made up of 5-7 people with no conflicts of interest. At least half of the committee must also be made up of women. Sexual harassment complaints received by the competent unit should remain confidential. The result of the investigation should also be reported to the Sexual Harassment Grievance Committee" for a decision to be made.

Occupational Health and Safety Policy

The HR center, Wellness center, ESH units, and the heads of each unit work together to build a safe and healthy workplace environment. Preventive planning and supervision is carried out for unlawful attacks in the workplace. Physical and mental counseling for employees, strategic planning on improvements of workplace safety measures, as well as risk assessment, training and education tailored to the work site are also conducted so that the necessary protective measures can be provided. Education on unlawful attacks in the workplace are conducted every year as part of the risk management measures. Education, training and information pamphlets are provided to help identify workplace violence and teach communication skills. These help with preventing or responding to workplace under certain conditions. Work areas with a history of workplace violence are also upgraded with preventive measures. 24-hour security cameras or alarm buttons are installed and regularly maintained if necessary. Work is assigned on an adaptive basis. These include making adjustments to manpower when necessary and the provision of necessary safety measures. Open channels of communication including a grievance channel are offered for unlawful attacks in the workplace. A grievance procedure has also been defined for the investigation of reported cases.

Employee Selection, Training and Retention Policy

Human rights protection is the overriding principle of the selection, training and retention policy. Employees are guaranteed freedom of movement on company premises including their workplace and dormitory. There is also a ban on compelling employees to work overtime. Employees will not be penalized for choosing to leave the company or end their employment contract. Nor do they need to pay for any costs upon employment.
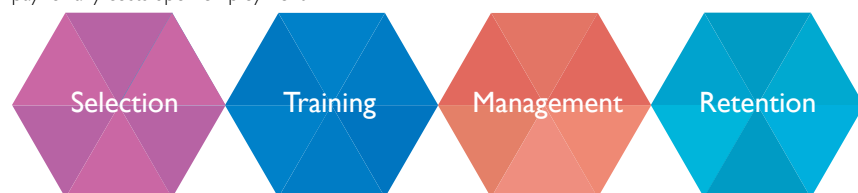
Selection	Training	Management	Retention
New employees are given a Corporate Social Responsibility course on the day of reporting to work, and they must pass the test in order to complete the new employee orientation training	Organize regular publicity and training courses every year to strengthen the human rights awareness of managers and colleagues	Based on various management regulations, if there is any violation of the human rights of others, it will be investigated according to the regulations	Regularly review the appropriateness of risk status, system regulations, and measure policy through the Supervision Unit

4.4.3 Mitigation Measures

Mitigation measures were implemented for education and training, communication, and system management in 2016 to reduce the human rights impact for internal and external stakeholders.

Mitigation Measure	Employee	Customer/Partner
Education and Training	· Human rights issues in mandatory new employee training and management training courses · Training and education is carried out for unlawful attacks in the workplace every year · Health seminars are conducted every year	· Communication mechanism for human rights issues · Annual audits of training mechanisms
Awareness and Communication System	· Promoting a culture of reasonable work hours · Provision of diverse communication channels · Held Personal Information Education Month annuallyr · Organize Health promoting activities annually · Survey on issues of concern to stakeholders each year	· Awareness at Supplier conference · Signing of "Code of Conduct Compliance Statement" · Signing of Integrity Policy · Signing of non-disclosure agreement · Customer satisfaction survey · Survey on issues of concern to stakeholders each year · Hosting of education, training and awareness activities · Signing of Confidentiality contract/NDA
System Management	· Personnel Time Management System (PTMS) · Management system for culture of reasonable work hours · Audit assessment	· Risk self-assessment · Audit assessment

4.4.4 Supervisory Mechanism

Grievance Channel

A variety of internal communication channels are used to improve labor rights. The strictest possible personal information protection guidelines and the "AUO Personal Information Protection Management Regulations" are also enforced to ensure that employee submissions are kept confidential and non-coerced. The "Violation of Ethical Behavior Reporting System" for example is used for reporting/filing grievances or suggestions. Regular monthly meetings, quarterly meetings, labor-management meetings, and Employee Welfare Committee meetings protect employees' right to organize, engage in collective bargaining. These measures help to promote healthy and positive labor0-management relations.

Human rights topics and policies are monitored through different committee. These include the CSR Committee, Personal Information Protection Committee, Information Security Committee, and Safety and Health Committee. The monitoring ensures that employees rights are protected and that social responsibility was fulfilled.

Audit System

AUO conducted a thorough review of each site's performance through an on-site audit, document review, and employee interviews in accordance with the RBA (Responsible Business Alliance) Code of Conduct. No human rights grievances or illegal use of child labor were found in 2020. To boost employee awareness on the importance of integrity governance and human rights, external consultants were retained to conduct CSR auditing practice courses. A total of 62 cadre from suppliers and AUO took part in the training.

2020 Human Rights Management Outcomes

Human Rights Policy Education For New Employees	Seminar On Unlawful Attacks In The Workplace	Site Health Seminars	Audit
Training was completed by 1,048 people with a 100% completion rate.	13 sessions A risk assessment was conducted on potential workplace violence by each unit.	3,494人 participants	11 internal audits 63 external audits

4-5
Health and Safety

4.5.1 Healthcare

The health and safety of our employees is important to AUO. The "I care Health Plan" launched in 2016 looked at three aspects, namely health risk prediction, health risk management, and health environment establishment to ensure the physical, mental and spiritual well-being of all employees.

	Health Risk Prediction	Health Risk Management	Health Environment Establishment
Feature	· Level of health risk: Healthy, Un-health, Treatment, Severe · The "Health Risk Management System" was used to determine the level of risk for health management. · A simple and intuitive app also allowed all employees to check their mobile phones for the latest health knowledge.	· Healthcare tailored to different requirements · A system of signal lights is used to provide professional assessments, psychological counseling and communication with unit managers. · Category: Special hazardous operations, prevention of abnormal workload, maternal health protection, prevention of ergonomic injuries, commuter injury, on-site visit by occupational specialist, and resumption/assignment of work by workers.	· Site safety score has been recorded since 2015 to improve the self-management ability of each site.
2020 Outcomes	System used 1,197,922 person-time	Health support provided 17,864 person-time	101,232 people took part in health promoting activities

Focus Event

National Blood Pressure Measurement

· Employees are encouraged to practice self-health management to prevent cardiovascular disease
· Up to 80,137 people from Taiwan sites
· Up to 4,630 people from Mainland China sites
* Those with abnormal blood pressure added to AUO's Star Catcher program to cap their working hours

Star Catcher Program

· System of warning lights is used to manage workers with hypertension and excessively long work hours. Risk is reduced support and capped working hours.
· 213 people were placed on risk-based caps (34 at high risk, 179 at moderate risk)
· 86 people were assessed to be at low risk

First-Aid AED & CPR Training

· Effective enhancement of employee's first-aid knowledge and skills
· Training completed by 579 people at Taiwan sites
· Training completed by 257 people at Mainland China sites

Work-Life Conflict and Employee Assistance Programs

· Provision of counseling services to look after the mental and spiritual health of employees
· Used 168 times for 109.5 hrs at Taiwan sites with over 31% being new users
· Used 481 times for 481 hrs at Mainland China sites
· Quarantine support provided 8,367 times for 1,466 hours

WLC, Work Life Coaching ; EAPS, Employee Assistance Programs

COVID-19 Response

AUO adopted an active response to COVID-19. In addition to cooperating with government measures, we also introduced a range of epidemic prevention measures ahead of time and made rolling adjustments. Our overall situation in 2020 was as follows.

Disaster Management	Health and Epidemic Prevention Measures	Description
Mitigation Phase	1. Evaluate the risks for all access points	100% control
	2. Deployment of temperature screening stations for all employees entering the site	100% deployment
	3. Deployment of hand-washing stations for all employees on-site	100% deployment
	4. Draw SOP for handling suspected/confirmed cases	100% complete
	5. Conduct regular checks on employees' contact/travel history based on CDC bulletins	100% of epidemic prevention self-health management surveys analyzed daily
	6. Risk assessment for business travel	Approximately 230 people
Preparation Phase	1. Education and training of all employees	100% employee inclusion
	2. Education and training for all contractors	Up to 280 people
	3. Compilation of Employee Epidemic Prevention Handbook	Available to employees on intranet and through AUO LOHAS APP
	4. Epidemic prevention pack for at-risk groups (pregnant women/chronically ill/ executives/ business travelers)	>900 sets
	5. Check and monitor the health of people with reported issues in their self-health management declarations	8,779 people / 24,254 times >370 people
	6. Health management for expatriates returning to Taiwan	Attended by >700 people
	7. Hosting of flu vaccine seminars	>11,000 people
	8. Fully subsidized flu vaccinations for employees	
Response Phase	1. Check on at-risk personnel undergoing quarantine and isolation	More than 32,500 people
	2. Nucleic acid and antibody testing	Nearly 31,000 times at Suzhou site

Effective epidemic prevention measures at each site reduced the number and duration of sick leave in 2020.

Xiamen site in particular mobilized employees for epidemic prevention during the COVID-19 epidemic. A total of 112 anti-pandemic pioneers and 195 outstanding anti-pandemic employees assisted with routine safety initiatives such as temperature screening, tracking of abnormal personnel, and face mask compliance patrols. They made an effective contribution to the protection of the working environment and personnel health. The Suzhou and Xiamen sites also donated blood to help alleviate blood bank shortages due to a dramatic drop in the number of people venturing outside.

4.5.2 AUO Safety Culture

AUO is a people-centric company that has for many years spared no effort when it came to promoting a culture of safety. We seek to construct an essentially safe working environment through risk management.

AUO Safety Culture

AUO Safety Culture is started from2012, and established safety indicators based on the prevention principle. In addition to the implementation through competitions, rewards and other mechanisms, external experts were also invited to share and arrange corporate participation visits to conduct industry exchanges. In 2018, AUO implemented Safety ABC 2.0, focusing on the key points of Company's safety management priorities, present the safety status of the factory area in real time, and establish the safety culture through participation of all employees. In addition to attach importance to all colleagues, the contractors are also important working partners, therefore the contractors are included to guide the contractor's operation safety through the supervision by the Company's safety and health colleagues and the contracting unit.

The outcomes at each site were assessed by AUO using six key indicators. Site status was presented every month in terms of safety climate to strengthen their management mechanisms. Weighting distribution was adjusted in 2020 to emphasize the goal of zero occupational injuries and zero industrial safety accidents through effective safety management. Physical classes on defensive driving for transport safety were also added to the safety challenge to look after employee safety during commutes.

To encourage managers to demonstrate leadership and caring in safety, and to encourage employees to actively identify hidden safety risks, the "Safety Leader" and "Safety Expert" competitions are held every year. A nomination system produced 22 Safety Leaders and 33 Safety Experts in 2020. No effort was spared by the winning managers and employees in promoting safety in everyday operations. They not only provided on-site support or mentoring but also came up with innovative safety strategies from a different perspective.

External Recognition

Honored with "Influenza Prevention Alliance Gold Award" by Taiwan Immunization and Vision and Strategy

Honored with "Health Role Model - Outstanding Healthy Workplace Award" by Health Promotion Administration

2020 Outcomes
- 0 major statutory occupational injuries
- Target: 0
- Frequency of Disabling Injuries (FR) of 0.32
- Target: Reduce FR to below 0.2
- 26 industrial safety incidents
- Target: Less than 20 incidents
- Contractor Management: 3 cases
- Target: 0 occupational injuries/incidents during hazardous operations

2021 Goals
- 0 major statutory occupational injuries
- Frequency of Disabling Injuries <0.2
- Industrial safety incidents: Less than 20 incidents
- 0 occupational injuries/incidents during contractor management of hazardous operations

Safety ABC

Six Key Indicators

Active Indicators	Reporting of near-misses
	Enhancing safety awareness
	Observation of safety behavior
	Contractor construction management
Passive Indicators	Disabling occupational injuries
	Industrial safety incidents

Safety Climate States

Clear Grade A — Safe

Overcast Grade B — Caution

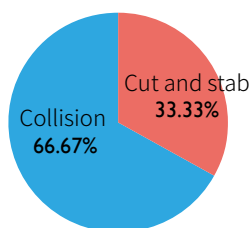Thunderstorm Grade C — Improvement Needed

2020 Global Situation on Disabling Injuries

Response: Safety culture awareness, afternoon PA announcements, re-assignment training and testing, amendment of checklists, strengthening of machine safety interlock inspections, amendment of emergency safety rules, and directing supervisors to check on the mental and physical condition of employees were implemented to ensure the safety of employees at work. AUO is continuing with the introduction of AI smart manufacturing 2.0 where human workers are replaced by automation to reduce the frequency of operator risk. We will continue to promote a culture of safety, study the cause of every accident, take proactive corrective actions and set targets for the eventual realization of a safe and friendly workplace.

Types of Injury (Employee)

Crushing injuries 7.7%
Collision 30.8%
Slips and falls 50.0%
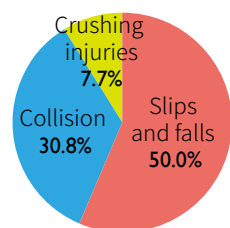
Type of Injury (Contractor)

Cut and stab 33.33%
Collision 66.67%

Occupational Disease Prevention

Chemical, physical, biological and ergonomic hazards were the four types of hazards identified by AUO in accordance with the definition of occupational diseases issued by the Occupational Safety and Health Administration, Ministry of Labor. Occupational safety and health management is enforced to ensure a safe environment. The following measures were taken to prevent occupational disease:

1. Execution of hazard identification and risk assessment process
2. Operating environments are inspected to develop improved management plans for high-risk areas. Source elimination/mitigation, process control and protective personal equipment are used to prevent occupational disease hazards.
3. Regular employee health exams, physical exams for special operations, and tiered management are used to prevent and monitor occupational diseases.

Monitoring of Operating Environments and Occupational Disease Prevention

In addition to regular testing of the operating environment as required by law, AUO also promotes other initiatives to ensure the health of our employees including: inspection of protective equipment to ensure a proper fit, substitution and reduced use of hazardous chemicals, as well as the introduction of ergonomic design and engineering improvements to alleviate and prevent musculo-skeletal injuries.

Automated disposal of scrapped panels

Autonomous ground vehicles (AGV) were introduced to automate the transport and disposal process. This reduced the risk of musculo-skeletal injury to employees from moving heavy objects.

Wrapping and strapping process

The manual wrapping and trapping process was automated to reduce the need for repeated crouching by employees.

Photo resist replacement process

AGV and UR Robot are used for replacing photo resists. This reduced the risk of musculo-skeletal injury from lifting photo-risk barrels and manual twisting of the barrel cap.

FMA (Failure Mode Analysis) of polystyrene carton transportation

Swinging booms were introduced to reduce the risk of musculo-skeletal injury to employees from repeated lifting during the process of taking samples and moving cartons.

Hazardous Chemical Substitution and Reduction

Hazardous chemical reduction: Photo resist stripper recovery

Once low-concentration photo resist (PR) stripper has been used by the PR machine it is discharged into the high-concentration PR stripper tank for dilution before reuse. The arrangement reduces the consumption of new stripper by 0.05 tonnes/machine/day and reduced total annual consumption of PR stripper by approximately 73 tonnes.

Pulmonary Occupational Disease Prevention

In response to overseas reports of pulmonary pathology due to the grinding of Indium Tin Oxide (ITO) target materials, dust-collection equipment was installed to reduce exposure during the grinding process. Employees are now also required to wear respiratory protection. Special physical exams are undertaken every year to monitor indium levels in employees' blood and tiered health management enforced. All blood tests show that indium levels among employees are within statutory limits (＜ 3.0 μg/L).

Respiratory Protection Testing

Respiratory protection are employees' last line of defense. There is still risk of exposure if they are not properly used and fitted. A fitting test program was therefore introduced in 2019. Employees exposed to hazardous environments due to special work must undergo at least one fitting test every year. Instruments are used to measure the fit between respiratory equipment and the employee's face. Respirator sizes or fitting method are changed if necessary. Emergency response personnel were added to the test program in 2020. The emergency rescue and decontamination tests also undergo fitting tests to ensure the safety of team members during disasters.

Occupational Safety and Health Training

Education and training: The company's New Employee Education and Training Operation Guidelines, Environmental Safety and Health Education and Training Management Guidelines, each department's own education and training management guidelines, the monthly environmental safety and healthy campaigns and tests, as well as humorous broadcasts of DADA and YOYO during the lunch break transform dogmatic training into a fun daily event for employees.

To prevent accidents during commuting, a 3-year plan (2019-2021) was drawn up by motorcyclists. Professional training services were also commissioned from government agencies or registered organizations to provide employees with defensive driving classes on-site.
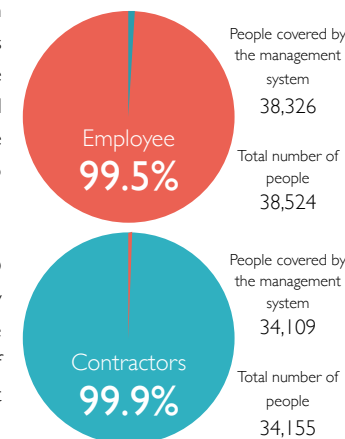
Site	Taiwan sites	Mainland China sites
People to be trained	12,865	2,475
Completed	8,805	1,046
Completion rate	68.44%	42.26%
The data was for the period October 2019 through September 2020		

Occupational Safety and Health Management System

ISO 45001 occupational safety and health management system was implemented by AUO across the board. Certified sites include Taiwan, Singapore, Suzhou, Xiamen, and Kunshan. The Taiwan sites also obtained CNS 45001 certification as required by law. The Slovakia plant has been converted to a maintenance center while overseas offices in Europe, US, Japan and Korea do not require certification as they are not manufacturing sites.

Relevant internal processes have been established by AUO to ensure proper occupational safety and health. A Safety Committee and Occupational Safety and Health Committee were also established. At the same time, open channels of internal communication such as the Chairman's mailbox are kept open to protect the legal rights of employees and shareholders.

Employee
99.5%

People covered by the management system
38,326

Total number of people
38,524

Contractors
99.9%

People covered by the management system
34,109

Total number of people
34,155

Internal Procedure
· Hazard identification and risk assessment process
· Environment, Safety, Health and Energy Management Review and Auditing Procedures
· Abnormal Incident Reporting Process and Investigation Process
· Information Communication Process
· Emergency Response Guidelines

Monthly Meeting for Environmental Safety Directors
· Members: Environmental safety directors, occupation safety and health management system implementation directors
· Handled in accordance with AUO Safety ABC campaign
· Meeting frequency: Monthly
· Provide workers with information and communication on occupational safety and health; use the implementation and assessment of occupational safety and health management system to identify high risks areas and work hazards in each department then develop corrective actions. Use near-miss improvements to recognize safety experts and safety leaders.

Occupational Safety and Health Committee
· Members: Safety Committee representatives and labor representatives nominated by each department
· Handled in accordance with AUTES-01-001 Occupational Safety and Health Committee Meeting Procedures
· Meeting frequency: Convened at least once a quarter
Topics of discussion:
1. Provide suggestions on the occupational safety and health policy proposed by the employer
2. Coordinate and provide recommendations on the occupational safety and health management plan
3. Review of safety and health education and training implementation plan
4. Review the operating environment monitoring plan, monitoring outcomes and measures taken
5. Review matters related to health management, occupational disease prevention and health promotion
6. Review proposals on safety and health
7. Review matters related to self-inspections and safety and health audits by business units
8. Review preventive measures for mechanical, equipment, material or parts hazards.
9. Review occupational injury investigation reports
10. Evaluate site safety and health management performance
11. Review matters related to safety and health management of contractor operations
12. Other matters relating to occupational safety and health management

Optimization of Contractor Construction Management Quality

Contractors are important AUO partners. To effectively ensure and improve their work safety and concepts, AUO incorporated management elements from regulations on contractor coordination organization, hazard notification training, and construction permit management to develop the Contractor Safety Management System. The system provides a platform to simplify operational communications. Further mechanisms and systems were also developed to ensure the safety of contractors working in each site.

Contractor Safety Management System

An integrated platform for contractor and AUO communications was launched in 2015.Platform features such as download area for AUO rules/ data and real-time bulletin area help optimize hazard notification training for contractors and enhance the quality of supervisor training. The innovative AUO supervisor training in particular systematically manages all construction-related training records of every contractor and AUOer.

2016~2020 Accomplishments

	Contractor qualification training	Contractor supervisor training	AUO supervisor training
	5,880 classes	**1,816** classes	**875** classes
	180,000 people	**33,000** people	**18,000** people

High-risk Cargo Handling Management System

In 2016, AUO mobilized our environmental safety personnel at Taiwan sites to promote the concept of risk prevention during cargo loading/unloading with our contractors through information pamphlets, on-site mentoring, and distribution of certification cards. The "Cargo Handling Safety Awareness and Operational Checklist" was drawn up and random inspections conducted to ensure that the system is being enforced.

Evolution of Contractor Safety Management

Legend: Under development (teal) · Online (red)

Contractor Management System	2015	2016	2017	2018	2019	2020	2021

- Contractor Safety Management System
- High-risk Cargo Handling Management System
- Contractor Tetralogy
- Contractor Safety Management System Optimization, electronic payment & online review
- Contractor Activity Management System
- Contractor Progress Management EDA System
- Contractor Safety Management System Optimization, online teaching
- Contractor's Construction Supervision Monitoring System

Contractor Activity Management System

An integrated activity management system was developed to effectively track the progress of contractor partners.

2019
· The system links the access control system, the Contractor Access Management System at the gates, as well as information on permitted work periods and locations from construction permits.
· Outcome:
1. Effective management: Statutory hazard notices, work hours, as well as anomalies site overstays and entry into unauthorized areas
2. Effective tracking: Progress on contractor's safety implementation and construction work

2020
· A management dashboard function was developed for information such as total work hours for that day and graphical representation of project risk. The visualized display provides an intuitive representation on the distribution of project risk.
· This can then be used together with past information to check on contractor operations when necessary.

2021
· Planning and training for online learning function
· Installation of comprehensive construction monitoring system.

4-6

Social Engagement

## 4.6.1 Social Inclusion Goals and Vision

The AUO Foundation was established in 2019 by AUO to fulfill our commitments as a green enterprise. The vision of the Foundation is to cultivate citizens for a sustainable society. The Foundation has four main areas of interest and has set up four volunteering systems to protect the natural environment, improve the quality of the living environment, promote environmental education, and practice corporate philanthropy. Employees are encouraged to take up volunteering in order to solve social issues and support government policies. Through mutual support, co-creation and cooperation, we can work with stakeholders to realize a better society.

🔍 AUO Foundation website
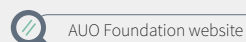
AUO Foundation's Four Areas of Interest

Charity Volunteers

Caring for Society and Humanities
Caring for the disadvantaged and helping others
Care about society through companionship for the disadvantaged, emergency assistance, tutoring and donations in kind

Green Volunteers

Green Living
Caring about the environment and the land
Participate in environmental protection initiatives and supporting local agriculture

Education Volunteers

Environmental and General Science Education
Transformational education and shared learning
Combine AUO's expertise in opto-electronics with general science and environmental education courses to cultivate future scientists.
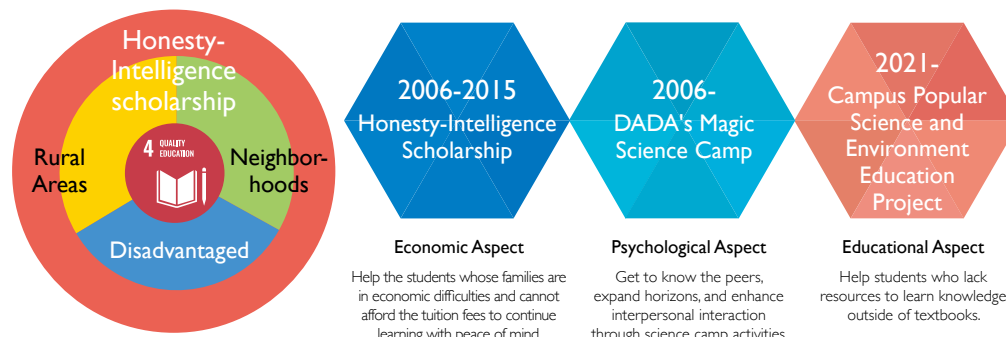
Cultural Volunteers

Natural History and Culture
Use the cultural venues on AUO sites to communicate local cultural treasures to the society at large.

Social Investment Outcomes in 2020

Category	Item	2020 Target	Actual Result	Achievement Rate	2021 Target
Cash	Fund-raising for the "Christmas Wish Fund"	$3,000,000	$3,800,000	127%	$3,000,000
	Fund-raising for the Honesty-Intelligence Scholarship	$8,000,000	$8,210,000	103%	$8,000,000
	Subscribing to local fruits, vegetables and other agricultural products through "Group Purchasing"	$1,500,000	$2,950,000	197%	$3,000,000
	Subscribing to quality locally-grown rice through Group Purchasing	-	$8,690,000	-	$8,000,000
	Donations to AUO Foundation	$3,000,000	$3,000,000	100%	$6,00,000
	Donation to the BenQ Foundation	$3,000,000	$3,000,000	100%	Project Closure
Time	Hours of Volunteer Service	14,000 hours	8,245 hours	59%	14,000 hours
Charitable activities	Green Party	4,500 plants	800 plants	18%	1,000 plants
	General Science Education – beneficiaries	4,600 persons	4,775 persons	103%	4,600 persons
	Environmental Education - Number of people Educated Taichung Site	3,000 persons	2,009 persons	67%	3,000 persons
	Environmental Education - Number of People Educated Longtan Site	700 persons	1,059 persons	151%	700 persons

*Some activities were not held in 2020 due to COVID-19 so the target for volunteer hours was not met

4.6.2 Caring for Society and Humanities in Action

Honesty-Intelligence scholarship · **Neighbor-hoods** · **Disadvantaged** · **Rural Areas** · 4 QUALITY EDUCATION

2006-2015 Honesty-Intelligence Scholarship

Economic Aspect

Help the students whose families are in economic difficulties and cannot afford the tuition fees to continue learning with peace of mind.

2006- DADA's Magic Science Camp

Psychological Aspect

Get to know the peers, expand horizons, and enhance interpersonal interaction through science camp activities.

2021- Campus Popular Science and Environment Education Project

Educational Aspect

Help students who lack resources to learn knowledge outside of textbooks.

AUO launched a fund-raising campaign in 2006 that asked employees to voluntarily donated one or more days' of their salary towards scholarships for elementary/junior high school students of good character from poor families. Eligible students were nominated by school teachers through a partnership with regional education bureaus.

AUO expanded beyond economic assistance to students in 2016 to organize the "DADA's Magic Science Camp" for scholarship recipients from junior high school in partnership with the National Museum of Natural Science and Yuan T. Lee Foundation. The camp on scientific theory, practice and applications inspired students' interest in science. AUO also recruited corporate volunteers as camp counselors to enrich the students' character through interactions during the camp.

Outcomes from Previous Years	2020 Outcomes
Honesty-Intelligence Scholarship · 15 consecutive years · Scholarship funds >TWD 138.2 million · Benefited more than 36,000 students DADA's Magic Science Camp · 5 consecutive years · More than 3,250 students took part in 48 camp sessions. Nearly 700 volunteers took part and volunteered nearly 100,400 hrs of service	· Supported by more than 2,000 employees · Collected nearly NT$ 8,210,000 in donations · 2 more regions added to the scholarship program (Tainan City, Pingtung County) · Benefited nearly 2,500 students · One-day Science Camp has been held 8 times. There were 608 participants and 176 volunteers.

AUO Wish Program

AUO launched the Christmas Wish Program in 2002 where charities in need of assistance can be nominated by employees. Gifts can then be donated to grant the children's Christmas wishes. Fund-raising for student subsidies was added in 2013 and crow-funding was introduced in 2020 to expand the reach of the "Wish Fund."

🔍 Honesty-Intelligence Scholarship website

2002-2012
Raise Christmas Presents
Raise Christmas presents for rural areas and social welfare organizations

2013-2019
Raise Presents & Scholarships
Establish Factory Area Charity Association
Expand the Fund Raising of Wish Scholarships

2020-
Public Fund Raising for Wish Fund
Expand Fund Raising Energy
Assist NPO Sustainable Operation
Establishing Benchmark-Social Innovation and Empowerment Star Catcher Program

Outcomes from Previous Years	2020 Outcomes	
· 19 consecutive years · Beneficiary units >130 · More than 9,000 gifts and nearly NT$15 million in donations were received	· Approximately 560 sets of gifts were donated · Up to 120 employees took part · 11 charities benefited **Wish Fund** • Funding proposals from 14 groups • Raised NT$ 3.8 million in donations • 12 proposals exceeded their funding targets	**Charity Engagement** · 6 long-term sponsorships: Seed Family in Taitung, Pqwasan Tayal, Kid's Bookhouse, Yu-De Children's Home, Baby Development Center, and St. Raphael Opportunity Center · 5 new charities for the disadvantaged added: Miaoli Special Education Care & Support Association, Taiwan Autistic Family Support Association, Cerebral Palsy Foundation, Angel Heart Family Social Welfare Foundation, Taipei Women's Rescue Foundation. · 3 "Teach for Taiwan" (TFT) partners: ThereforEd, Taiwan Meng-En Kids' Education Foundation, Kids Leadership Education Project.

The WOW SAX club made up of AUO executives visited Baby Develop Center in Taoyuan on Christmas eve to personally present them with TWD 300,000 in donations.

Features of the "Wish Fund"

Theme: Be A Giver
Method: The general public was invited to donate as well through the "Dodoker" crowd-funding platform to expand the sources of donations.
Feature:
• Training and counseling are provided by the crowd-funding platform to help charities develop better funding proposals and strengthen their donor relationship management.
• The process management and exposure provided by the platform improves the transparency of funding and project progress.
• The initiative was recognized with a special award in the Social Inclusion category of "Buying Power" awards.

— Scholarship (TWD)
— Gifts (Set)

Scholarship (TWD): 207,000 · 460,000 · 1,683,500 · 2,839,000 · 3,497,500 · 2,842,000 · 3,810,000
Gifts (Set): 120 · 425 · 421 · 688 · 429 · 560

年 2012 2013 2014 2015 2016 2017 2018 2019 2020

Charity Club Community Services

AUO employees have set up 7 charity clubs on their own initiative at each site since 2013 to practice social engagement and support local disadvantaged groups. The clubs regularly visit charities to provide companionship, cleaning, tutoring, holiday gift-giving, and on-site fund-raising. They also assist with student support, early intervention, and delivery of holiday goods. People volunteered more than 561 times and clocked up 1,724 hours of community service during 2020.

Philanthropy Overseas: Suzhou and Xiamen Sites

June 1st event:

- 80 books were donated to the Dream Library program and reading project.
- Wish Program: A small mask provides children with protection on their way to school. 2,000 children's masks were donated to poor students to provide them with a safety shield.

99 Giving Day Market:

A charity market is held on September 9 everyday that includes charity sales, charity clinics, and monthly subscriptions.

- Total donations amounted to RMB10,177 (Suzhou: RMB7,173; Xiamen: RMB 3,004)
- Monthly subscription: 103 Suzhou employees registered as monthly donors and have so far donated RMB 9,135

Small Farmer Support: Suzhou subscribed to 15 hectares of organic rice
New Year Gift-Giving: AUO visited schools near the Tongmei, Zhaocuo communities and on the coast to donate rice, flour, stationery and other supplies to 55 impoverished families

4.6.3 Green Living

AUO is committed to supporting environmental sustainability. A number of initiatives were launched in support of environmental days in 2020. Employee families, suppliers and outside units were invited to join in promoting green living through energy-efficiency and carbon reduction.

Protect the Green Fortress of Taiwan

AUO has organized the "Green Party" tree-planting event for 13 consecutive years and we began expanding our tree-planting efforts beyond our sites in 2020. To support "Eco-Friendly Forestation," one of the six pillars of the Forestry Bureau's "Taiwan National Ecological Network" policy of the Forestry Bureau, AUO Foundation partnered with Dongshi Forest District Office to adopt 4,500 m2 of land at Protection Forest No. 1436. Employees were recruited to take part in the 3-year cultivation period spanning tree planting to tree observation and re-planting. Their participation helped kick start the effort to "Protect the Green Fortress of Taiwan." Unlike the trees planted at AUO sites which focused on total quantity, the plantings at the protection forest were based on the size of the adopted area as well as the quantities appropriate to the local ecology.

2007-2018
Million Trees Planting Project
Organize Green Party Event to increase the green coverage of the factory area

2019-
Supplier Participation
Invite neighborhood / suppliers to join the action from the greening of the factory area

2020-
Protect the Green Fortress of Taiwan
National Land Green Network Program
Marine Ecological Protection
Local Community Development

Feature: "Maintenance by corporate volunteers" replaced the traditional approach of financial donations . "Tree Protection" also replaced tree planting.

Method:
- For the first 3-year forestation maintenance project, AUO committed to dispatching green volunteers at spring and autumn every year to observe the growth of planted trees and remove nearby weeds.
- Establishment of "Tree Protection Club": Tree protection cadre were cultivated through clubs at the Longke, Houli and Taichung sites. The cadre then served as the convener and instructors for subsequent maintenance visits.
- Local Cooperation: Long-term maintenance depends on the assistance of the local community. In addition to inviting the village chief of Kaobei Village to take part in the event, we also consulted with the local Niumatou Cultural Association to develop a local itinerary that incorporates the local sights, ecology, and culture.

Outcome:
- Planted more than 800 endemic Taiwanese tree species such as Negundo Chastetree and Oldham Elaeagnus.
- Saplings were painted in clusters to create tree islands and coastal eco-forests. These provide wind barriers that protect local houses and farms on the Taichung coast from wind-blown sand.
- The involvement of AUO employees and their families, the support of the government and local neighborhood, as well as the assistance of local historians gradually came together to create a tightly-woven green web of sustainability and culture.

AUO Foundation formed partnership with Dongshi Forest District Office, Forestry Bureau.

The green volunteers visit the forest plantation and protect the Taiwan Green Fortress through weeding.

Energy Saving and Plastic Waste Reduction Green Initiative

【Plastic-Free Green Action】

Intro: Launched on the eve of Earth Day
- Online support: The "Green Living 21-day Petition" was organized by the Taiwan Environmental Information Association.
- The online eco creativity relay encouraged employees to share their daily green activities or videos.

Outcome
- More than 1,000 submissions received.
- Liked and shared by more than 51,920 people.

Famous Detective Dada Tabletop Game was collectively fund-raised by AUO green citizens. The joint fund-raising campaign with AUO green volunteers converted carbon reduction knowledge into educational teaching materials.

【Green Citizenship Action】

Intro: Energy-saving and plastic waste reduction aimed at cutting carbon emissions
- AUO LOHAS APP online event
- "21-Day Carbon Reduction Challenge" recorded each person's carbon reducing behavior and presented them in the form of data.

Outcome:
- 16,426 people took part
- Carbon reduction of more than 12,600 trees per year
- Common carbon reduction initiatives: Non-use of disposable cutlery, and not taking the lift if only going up and down within three layers.
  Best carbon reduction habit: Recycle and buy less clothing.
- "Detective Dada's Desktop Knowledge Raising Program": Employees came up with ideas of energy reduction. The best of these were included in the "DADA Tabletop Game" so that everyone can brain storm the issue and turn them into a fun game.
- Outcome: Nearly 820 energy-efficiency proposals were made

Group Purchasing

The Group Purchasing channel was introduced in 2008 allowing for direct orders from the farmers and helping Taiwanese farmers expand their sales channel.

Overall Outcome
- Introduced agricultural produce from 12 counties/cities
- Made more than TWD 19 million in subscriptions
- Purchased more than 660 tonnes of rice

May 2018
"Love and Resilience Vegetables" event
- AUO purchased fruits and vegetables grown by Nanluo tribe in Jianshi Township, Hsinchu County, over the long term to actively support the tribal economy in Jianshi Township, Hsinchu County.

Since 2019
- AUO partnered with the social enterprise "Buy Nearby" to expand our assistance to small rural farmers.

2020
- Agricultural sales were affected by COVID-19 so AUO partnered with the Council of Agriculture, and local farmers' associations the transportation and sale of agricultural products.
- Xinxing Pears from Taichung, Pineapple Wax Apples from Taitung, Cherry Tomatoes from Chiayi, Watermelons, Pineapples and Lisanthus flowers from Yunlin, and Mangoes from Pingtung were chosen for holiday gift boxes. Employees were encouraged to buy the boxes for gift-giving while AUO also purchased boxes to give to contractors. Total sales exceeded TWD 2.94 million.
- Quality locally-grown rice gift boxes worth more than TWD 8.68 million were purchased for shareholders' meetings, business gifts and employee cafeterias.

2020 Outcomes in Community Engagement

Longtan Site
- Local symbiosis: AUO adopted the road cleaning costs (TWD 630,000) for neighboring Gaoyuan Village.
- Supporting local agriculture: AUO purchased 15,768 kg of quality rice directly from the farmers for employees to enjoy, and to provide 6,056 charitable lunch boxes for local seniors living alone
- Scholarship funding: To help students from disadvantaged families, TWD 219,000 were disbursed through the Honesty-Intelligence Scholarship to elementary and junior high school students in Longtan District and Xinpu Township

Houli Site
- Local sponsorship: Assistance to 50 impoverished residents and local celebrations.
- Supporting local agriculture: Quality rice produced by Houli Farmer's Association is used exclusively in employee cafeterias. 14,420 kg of quality rice were purchased directly from the farmers. We also purchased 421 boxes of local high-mountain grafted pears as Mid-Autumn Festival gifts.
- Scholarships: Provided to 60 disadvantaged elementary and junior high school students from the five neighboring villages of Guangfu, Dunnan, Houli, Gongguan and Houli.
- Charity care: The volunteer club "Friendly Love" have been periodically offering their help and services to the neighboring Dajia Zhenlan Children's Home in order to send their love and care to the children there.

4.6.4 Promotion of Environmental and General Science Education

DADA's Magic Land

AUO continued cooperating with the National Museum of Natural Science in 2020 on providing guided tours by reservation and special holiday events at different times to generate public interest in opto-electronics.

Employees' families were invited to try out the "DADA for Elementary School" based on "learning from Nature." the program combined the exhibit resources and the 2019 curriculum to cultivate the scientific and environmental knowledge of students. These included the use of exhibition aids to learn about opto-electronics, fun DIY classes designed by the Yuan T. Lee Foundation, as well as interactive games based on real-world scenarios.

Outcome:

Guided tours: 4,167 people

Visits: 217,160 people

Education volunteer services: 44 people

Environmental Education Facility of Taichung Site

The Environmental Education Facility at AUO's Taichung site developed in 2014 two courses for "Energy" and "Culture" featuring local elements such as green factory, solar energy, and Sidadun Kiln. The courses corresponded to SDG 7 "Affordable and Clean Energy", SDG 11 "Sustainable Cities and Communities", and SDG 12 "Responsible Consumption and Production" from the UN Sustainable Development Goals (SDGs). A fun and lively approach was used to convey environmental sustainability concepts to visitors.

2020 outcomes: Expand engagement and investment of resources in needy rural areas

On-site visit	Cross-industry cooperation	Fields
Visitors: 2,009 people Education Volunteers:; 67 people	Collaboration with Ruro platform Assist with match rural schools to resources they need Writing columns on feedback from schools that participated in the courses	Operation of AUO Museum of Sidadun Kiln and expanding the learning space into a space for cultural and environmental development Planning on teaching of environmental education courses at new spaces

GreenArk at Longtan Site

Environmental education courses were suspended in the first half of the year in response to COVID-19 at the request of the Taoyuan City Education Bureau. Once the COVID-19 eased, the "AUO Friends" environmental education curriculum for schools was developed for the post-COVID age and a new "Journey of the Water Drop" was added for the 3rd/4th grade students. A partnership was also developed with Samgabsui Environmental Education Center nearby for co-hosting of outdoor teaching activities.

2020 Features and Outcomes

Development of new groups

New and nearby participants: **11** schools

Course: **20** classes

Participation: **560** teachers and students

Diversified promotion

General course: **44** classes

Participation: **1,059** people

· 13 outdoor education classes were held including
· 2 classes for remote, rural schools   · 8 classes of adult visitors
· 4 summer camp classes   · 12 classes held at schools
· 6 classes at co-operative venue   · 1 education seminar

Volunteer participation

Participation: **129** people

Attendance: **572.5** hrs

Summer Camp Column

GreenArk at Longtan Site

The "Water and Wormwood Camp", a charity summer camp, was co-organized with the local Gaoyuan Community Development Association.

Target: School children from the local village and nearby children's home

Activity: New teaching plan with the theme of Water" along with DIY handicraft based on "wormwood", a specialty product of Gaoyuan Village, as well as outdoor ecological and local cultural guided tours.

Outcomes: 2 classes were held during which students learned about 100% process water reclamation technology with zero discharge philosophy at AUO, "water" knowledge and promised to conserve water in the future.

Environmental Education Facility of Taichung Site

The event had been co-organized with the nearby Taichung Metropolitan Park for five years. This year, cooperation with environmental education spaces was expanded to include TSMC and Central Taiwan Science Park's Sewage Treatment Plant.

Activity: Learning about the use of water resources from Dadu Mountain. A variety of games and field trips were used to connect the water-saving practices of early settlers with the use of water resources at modern factories.

Outcomes: 4 classes were conducted for 98 students. Education Volunteers were involved 19 times.

Environmental Education Activity at Longtan

Charity summer camp organized with the local Gaoyuan Community Development Association

Teachers, students and staff from National Yunlin University of Science and Technology given introduction to AUO's business and the AUO Foundation

Courses were co-hosted with Samgabsui Environmental Education Center

In-school promotion was conducted at Yangxin Elementary School in Yangmei District, Taoyuan City.

Environmental Education Activity in Taichung

Students experience the ancient people passing water with natural materials

Students make a pottery to transfer water

4.6.5 Preserve Natural History and Culture

AUO Museum of Sidadun Kiln

The "AUO Micro Gallery" from the 2019 Taichung International Flora Expo was relocated to Taichung Site and re-built to become AUO Museum of Sidadun Kiln. The 3R philosophy (Reduce, Reuse and Recycle) had been implemented in the eco-friendly building materials and construction of the building itself. The Museum is now used to display recreations of Sidadun, a kiln site from the Qing Dynasty discovered during factory construction. In addition to showcasing the lives of the early peoples, the themes of "production", "living" and "life" were also used to highlight the link between mankind and the land. The Museum was opened on October 24, 2020, and will hopefully become a CSR co-creation platform. AUO employees will be cultivated to serve as spokespeople for cultural preservation and make a contribution to the local culture and society.

Outcome:

624 visits and Cultural Volunteers were used 24 times

Fuke Walk-Study

The walk-study tour was co-developed with Fuke Junior High School. New students can learn about their home environment, culture and industries during the walking tour.

Overall Outcome	2020 Event Features	2020 Outcomes
11 consecutive years Participation: 6,500 new students and teachers	Change to outdoor challenge format due to COVID-19 Method: • Theme of "Cultural Preservation and Renewable Energy" • Volunteers provided students with guided tours and Q&A interaction • AUO Museum of Sidadun Kiln will be incorporated in the future to preserve the local cultural heritage	Participation: 627 teachers and students Cultural Volunteers : 9 people

Quatang Barns at Suzhou Site

Green plums are picked at the door in mid-May every year for brewing plum wine and making pickles. These are then served to guests that dine at Quatang Barns.
430 people in 30 tours including government agencies, schools, business clients and employees were hosted during 2020.

Shantou Village at Xiamen Site

Shantou Village is a settlement with more than 170 years of history that showcases the beauty of traditional Minnan culture. A cultural experience camp format was adopted during COVID-19 in 2020: A more hands-on approach was added to the traditional tour and trialled for village cadre training. Traditional Minnan puppet show, making of Wind God statues, and crafting of incense charms enriched the tour experience. 255 guests in 22 groups were hosted this year. 12 village cadres from Shantou Village were also trained.

5 Agile Innovation

Continue to apply core technologies to improving the resilience of human lifestyle and promoting agile innovation

Foreword | Business Operations | Sustainable Management | Environmental Sustainability | Inclusive Growth | Agile Innovation | Data Overview | Appendix

2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

120

Annual Achievements

Product Innovation

1. Touch control display technology with over **100** patents has been successfully applied to relevant products

2. Vertical integration of Mini-LED backlight products, where glass substrates are used to replace IC and reduce cost by over **20%**

Low Energy Consumption and Energy-saving Products

1. Reduce energy consumption by **10%** through improvements in material, production process, and design. This is applied to the 85-inch **8K4K** high-end televisions, desktop monitors, and notebook displays.
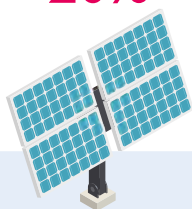
Affordable and Clean Energy

1. The solar power plants have accumulated an installed capacity of **171 MW**

2. **Established** an energy storage demonstration station, successfully integrating proprietary monitoring system with wireless IoT sensing tree to facilitate system efficiency optimization

Manufacturing Reform

1. Increase manufacturing performance to 35%, reaching an achievement rate of **117%** (using 2017 as the base year)

2. Created AUO University' AI course to cultivate nearly **670** talents in the digital technology field

Description of Material Topic

	Significance to Operations	Management Strategy	Evaluation Methods, Outcome, and Adjustments
Green product	We possess the innovative design ability to develop green products and services, as well as comprehensive green material certification and conflict mineral management to obtain the clients' trust and to remain friendly to the environment.	1. Proactively apply for R&D patent and develop technology to maintain green R&D capability. 2. We have a comprehensive hazardous substance management policy for all our display products. 3 Comply with international green product certifications to increase product competitiveness.	1. Forge a green product partnership with our brand clients. 2. Continue to bolster our low energy-consumption product technology and apply it to different products 3. Host lectures and training courses in response to the trend of product sustainability to increase our employees' technical know-how. 4. Continue to evaluate and align with new international energy-consumption standards

5-1 Innovative Panel Technologies and Applications

Innovation and proactive development of advanced technologies define the organizational culture of AUO R&D units. These are implemented through a variety of means. In addition to a comprehensive expert incentive scheme, cultivation roadmap, and regular exhibitions of innovative R&D accomplishments, effective R&D patents are also secured with careful consideration of their business value. Various industry-university partnerships are also leveraged to strengthen ou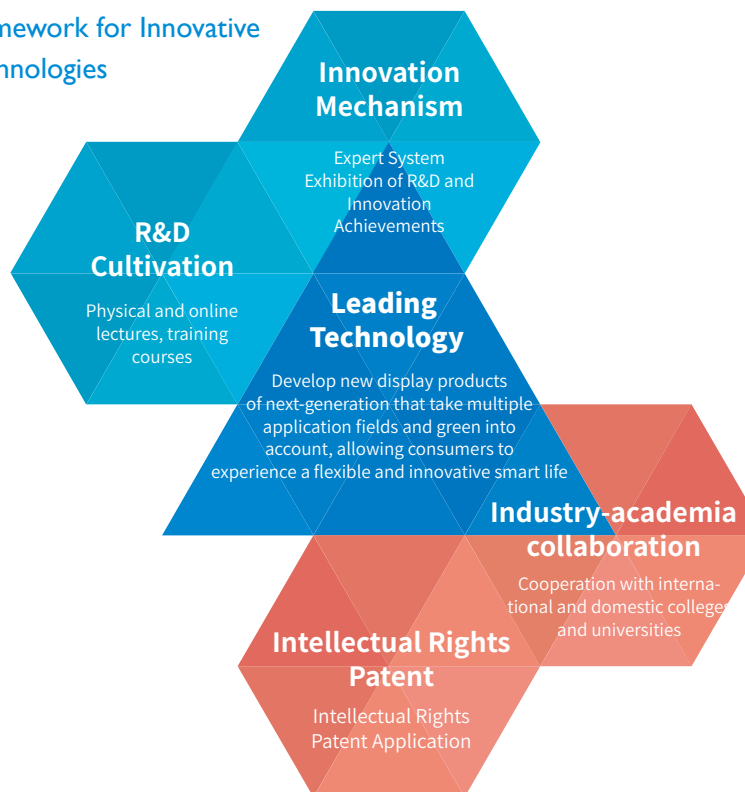r innovative R&D ability, develop advanced technologies, provide customers with competitive and sustainable products, and fulfill our corporate social responsibility.

5.1.1 Development of Display Technologies

The AUO R&D team has established itself as one of the leaders in the industry by embracing new challenges and continuing to develop new display solutions for diverse fields through technological innovation. In addition to improving the output and quality of mainstream products based on TFT-LCD, AUO also invests a great deal of R&D manpower and resources on the development of next-generation display technologies that offer consumers a more realistic experience and a more intuitive human-machine interface that supports smart living.

In response to the topic of climate change, AUO using product life cycle and green design concepts to reduce product consumption of resources at the source and cut down carbon emissions. We are also connecting with other partners in the industry value chain through value co-creation and mutual exchange of resources.

Management Framework for Innovative AUO Display Technologies

Innovation Mechanism
Expert System Exhibition of R&D and Innovation Achievements

R&D Cultivation
Physical and online lectures, training courses

Leading Technology
Develop new display products of next-generation that take multiple application fields and green into account, allowing consumers to experience a flexible and innovative smart life

Industry-academia collaboration
Cooperation with international and domestic colleges and universities

Intellectual Rights Patent
Intellectual Rights Patent Application

AUO Targets for Technological Innovation

Project Title	Descriptions	Expected Mass Production Time (Note)
Futuristic Innovation Display Technology –Micro LED Project	Micro LED backlight technology, LED mass transfer technology, Micro LED display process technology	2021~2022
Mini LED Backlight Project	Glass Type mini LED backlight project improves contrast quality	2022
AMOLED Technology	Inkjet and flexible AMOLED technologies have been continuously developed to increase cost competitiveness and meets different usage scenarios	2021
High-End TV Panel Display	8K high-grade display improves the penetration rate and develops low energy consumption and high brightness technology	2022
LED Display Technology	Develop LED technology system, corresponding to PID LED commercial system customers	2021
Eye protection display technology	Flicker-free low reflectivity art display, reflective display, low blue light display	2021
Sensor project	Optical TFT fingerprint scanning sensor technology, X-ray sensor, integrated touch solution	2021

Note: It refers to the expected mass production time. The actual production time is subject to the needs of the market and of customers.

Innovative Micro-LED Technologies and Applications

Active display wall technology

AUO has developed a 10″ bezel-free Micro-LED display unit that can be combined into medium or large-format display units. The technology can not only be used for super-large TV applications but can also be used for public TV walls of any size.

Technical feature: LEDs which are smaller than the pixel size are placed within each pixel. The substrate is then used to drive the miniaturized LEDs to create the display effect. LED's advantages over conventional LCD or OLED displays include high efficiency, high brightness, high reliability, and fast response time. They are also self-illuminating so require no back light. The compact size, thinness, energy-efficiency, brightness, power consumption and response time all have the potential to surpass existing mainstream displays.

27″ Micro-LED Display (3*2 wall)

Implementation of Mini-LED Backlight Technology

AUO's speed commercialization process saw Mini LED backlight products introduced to the market in the form of Mini LED display panels for professional applications in 2019. Higher refresh rates were also used to develop new e-sports notebook products for the gaming market characterized by high resolution, high contrast, vivid colors and immersive visuals. 27″ and 32″ Mini LED displays as well as 15.6″ and 17.3″ Mini LED e-sports notebooks are now available. AUO also maintains close links with leading brand-name customers. The technology will be expanded to VR, wearable, consumer, automotive, and TV applications in the future to create even more new possibilities.

Technical features: Mini-LED backlight combined with LCD panel products deliver more vivid and distinct contrasts between zones. The result is greater color precision and a wider gamut. When High Dynamic Range (HDR) technology is used then a contrast of up to 1:1 million can be achieved, creating sharper images and richer hues in both shadow and bright areas.

Conventional edge-lit backlight module

Mini-LED backlight module
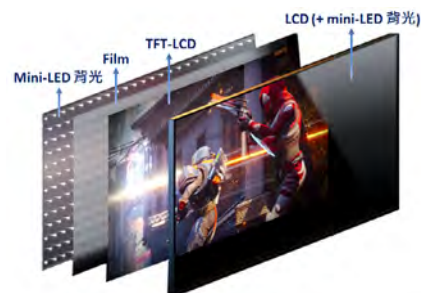
Example of LCD combined with mini-LED backlight

Example of mini-LED backlight

AUO's advanced Glass-type Mini-LED backlight solution is based on the company's years of experience in glass production and pioneering technologies, advanced production facilities, up/mid-/downstream module production lines and supplier partners. The vertical integration of the Mini-LED backlight product was achieved through targeted investment of just the right size. Replacing the PCB with glass for the Mini-LED substrate not only successfully reduced product cost by 20%. It also enhanced AUO's expertise and technology while providing a very competitively priced product.

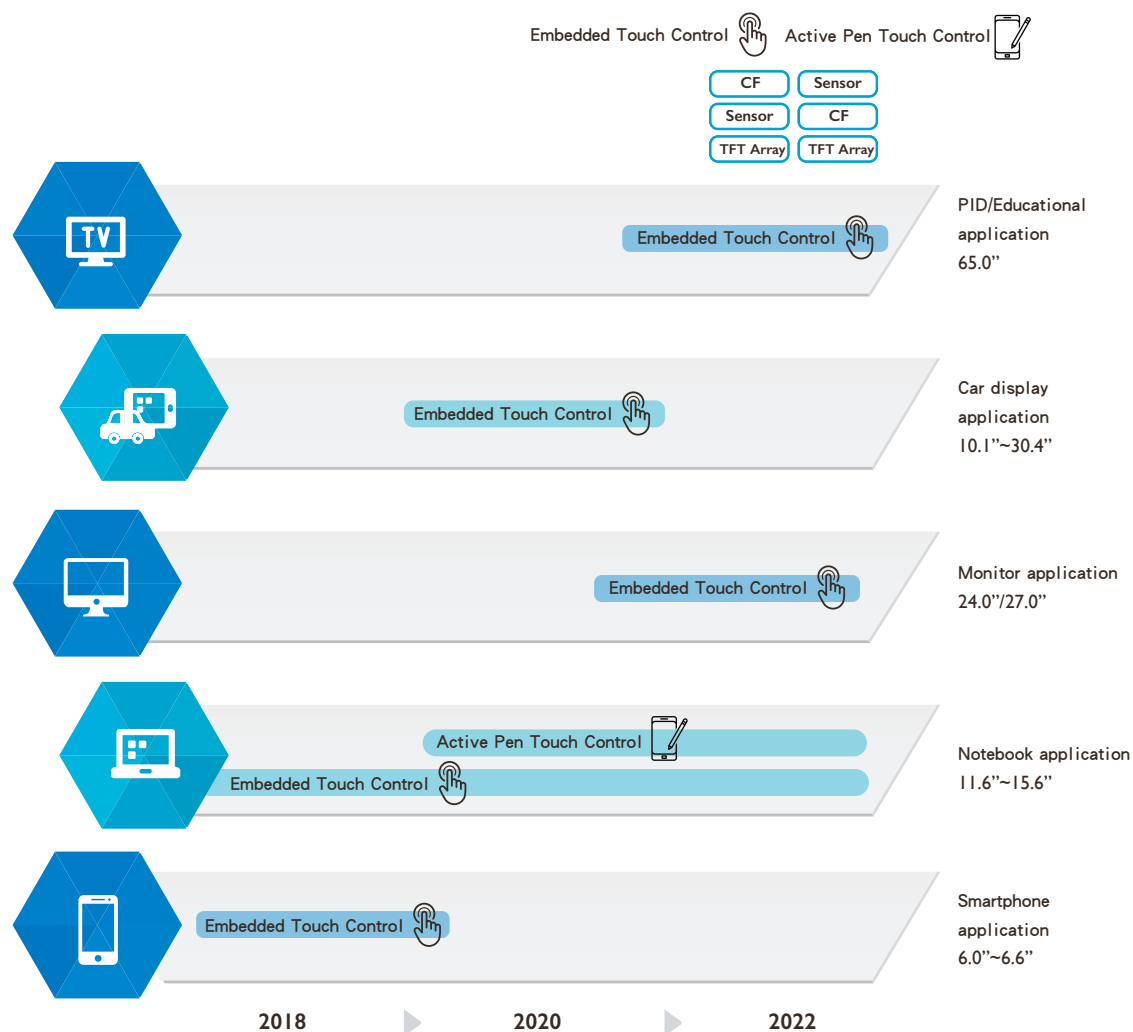## Human-machine Touch Control Development and Outcomes

AUO strives to provide consumers with more intuitive and friendly human-machine interface touch control products and services for a superior smart living experience. The user interface, that use button presses have now been replaced by touch control, is just as important as the clarity of the display in 3C consumer products. Most touch-control functionality was implemented as an add-on before 2015. AUO focused on integrating touch control and display technologies to make products thinner, lighter and more compact, resulting in a number of key patents. AUO now holds more than 100 domestic and overseas patents on touch control technology. These include embedded touch control display panels that integrate the touch control layer with the LCD, as well as the integration of active stylus support with touch control display panels. AUO also carried out work on large panels with add-on touch function panels. In 2020 Q1, a 65" display with add-on projected capacitive touch control was successfully developed through material selection, design adjustments and process improvements.

Energy-Saving Product Applications

AUO made significant improvements to the efficiency of desktop, notebook, and 8K4K TV panels to reduce their power consumption in a bid to improve environmental friendliness and resource utilization.

Improvements to TV panel materials, processes and designs led to the mass production of 75" 8K4K panels in 2019. In 2020, 85" 8K4K panels with high specifications entered mass production. Transmittance was also superior to the 2019 product. For desktop displays, the transmittance of the panel was greatly improved by optimizing the pixel electrode design, minimizing the occlusion ratio, and maximizing the aperture ratio without sacrificing image quality. For notebook panels, the market for mobile devices has continued to grow. The energy-saving LTPS (Low Temperature Poly-Silicon) process developed and introduced two years ago was based on high electron-migration back panel technology. Optimization of backlight light guide can now reduce power consumption through improved backlight utilization. In the future, AUO will continue to develop panels with low operating frequency and lower power consumption for systems in different usage scenarios.

Human-machine Interface Touch Control Technology Product Development History

Embedded Touch Control   Active Pen Touch Control

CF	Sensor
Sensor	CF
TFT Array	TFT Array

TV — Embedded Touch Control — PID/Educational application 65.0"

(Car) — Embedded Touch Control — Car display application 10.1"~30.4"

(Monitor) — Embedded Touch Control — Monitor application 24.0"/27.0"

(Notebook) — Active Pen Touch Control / Embedded Touch Control — Notebook application 11.6"~15.6"

(Smartphone) — Embedded Touch Control — Smartphone application 6.0"~6.6"

2018 ▶ 2020 ▶ 2022

*In 2015, the external touch control function was the mainstream

5.1.2 R&D Patent Strategy

The R&D team strives to develop competitive technologies and high value-added products based on AUO's technology development blueprint and production planning. At the same time, they also actively propose innovative proposals to create intangible intellectual assets for the company. In other words, R&D personnel not only develop high-value products that boost company revenues but also draw upon the intellectual assets accumulated through innovative proposals to strengthen our competitive advantage, consolidate the company's revenues, and maintain the long-term competitiveness of AUO. During the creation of intangible intellectual assets for the company, the type and nature of the technology being developed as well as the requirements for intellectual property protection are taken into account. The most appropriate form of protection is adopted during development based on the nature of the technology or product. These include invention, new type, appearance design and user interface. The sheer variety of R&D and design outcomes reflect the creativity of our R&D personnel. AUO has filed more than 27,000 patents and obtained over 20,000 invention patents worldwide to date under our current patent strategy. These include patents in key markets such as the US, China, Europe, Japan, and Southeast Asia. In addition to invention patents for hardware technology, the development of integrated application products also produce proposals for software-hardware integration or appearance designs that combine practicality with aesthetics.

Both Soft and Hard Design Aesthetics

In addition to invention patents for hardware technology, AUO's development of integrated application products also produce proposals for software-hardware integration or appearance designs that combine practicality with aesthetics.

5.1.3 Cultivation of R&D Personnel

AUO established a Technology Advisory Committee (TAC) to present annual awards on technology that count towards performance management to encourages and rewards employees for continued development of world-class technologies. A collaborative R&D platform has also been established for group enterprises. Cross-company exchanges take place through technical forums, expert meetings and technology demonstrations. Subsidies were also offered for joint development to encourage innovation. A variety of activities are used to encourage the commercialization of R&D outcomes. An understanding of actual user requirements can be used to develop products that are both innovative and practical.

Talent development is conducted through the AUO learning and development platform. Employees take part in different courses and physical projects based on the development blueprint designed by AUO University for each professional field. In 2020, around 21 courses of increasing difficulty were offered for new employees/basic/advanced R&D. These were attended 1,400 times. R&D Teaching Committees for each field also set up nearly one hundred professional courses of progressive difficulty that were attended by 6,800 people. 11 technical forums and seminars were held as well.

Allying with Schools on Range of Pioneering Industry-University R&D Projects

AUO invests resources every year into collaborations with universities to help solve field pain points during corporate transformations. In healthcare for example, for greatly reduce glare and reflections, AUO partnered with a number of optometrists to develop doctor-approved Displays that are easier on the eyes. In 2020, AUO and National Taipei University of Technology (NTUT) embarked in four areas: full-scale industry-university cooperation, talent cultivation and employment, joint development funds, and the Global Research & Industry Alliance. We also expect to establish an industry-university cooperation center with National Taiwan University in 2021. The center will serve as a base for long-term cooperation on R&D. Talent recruitment, cultivation and industrial relationships on campus are also included.

Taipei University of Science and Technology signed a contract with AUO for industry-academia R&D cooperation.

5-2

Affordable and Clean Energy

5.2.1 Energy Business Strategy

Growing awareness on sustainability and climate change in the international community means that national governments are now actively introducing policies for carbon reduction. AUO has built up more than ten years of experience in the energy industry after launching our energy business in 2008.
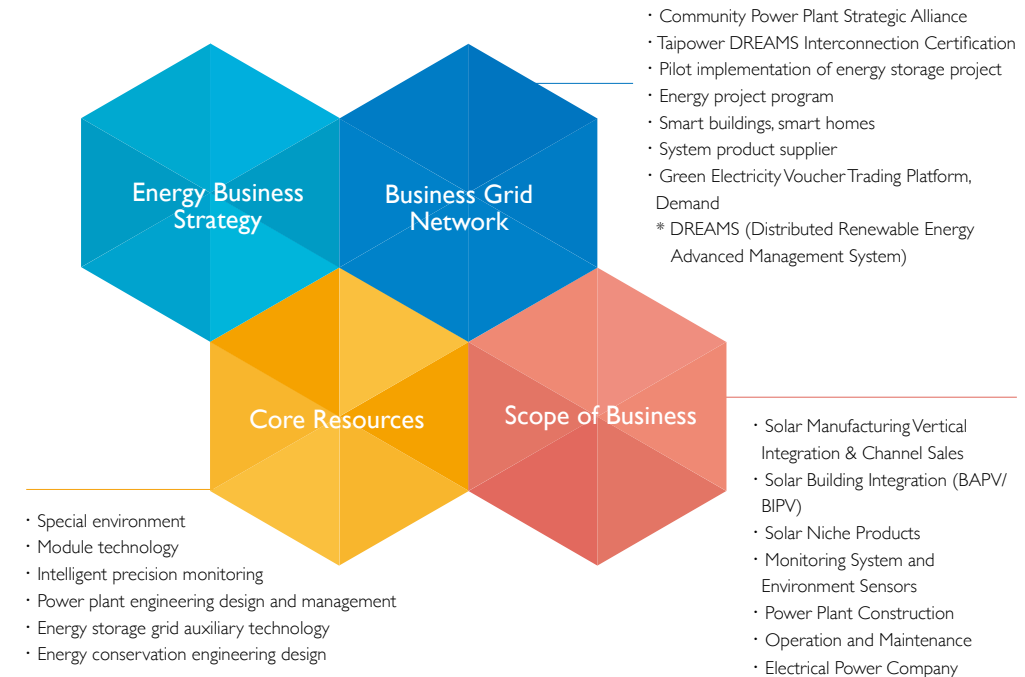
AUO's energy business started with the vertical integration of PV module production. From there it expanded into the building, operation and maintenance of solar power plants as well as power utilities. It now offers solutions and for Building Added/Integrated PV (BPAV/BIPV)* system solutions and manufacturing of niche products.

The entry into the market for niche products and BAPV/BIPV systems was based on AUO's core expertise in module packaging for special environments. AUO hopes to not only create niche PV products but also take advantage of the global trend towards Nearly Zero Energy Buildings (nZEBs) through a combination of design and aesthetics that brings clean energy to architecture and life.

Current efforts include the expansion of module channels through "one-stop shop" for turn-key PV systems that will expand AUO's product line-up and business as well. The Sun Veillance product range was independently developed by AUO through our own PV project spaces. Components include data collectors, monitoring system, and wireless IoT environmental sensors. AI simulation is also applied to the development of smart monitoring systems to accelerate software evolution. Distributed Renewable Energy Advanced Management System (DREAMS) certification has now been obtained from Taipower in preparation for distributed grid power dispatching and management.

* Building PV modules general fall into the Building-integrated photovoltaic (BIPV) or Building Added PV (BAPV) category. The former replaces conventional building materials with PV materials to turn the building itself into a major energy source without having to install additional solar panels. In the latter, PV modules are attached to the exterior of the building.

AUO Energy Business Roadmap

Energy Business Strategy

Business Grid Network
· Community Power Plant Strategic Alliance
· Taipower DREAMS Interconnection Certification
· Pilot implementation of energy storage project
· Energy project program
· Smart buildings, smart homes
· System product supplier
· Green Electricity Voucher Trading Platform, Demand
  * DREAMS (Distributed Renewable Energy Advanced Management System)

Scope of Business
· Solar Manufacturing Vertical Integration & Channel Sales
· Solar Building Integration (BAPV/BIPV)
· Solar Niche Products
· Monitoring System and Environment Sensors
· Power Plant Construction
· Operation and Maintenance
· Electrical Power Company

Core Resources
· Special environment
· Module technology
· Intelligent precision monitoring
· Power plant engineering design and management
· Energy storage grid auxiliary technology
· Energy conservation engineering design

Accomplishments in Affordable and Clean Energy

	2018	2019	2020
Installed capacity (MW)	38	35	28

* Installed capacity (MW): Capacity connected to grid during the year

AUO has established itself in the renewable energy market through it high quality and the diverse services it provides to customers. At the same time, AUO's commitment to a sustainable environment led to the adoption of the 3R principles (Reduce, Reuse, Recycle) for the design of PV module products to alleviate energy consumption and prevent environmental damage from hazardous emissions. AUO has also joined the module recovery committee of the Taiwan Photovoltaic Industry Association to give our full support and cooperation to the government's drafting of laws on PV module recovery. The standards were completed in 2019 and pilot recovery retrials launched in 2020. The complete path from manufacturing to recovery help to ensure the sustainability of Taiwan's PV industry.

Homegrown High-Efficiency Modules with Improved Power Generation Now Extensively Used in Building Materials

AUO is more than just a module maker. We have accumulated a wealth of experience in the overall planning and construction of solar power plants. That is why we know just how important the performance and quality of PV modules are to the reliability of power plants. Modules with good performance can generate more power for the same given surface area and help power plants maximize their returns. Most module technologies therefore focus on performance improvements. In addition to initial performance, other key indicators such as high quality and reliability are essential to ensuring that modules can generate power on a long and steady basis. From twenty years of experience with power plant management, AUO determined that power generation is affected by many external factors. The most common module problem are "hidden cracks" that are difficult to pick up in the beginning. Over time, hidden cracks will continue to grow and expand until they start impacting on generating performance. AUO's multi-busbar technology takes a structural approach to resist and reduce the negative impact of hidden packs on generating performance. It provides better control of existing hidden cracks and deterioration as well. The reduction in current leakage from batteries improves performance and liability. AUO products are extensively used in Taiwan. Weather-resistant specifications for typhoons and salt have now been developed. All modules from the range are made from high-quality materials and undergo vigorous testing. They are used extensively in locations with high moisture, high salt-fog, and subject to strong winds.
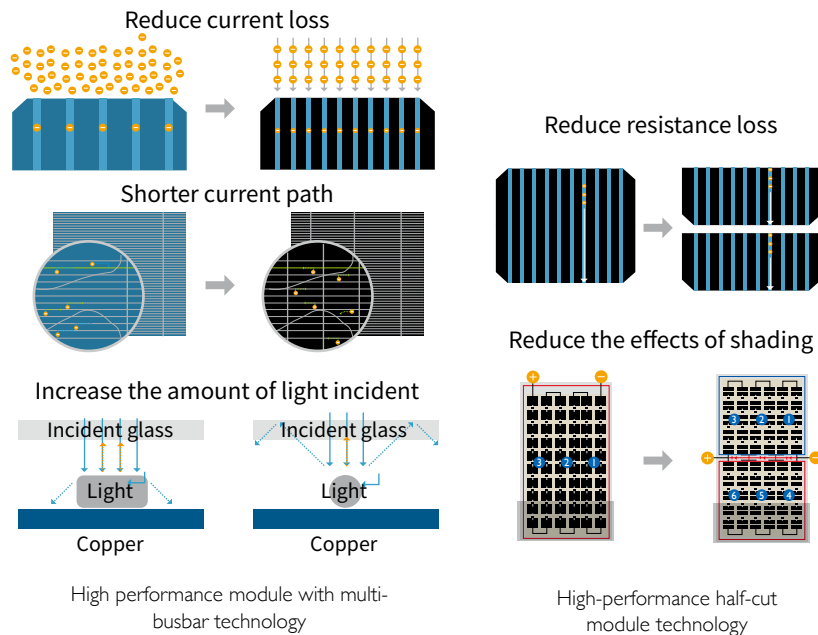
In addition to the research and development of conventional modules, AUO also looks at way of combining PV with weather-resistance so that PV module products can be used in more applications. For example, building materials can be replaced by special PV modules decorated with glass designs that improve building appearance. These can not only handle standard requirements such as thermal insulation, noise reduction, and aesthetic appeal but also provide a power generation function. Professional electricity monitoring and micro-design can also combined to build a professional power monitoring and micro-grid design. By integrating green power applications into the fabric of the building itself we can an all-in-one design for the application of green power inside the house, and truly become a green building for innovation and energy conservation. At the same time, lightweight modules were released for use in existing buildings that cannot bear the weight of current modules. Light module materials were introduce, the module's structural design improved, and extensive use made of lightweight module materials that enhance the structural design. Module weight was therefore reduced by up to 50% so that it can be applied to more fields.

AUO's multi-busbar half-cut high-performance module was presented with the "2020 Golden Energy Award" for high-quality PV product by the MOEA Energy Bureau. Golden Energy award being presented for Multi-busbar Half-cut High-performance Module by President Ing-wen Tsai (left) to Vice President TY Lin (right) of AUO's Energy Business

5.2.2 Partnerships

AUO Power Plants Break New Ground in Eco-Friendly Green Power

AUO has installed 171MW of solar generating capacity as of 2020. The breakthrough has been in environmental friendliness and the completion of Chimei Green Energy Park, which provided ample proof of AUO's expertise in green electrical engineering. The German steel strip construction method was used throughout the park and no asphalt was laid to allow the land to breathe. The entire project is controlled through smart technology and as much of the original trees and plant cover were preserved during the construction of the solar power plant. The balancing act between green energy, green trees and green power encompassed the landscape, ecology and industry. These along with the introduction of smart street lights and security systems set this environmentally friendly green power project apart from conventional PV projects.

Aerial photo of Chimei Green Energy Park

Customer Recognition
Shih-hsien Chen, Vice President of Chimei Corporation: We could really feel the humility and passion in the AUO team. They used their professional expertise in a humble manner to meet the requirements set by the client.

Reduce current loss

Shorter current path

Increase the amount of light incident

Incident glass
Light
Copper

Incident glass
Light
Copper

High performance module with multi-busbar technology

Reduce resistance loss

Reduce the effects of shading

High-performance half-cut module technology

Leader in Integration for Green Energy Monitoring Equipment and Cloud System for Energy Storage and Dispatching

The deployment of renewable energy and the de-commissioning of nuclear power plants in 2025 meant that Taipower was faced with a difference of up to 20 to 35% between peak and off-peak power. Energy storage became increasingly important for reducing the impact of renewable energy on the grid and reducing peak loads. In 2020, AUO constructed a pilot energy storage station at Houli, Taichung with a capacity of 100kW/196kWh. The station featured an integrated monitoring system and wireless IoT sensor tree developed by AUO that optimizes the efficiency of the energy storage system by monitoring ambient wind direction, wind speed, temperature and humidity.

The SunVeillance smart PV cloud monitoring system was also successful in obtaining Distribution Renewable Energy Advanced Management System (DREAMS) certification. AUO is now one of the first certified vendors for renewable energy monitoring and cloud data systems. Its comprehensive solar power plant solution satisfies Taipower's strict information security standards as well. The DNP 3.0 data protocol and Virtual Private Network (VPN) technology protect the system against unauthorized intrusion and ensures the security of the network. It can interface with Taipower's distributor-grade renewable energy management system and comes with technical support services to simplify upgrade and management during power plant operation & maintenance. Sun Veillance is compatible with over 90% of all models on the market. Real-time monitoring of PV generation status allows for rapid diagnosis of potential or active anomalies. O&M and preventive measures can be carried out on-site to keep the system at optimal efficiency.

In addition, cooperating with system product suppliers, filling our product lines for one-stop shop, as well as strengthening our after-sales service and maintenance capabilities to improve our competitiveness in channel sales. We are continuing to build up our experience in the design and management of energy storage projects by participating in energy technology projects. The experience will prepare us for the short/medium-term needs of large electricity users and for the electricity trading market in the long-term. In energy-efficiency services, demonstration projects targeted at buildings and households are now being planned. These projects will monitor and regulate energy-intensive appliances such as lighting and air-conditioning, as well as power and water consumption. AUO will focus on continued innovation and progress as well as the accumulation of engineering design and management expertise for energy storage and energy-efficiency projects. The core expertise on highly-integrated software and hardware will be combined with channel management and strategic alliances to supply total sustainable energy solutions and services that benefit both businesses and the environment.

Houli energy storage station in Taichung and wireless IoT sensor tree of the Sun Veillance monitoring system

Expanding the Alliance and Participating in Citizen Power Plants to Fulfill Commitment to Sustainability

AUO has formed a partnership with Sunnyfounder, the largest citizen power plant platform in Taiwan. Our high-performance PV module products and expertise in power plant construction, operation and maintenance will be directed towards the goal of constructing 10 MWp of solar power every year. We estimate that around 30,000 people will be able to participate every year. This will not only encourage national participation in renewable energy and generate returns from green power. It will also combine AUO's expertise with CSR to support the sustainable development of the environment through tangible action.

AUO formed a partnership with Sunnyfounder

Tailored services for Large Electricity Users that Benefit the Government, Business, and Environment

The "Regulations Governing the Chartered Capacity on Electricity Consumption Agreements Which the Users Shall Install Renewable Energy Facilities for Exceeding a Certain Capacity" introduced by the government that require large users that consume more than 5 MWh of electricity to switch 10% to green power within five years. The law is expected to create a renewable energy trading market of around 1 GW. AUO is making active preparations to leverage our core expertise in module channels to provide customers with complete one-stop service. These include assisting with the construction of solar power plants, installation of energy storage facilities, and green electricity certificate trading services. We will be able to help customers increase their ratio of green power, reduce carbon emissions by businesses, fulfill our CSR and create more opportunities for the customer's success.

In the future, the ratio of renewable energy will take up an increasingly large share of the total power market. The stability of this trend will affect the future stability of the power network and increase operating risks. AUO developments in energy storage will concentrate on applications such as ancillary network and power equipment.

In 2020, AUO's energy business made a number of breakthroughs in technology R&D and businesses partnerships. We also actively participated in large exhibitions and events to promote our latest total solutions.

Participating in the 2020 PV System Conference was used to develop our channel sales business. A systematic presentation on AUO's PV system integration solutions was given Chimei Museum.

"Energy Taiwan" is held in October each year. The main themes are solar, wind power, hydrogen energy, and smart energy storage. AUO's exhibits included our own products such as standard module, wrappable module, smart O&M, environmental sensors, as well as products that we distribute including sensors, DC cables, connectors, hot-dip galvanization services, crews and fasteners. In addition to selected system bundles, we also showcased the PV systems that we constructed through our total power plant services.

5-3 Smart Manufacturing

The high standards that AUO sets give itself very competitive in pioneering technologies. One of these key fields is smart manufacturing. AUO launched the Smart Manufacturing 2.0 project in 2015 to aggressively integrate internal/external information and incorporate the German Industry 4.0 concept. The first step was to encourage AUOers to embrace the concept of digital transformation. Under Chairman Paul Peng's leadership, book clubs were held at every level to familiarize employees with the introduction of smart manufacturing processes and work modes, and build internal consensus on the need for manufacturing reform. The initiative successfully established AUO's mindset, roadmap and targets for smart manufacturing based on big data and AI technology.
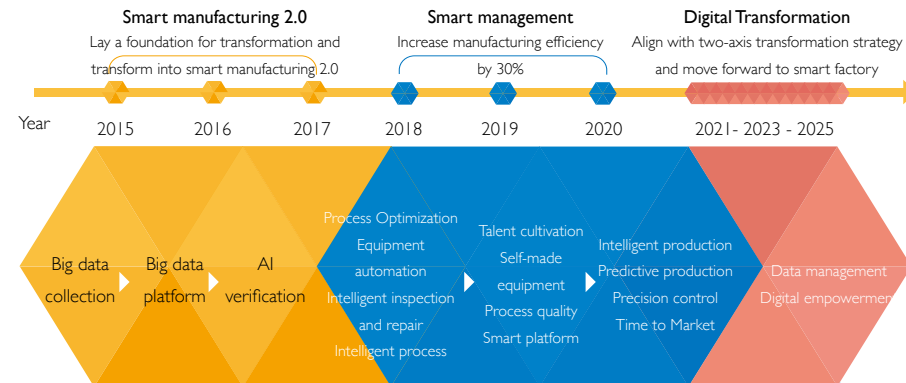
For smart manufacturing 2.0, AUO's began formally working on smart factory in 2015. Big data was used to collect all data during the production process including production, environment and personnel. A big data platform was then set up for the systematic integration and storage of data for analysis through an IoT framework. AI proof of concept was also introduced along with study of algorithms and object recognition technology to realize the goal of smart factories. A new 3-year plan for smart management was also developed for the next stage at the same time. The target of 30% improvement in production efficiency was achieved in 2020.

5.3.1 Smart Manufacturing Process and Management

Performance improvements during the smart management phase focused on four aspects: "process optimization, equipment automation, smart inspection and maintenance, and smart processes." AUO is continuing to train internal digital talent as well. Through continuous improvements in talent development, in-house production, process quality inspection, and smart platform, AUO engineered a smart control center that acts as the brains of the factory and transformed the existing mode of operation. In 2020, AUO's dual-pronged transformation strategy was brought into play. Smart production, predictive production, precision control, and time-to-market were made the focus of production. Industry-university cooperation was also expanded to engage in inter-industry exchange.

At the same time, AUO sorted the company spaces by time, space, and sub-processes in accordance with the four key steps. Processes and resources were examined to enhance technological development and amplify the push towards digital transformation through delicacy management.
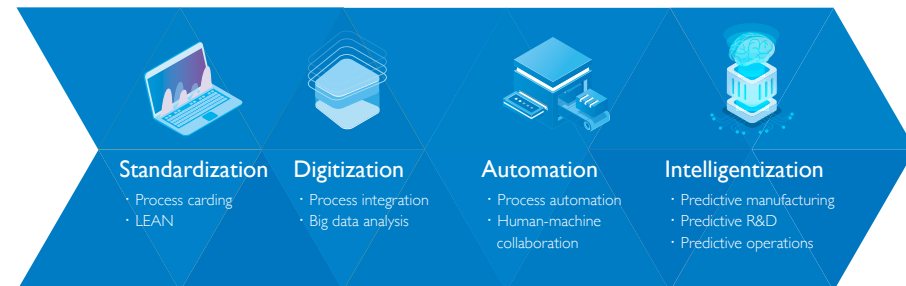
AUO Smart Manufacturing Vision and Targets

Smart manufacturing 2.0 — Lay a foundation for transformation and transform into smart manufacturing 2.0

Smart management — Increase manufacturing efficiency by 30%

Digital Transformation — Align with two-axis transformation strategy and move forward to smart factory

Year: 2015 · 2016 · 2017 · 2018 · 2019 · 2020 · 2021 - 2023 - 2025

- Big data collection
- Big data platform
- AI verification
- Process Optimization / Equipment automation / Intelligent inspection and repair / Intelligent process
- Talent cultivation / Self-made equipment / Process quality / Smart platform
- Intelligent production / Predictive production / Precision control / Time to Market
- Data management / Digital empowerment

2018-2020 Key Results of Smart Management

- Manufacturing efficiency is increased to 35%, and the compliance rate is 70% (base year: 2017)
- Deepen theory and practice:
  - ◆ Collaborate with Taiwan Artificial Intelligence School for AIA course training
  - ◆ AUO University sets up AI courses and cultivate nearly 670 talents
- Manufacturing efficiency is increased to 35%, and the compliance rate is 70% (base year: 2017)
- Deepen theory and practice:
  - ◆ Collaborate with Taiwan Artificial Intelligence School for AIA course training
  - ◆ AUO University sets up AI courses and cultivate nearly 670 talents
- Industry-academia cooperation: Exchanges on the latest applications and developments of AI in the field of smart manufacturing
  - ◆ Intelligent Maintenance Systems (IMS) Center, National Taipei University of Technology, Chung Hsing University and other institutions
- Hold the annual smart manufacturing exhibition to present the results of smart and creativity application, and continue to promote the spirit of manufacturing transformation

AUO Smart Manufacturing Process

Standardization
- Process carding
- LEAN

Digitization
- Process integration
- Big data analysis

Automation
- Process automation
- Human-machine collaboration

Intelligentization
- Predictive manufacturing
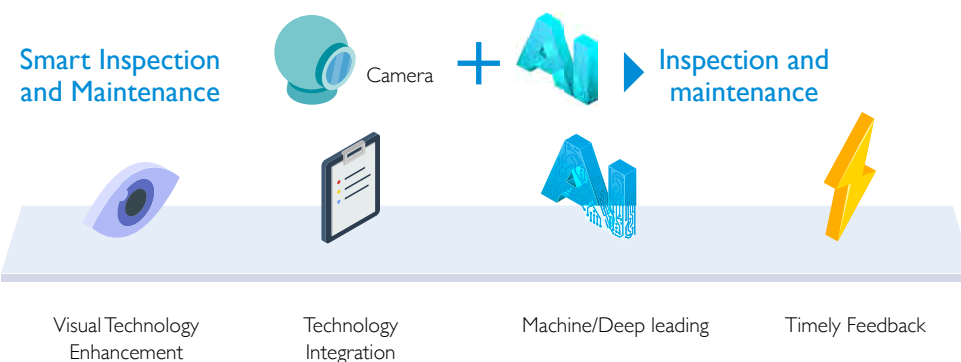- Predictive R&D
- Predictive operations

Standardization came first, applied LEAN to process carding; digitization was next, digitize and integrate all data into the big data platform by IoT sensors for analysis and integration; next came automation including process automation, human-machine collaboration and related applications; last was intelligentization such as predictive manufacturing, predictive R&D and predictive operations.
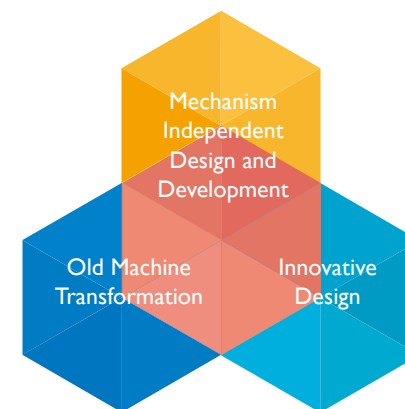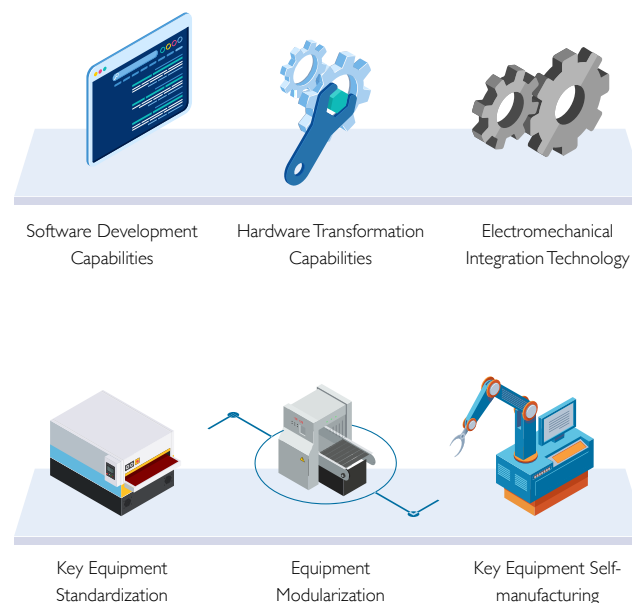
Smart Management Improvement Plan

Maintenance and detection with AI technologies was installed at QC stations by AUO for customer requirements on high-end, low-quantity and high-mix products. These ensure the high quality of products. In the past, Automatic Optical Inspection (AOI) was used on the production lines to detect product defects. AOI performance was often affected by differences in product design and required manual confirmation. Manual inspection was however influenced by many factors and the high error rate produced even more damage. AUO used a large volume of existing optical inspection information for AI training. AI image recognition is now used for inspecting products on the production line. This not only reduces the risk of errors during manual inspection but also improved the detection rate. Any anomalies can be rapidly reported through smart inspection and repairs. The anomalies can then be analyzed and improvements made to effectively improve the product's quality and output. The technology has extended from static imagery to dynamic imagery. Objects are detected through the surveillance image and an alarm raised. Applications include identification of environmental risks and detection dangerous chemicals. Construction on-site, machine maintenance and repairs, and the wearing of protective equipment during chemical filling operations all provided an extra layer of protection for the safety of environmental operations.

Equipment Automation Solution based on Smart Management

The introduction of automation equipment to the production process saw AUO successfully boost its business value and improve our competitiveness in the industry. Equipment automation is an essential development in smart management. Old machines must be modified to optimize their production efficiency, and purchases of new machines must also take their design into account so that they can be used with more agile production models in the future. By moving from the introduction of outside technologies to the independent design and incorporation of other technologies such as big data, AI, IoT and visual recognition, AUO can expand into even more applications to refine our skills and costs.

Smart Inspection and Maintenance

Camera + AI ▶ **Inspection and maintenance**

Visual Technology Enhancement

Technology Integration

Machine/Deep leading

Timely Feedback

quipment Automation Concept and Spirit

Software Development Capabilities

Hardware Transformation Capabilities

Electromechanical Integration Technology

Key Equipment Standardization

Equipment Modularization

Key Equipment Self-manufacturing

Mechanism Independent Design and Development

Old Machine Transformation

Innovative Design

5.3.2 Digital Manufacturing Training Blueprint

Enhancing Smart Management through Accumulation of Digital Capabilities

Digital talent development was expanded to all employees in 2018 to accelerate the pace of transformation. AI courses were also offered through the AUO University and connected to the resources of the Institute for Information Industry, Taiwan AI Academy, Taipei University of Technology, Chung Hsing University, Kaohsiung University of Science and Technology, and Feng Chia University to create education and training modules for smart manufacturing. Theory and practice were reinforced by running projects and physical courses concurrently. A complete range of management AI courses were also drawn up to provide key decision-makers in the digital transformation process with the big picture.

More partner organizations were added to industry-academia collaboration in 2018. AUO for example collaborated with the Intelligence Management Systems Center in the US to enhance our international outlook; an industry-university alliance was signed with Taipei University of Technology in 2019 for the effective integration of resources in four areas: short- and medium-term project collaboration, talent development and employment, pioneering industry-university R&D fund, and Global Research & Industry Alliance. Industry-university collaboration programs with National Taiwan University, Chung Hsing University, Yunlin University of Science and Technology and other institutions will continue beyond 2020 as well.

Smart manufacturing training blueprint

	Digitization	Data Analysis	Image Recognition	Predictive Early Warning	Manager Training
Advanced Level	Edge Device	Data Mining & Analysis	Image Recognition Course	Predictive Early Warning Course	Manager Training Campaign
First Level	Python/Big Data/ML				
Entry Leve	AI General Knowledge Course				

Practical course

Manager training

5.3.3 Smart Manufacturing Exhibition

AUO Smart Manufacturing Exhibition Showcases Intelligence and Creativity

The "AUO Smart Manufacturing Exhibition" has been annual event since 2018 to ensure manufacturing reforms are being implemented. Each unit puts on display their accomplishments during their year and network with each other to realize the goal of joint growth. The 4th iteration was held in 2021 with the theme of "Digital Transformation and Smart Future." The exhibition consisted of 9 topics, 15 areas, and 66 stalls encompassing all kinds of automation solutions, smart inspection and maintenance, smart decision-making center, production and manufacturing safety management, AIoT and commercial applications. In addition to these technologies and real-world applications, an environmental sustainability section was also set up to present climate action plans based on AUO's longstanding commitment to climate change issues and how we are fulfilling the spirit of green production.

Invitations were sent out to our peers and other industries to encourage industry networking and cross-industry development. The exhibition provided an in-depth look at AUO's commitment to corporate sustainability and created more opportunities for collaboration between value chain partners. The event has become an annual highlight for everyone at AUO and is without a doubt one of the key driving forces behind AUO's continued self-improvement.

The itinerary for visitors include the exhibition stalls as well as a tour of the AUO Sidadun Cultural Museum to give them an appreciation of how technology is intertwined with the humanities in culture, see examples of high technology from ancient times, and discover a century of history in Taichung. Around 30 topical technical forums were also held during the exhibition on "digital transformation" topics such as data analysis, EDA application, smart imaging, and equipment health applications. Digital talent within AUO were invited to share and discuss their R&D accomplishments in order to encourage more partners to join in and accelerate their own corporate digital transformation.

Booth Introduction

Theme: Transform to Digital World Picture the Smart Future
Number of Visitors: > 2,200
Purpose: Demonstrate the results of intelligence and creative applications through the annual booth exhibition and continue to promote the spirit of manufacturing change
Exhibition Contents: 9 Major exhibition themes, including Intelligence, Production management, Equipment development, Inspection and repair, Quality management, Diagnostic control, Intelligent decision-making control, AI product application, Sustainable development
Exhibition Characteristics: Allow the visitors to experience the actual results in depth through lively narration of the tour guide, paired with the project physical demonstration and video assistance

5-4

Intelligent Life

AUO has set a goal of building a smarter lifestyle for mankind through a combination of our core expertise in the display industry with strength in end-user products. Combing our industry advantages with AI technology through agile and innovative thinking to develop cross-product integration services for smart city applications such as education, health, finance, shopping, lifestyle and transport. We commit to transforming the application experience for all mankind.

2025 Targets and Past Accomplishments

	2018	2019	2020	2025
Cumulative Reach (millions of people) (Note)	48.62	142.42	273.93	1000

Note: Calculation of cumulative reach includes personalized products (e.g. Chromebook, Watch, Gaming, e-reading, Car display) and components in the public domain display (e.g. Educational e-white board and medical display)

# 5.4.1 AUO Intelligent Life Solutions

AUO Smart Medical Solution

The global challenge posed by COVID-19 has changed the way of life for many people but also accelerated the adoption of telemedicine. AUO is therefore actively focusing on medical topics so that we can help medical teams carry out their work more efficiently with limited time and human resources.

The AUO medical display department has a strong presence in the medical field and counts leading international companies among its customers. We aim to become not only a supplier of professional medical displays but also an extra pair of hands for medical professionals. To this end, AUO has reached out to the medical field to listen to medical professionals, collect their pain points and requirements, and provide professional medical displays that match medical requirements and provide ultra-realistic representations of medical imagery.

Making a Splash at 2020 Taiwan Healthcare+ Expo

AUO took part in the 2020 Healthcare+ Expo in Taiwan at the invitation of the Taiwan Display Union Association (TDUA). Three smart surgical display solutions that provide an effective solution for issues encountered by health workers were showcased at the expo. The first product was a 32" 4K ultra-realistic surgical display. Panels for surgical applications are characterized by high-resolution and wide-gamut technologies that are optimized for the red color to provide a richer and more detailed representation of human tissue and blood. Greater fidelity allows surgeons to discriminate between normal and pathological tissue with precision during surgery. The multi-zone backlight module technology provide the ultimate pure black experience to mitigate distractions from background light bleed during surgery. The world-leading surgical display offering extreme blackness, realistic reds and ultra-high definition shattered the constraints of monitors to deliver even more realistic imagery and improve the efficiency of surgeons.
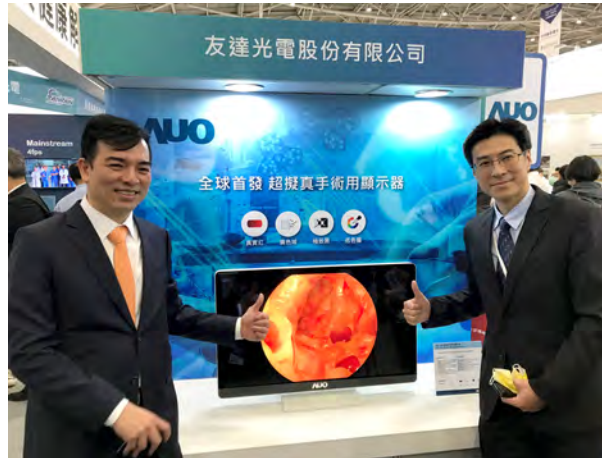
The 15.6" 4K naked eye 3D display panel was designed to meet the needs of medical professionals. It facilitates the development of medical and more convenient and precise surgical procedures solution. The goggle-type 3D imaging system is a key project. Based on new eye-tracking technology, 3D image optimization algorithm developed and high-resolution 4K 15.6" display, it delivers high-quality 3D imagery to the naked eye. The eye-tracking system can be refined in the future to support faster and more precise eye-tracking for doctors in different specialties, with wearing face masks and eye-protection. Functionality can be personalized for each physician to improve the accuracy of decision-making. With 3D imaging technology, the improved grasp of organ and tissue's relative positions and sense of depth will improve surgeon efficiency. The 15.6" panel is suitable for microscopic or robotic surgery and this technology also could expanded to other size formats.

The 32" 4K goggle-type 3D imaging display which cooperates with MedicalTek's 3D medical imaging software, provides a complete 3D minimally invasive surgery solution. Hospitals could have surgical imaging equipment with 3D endoscopies performance, without replacing the existing 2D endoscopic systems or pay for expensive 3D endoscopic. This product is an excellent example of how AUO can work with partners to provide more flexible surgical display solutions.

AUO Smart Education Solution

Key to the trends of global education today and designing new smart classrooms include the coming of next-generation AIoT technology, the need for smart education, bridging the urban-rural divide, conversion of conventional classrooms into smart classrooms, the introduction of novel e-learning, and cultivation of new generation talent.

Large size electronic white board displays with touch controls combined with smart education software/hardware, electronic teaching materials and diverse teaching aids are now being used to create interactive smart learning environments for smart education.

AUO popularize 65", 75", 85" and 86" large-size interactive electronic white boards with integrated touch control and glass lamination technology for the global market for use in chalk-free/marker-free/paper-less interactive teaching devices. These can be used with lively electronic teaching materials to improve teaching efficiency. For students and teachers, it simplifies preparation and assessments while enhancing their learning and interactive experiences in the classroom.

Data Overview

1. Corporate Governance

📖 Corresponding Chapter: 1.1 Subsidiaries Overview: AUO Crystal Corp.

Since characteristics of manufacturing process has risks of CSR environmental and social aspects, therefore, AUO Crystal simultaneously discloses the management performance of material issues and corporate concerned aspects in 2020 to respond to the concerns of stakeholders.

Item	Material issues	Task	Item	Data	Unit
1	Supply Chain Management	Supplier environmental assessment	The percentage of procurement amount filtered by environmental standards	New suppliers must sign thee declarations on integrity, confidentiality and non-infringement. There are currently no special requirements for supplier environmental and social assessments.	%
		Supplier social evaluation	The percentage of procurement amount filtered by social standards		%
2	Occupational Health and Safety		Frequency of Disabling Injuries (FR)	4	(Millions of Work hours) %
			Severity of Disabling Injuries (SR)	9	(Millions of Work hours) %
			Number and ratio of deaths caused by occupational injuries	0	
			Number and rate of severe occupational injuries (excluding deaths)	0	
			Number and ratio of recordable occupational injuries	6 Incidents/A total of 14 days	
			Main Types of Occupational Injuries	Cut wound	
			Working hours	1,504,880	hours
			Percentage (%) of Employee Representatives in the Safety Committee	43.8%	%
			Safety and Health Compliance Incidents in the Year	0	Incident
3	Technology and Innovation		Cumulative patents granted	46	
			Incentive scheme to encourage internal innovation	Yes	
		Customer relations	Customer satisfaction management	88	
4	Energy Management[1]		Purchased electricity	280,574	GJ
			Diesel	110	GJ
			Renewable Energy	5,159	GJ
5	Climate Change		Scope 1	70	Tonnes CO2e/ Year
			Scope 2	43,106	Tonnes CO2e/ Year
			Scope 3	Not included in the calculations yet	Tonnes CO2e/ Year
			ODS Usage	0	Tons
			Greenhouse Gas Intensity[2]	0.0111	Tonnes CO2e/ Year
		Green product	Product hazardous substance management	Finished products GP 100% Materials GP 100% Require the management of materials and finished products. The coverage reaches 100%	%

Item	Material issues	Task	Item	Data		Unit
6	Circular Production	Waste Management Waste produced	Hazardous Business Waste	2		Tons
			Non-hazardous Business Waste	3,326		Tons
			Percentage of Waste Recycled	85%		%
		Ratio of raw and recycled materials	V-Poly Usage	1,290		Tons
			Recycled V-poly usage	42%		%
7	Compensation and Benefits		Compensation decision process	In accordance with company executive manuals and internal salary adjustment regulations		
			Ratio of standard salary for entry-level personnel of both genders to the local minimum wage	Male: 1.14 / Female: 1.14		%
8	Governance and Function	Diversified operations of the Board	Number of independent directors	0		Seats
			Gender of Board Members	Male 1		persons
				Female 0		persons
			The number of Directors that are also Company Officers should not exceed one-third of all Board DirectorsDirectors that are also company officers should not exceed one-third of all Board directors	100		%
9	Operating Risk	Information Security Management	Establish an organization that controls and manages information security of the entire company, such as the Information Security Committee	There were 2 Information Security Officer of All Units meetings in 2020		Times
			The number of annual information security response drills	1		Times
			The number of major cyber attacks that have impacted the Company's operations	0		Times
			Hours of employee information security related courses organized	Phishing Email Training: 19 Persons × 1 Hour		Hours
				Information security related announcement × 4		Times
10	Talent Development	Education opportunity	Education opportunities for employees	4.9		Person-hour
		Training Information	Employees learning hours	Female: 4.4	Male: 5.0	Person-hour
				Manager: 11.8	・Indirect employees: 8.3 ・Direct employees: 3.0	Person-hour
			Global average course satisfaction	9.67		10-point scale
			Global course training costs	174,850		TWD
11	Social Engagement	Training Information	Volunteer participation	102		Person
			Hours of Volunteer Service	282		Hours
			Donation Amount	330		Thousands
			Cooperation with social enterprises or small disadvantaged farmers	12		Groups
12	Water Resource Management		Water Usage[3]	619,890		m3
			Production Water Recycling Rate[4]	89		%

Note 1: The coefficients of purchased electricity, diesel, and renewable energy are based on data referenced to the Bureau of Energy, Ministry of Economic Affairs

Note 2: Greenhouse gas intensity = total carbon emissions / individual revenue

Note 3: All of the Company's factorysites water use comes from tap water, and the factory sites are located in a water-stressed area

Note 4: Process water recovery rate = recovered water / total process water
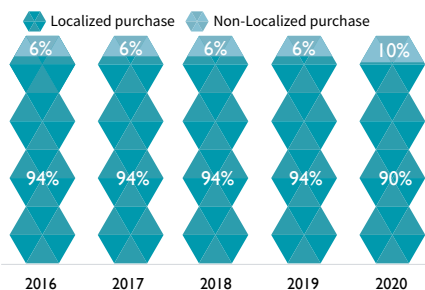
📖 Corresponding Chapter 1.3.4 Remuneration Committee

Highest Median Remuneration Correlation Ratio

	Taiwan	Mainland China			Asia			Europe			United States
		Suzhou	Xiamen	Kunshan	Japan	Korea	Singapore	Slovakia	The Netherlands	Germany	
Highest-to-median Compensation Ratio (multiplier)	50.44	15.16	14.07	8.82	1.95	2.14	4.8	4.88	3.20	2.20	2.20
Highest-to-median Compensation Adjustment Ratio (multiplier)	0	0	0	2.34	1.85	0.87	1.79	0.93	0.00	1.15	2.26

📖 Corresponding Chapter: 2.5 Supply Chain Management

Percentage of Localized Purchases

Taiwan Display Business
Localized purchase   Non-Localized purchase

2016	2017	2018	2019	2020
6%	6%	6%	6%	10%
94%	94%	94%	94%	90%

Mainland China Display Business
Localized purchase   Non-Localized purchase

2016	2017	2018	2019	2020
27%	20%	10%	9%	10%
73%	80%	90%	91%	90%

Taiwan Solar Business
Localized purchase   Non-Localized purchase

2016	2017	2018	2019	2020
75%	72%	80%	73%	55%
25%	28%	20%	27%	45%
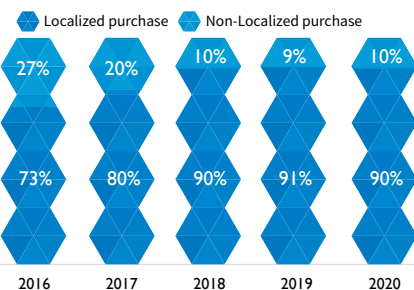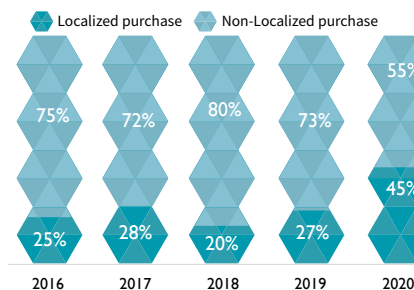
2 Environmental Aspect

📖 Corresponding Chapter: 3. Environmental Sustainability

Materials Input and Emission

Category		Item		Unit	2020	2019	2018
Input	Materials	Glass Substrate		Tons	91,994.92	91,465.65	97,865.90
		Liquid Crystal		Tons	92.00	89	90
		CF Thinner		Tons	1,795.00	1,500	1,774
		Developer		Tons	11,747.00	11,966	13,995
		Aluminum Etchant		Tons	8,516.00	8,882	10,493
		Array Stripper	Usage	Tons	64,147.00	66,532	8,0862.3
			Regeneration Fluid Usage Rate	%	86.27%	88.55%	87.80%
		Photoresist		Tons	2,995.00	2,954	3,129
		PFCs Usage		Tons	1,049.62	913.3	900.4

Category		Item	Unit	2020	2019	2018
Input	Enegy [1]	Total Energy Consumed	GJ	19,305,552.10	19,340,633.58	19,746,407.09
		Purchased electricity	GJ	18,557,654.86	18,637,259.09	18,921,349.28
		Natural Gas	GJ	644,922.15	621,292.42	716,182.93
		LPG	GJ	24,587.75	13,468.03	12,511.37
		Diesel [2]	GJ	58,249.22	68,614.04	96,363.50
		Gasoline	GJ	952.52	863.49	874.43
		Self-generated Solar Power	GJ	19,185.60	19,280.65	10,107.36
	Water	Total Water Used	Megaliters	26,460.38	27,955.25	33,735.21
		Water Consumption	Megaliters	7,835.93	7,446.68	8,597.61
		Domestic water	Megaliters	2,834.05	2,773.76	2,455.90
		Reclaimed water [3]	Megaliters	1,764.53	1,998.32	2,472.20
		Tap water	Megaliters	24,532.31	25,781.29	31,155.63
		Ground Water	Megaliters	153.96	154.40	88.23
		Rainwater	Megaliters	9.58	21.24	19.15
		Production Water Recycle Volume	Megaliters	158,465.03	145,412.97	152,207.77
		Production Water Recycling Rate [4]	%	93.81%	92.29%	91%
Output	Energy	Self Generated Parallel Solar Power [5]	GJ	200,707.37	187,288.20	196,737.90
	Greenhouse Gas	Scope 1	10,000 metric tons CO2e	10.22	9.86	32
		Scope 2	10,000 metric tons CO2e	290.93	304.59	325
		Scope 3	10,000 metric tons CO2e	147.18	1,522	811
	Air Emissions	ODS Emissions [6]	Tons	0.05	0.11	0.08
		SOx [7]	Tons	51.93	50.1	53.8
		NOx [7]	Tons	70.88	74.6	75
		Fluorides [8]	Tons	3.10	1.3	3.6
		HCl4 [8]	Tons	0.59	1.8	2.2
		Volatile Organic Compounds (VOC) [9]	Tons	142.28	131.5	144.9
	Waste Water Discharge	Wastewater	Megaliters	18,624.45	20,508.57	25137.6
		Chemical Oxygen Demand (COD) [10]	Tons	527.95	583.05	874.8
		Biochemical Oxygen Demand (BOD) [10]	Tons	45.81	55.7	121.7
		Total Suspended Solids (TSS) [10]	Tons	85.16	160.52	179.4
	Waste Generation	Hazardous Waste	Tons	19,326.73	22,475.73	30,623.4
		Non-hazardous Waste	Tons	62,184.21	67,080.28	79,349.5
	Panel Shipments [11]	Large size	Million Pieces	120.2	108.2	114.8
		Small/medium size	Million Pieces	117.5	131	166.6

Note 1 Energy coefficients (including total energy use, purchased electricity, natural gas, LPG, diesel, gasoline and so forth) are taken from the statistics provided by the Bureau of Energy for reference purposes.

Note 2 The energy conversion coefficient for diesel varies for each country. The coefficient given by the MOEA Bureau of Energy in Taiwan is cited in this report.

Note 3 The Kunshanuses the reclaimed water treated by Jiangsu Kunshan Photoelectric Industrial Park.

Note 4 Production water recycling rate = production water recycling volume / volume of purified water used.

Note 5 Including Sungen I, Sungen II, Sungen III, Sungen IV and AUO sites (Hsinchu, Tainan, Kaohsiung, Huaya, Longtan and Longke).

Note 6 ODS Emission Factor: Ozone Depletion Potential (ODP) of the Montreal Protocol listed chemicals Annex C Class 1.

Note 7 Calculate the annual emissions in accordance with the regular inspection operations and calculation requirements required by the laws and regulations. (Taiwan only)

Note 8 Calculate the annual emissions in accordance with the relevant laws and regulations of the factory area located. (Taiwan and Singapore only)

Note 9 Calculate the annual emissions in accordance with the regular inspection operations and calculation requirements required by the laws and regulations. (Taiwan and Singapore only)

Note 10 The Company's waste water discharge is divided into two ways of self-discharge and sewer-connected discharge. Self-discharge (self-treatment to comply with discharge standards): the discharge quantity is calculated based on the regularly tested quality and actual quantity of the discharged water; sewer-connected (discharged into the sewage plant of the industrial park, assisted by the sewage plant for treatment): the discharge quantity is calculated based on quality and actual quantity of the discharged water regularly tested by the industrial park sewer plant and the sewer connected discharge quantity in the factory.

Note 11 Large-size panel refers to panel of 10 inches or larger; small and medium-size panel refers to panel of less than 10 inches.

Environmental Accounting

AUO pushed the environmental accounting system since 2009. The global roll-out of the system was completed in 2012. Environmental Accounting has gradually become relevant necessary information for Environmental Management. The 2020 environmental protection expenditures totaled approximately TWD 1.496 billion (recurrent expenditures were approximately TWD 1.443 billion and capital expenditures were approximately TWD 53 million).

Unit: NTD 1,000		2020		2019		2018		2017	
Expenditure Categories		Current Expenditure	Capital Expenditure	Current Expenditure	Capital Expenditure	Current Expenditure	Capital Expenditure	Current Expenditure	Capital Expenditure
Operating Costs	Pollution Control Costs	471,622	40,976.00	627,656	19,215	870,692	205,930	703,116	1,072,288
	Global Environmental Protection Costs	37,176	1,995.00	50,794	2,016	457,944	2,310	407,672	17,430
	Resource sustainability usage costs	483,034	9,870.00	740,693	7,770	880,451	45,589	757,892	27,634
Upstream and Downstream Related Costs		188,464	0	207,283	0	232,743	0	227,844	0
Management Costs		44,270	0	59,744	0	65,665	0	52,739	95
R&D Costs		13,270	0	19,187	0	17,052	0	15,056	0
Social Activity Costs		3,996	0	4,880	0	4,886	0	2,934	0
Loss and Remedy Costs		0	0	0	0	3	0	87	-
Other Environmental Protection Costs		201,015	0	227,870	0	309,005	0	350,681	43,890
Sub-total		1,442,847	52,841	1,938,107	29,001	2,838,441	253,829	2,518,021	1,161,337
Total Costs		1,495,688.00		1,967,108		3,092,270		3,679,358	

Note 1: Current Expenditure: Refers to the benefit of an expenditure period is only for the current period, also known as income expenditure, generally includes expenditures for people, water and electricity, materials, maintenance, and testing.
Note 2: Capital Expenditure: Refers to the benefit of an expenditure period is more than one accounting period and can be capitalized, generally includes expenditures for factory buildings, equipment, and engineering constructions.

Scope 3: Emission Reduction Measures of Value Chains

Carbon Reductions from Intermodal Transport of Low Carbon

CO2e Reduction Carbon Emission Ratio Formula: [Total CO2 Emissions Before Introduction (g) - Total CO2 Emissions After Introduction (g) / Total CO2 Emissions Before Introduction (g)]

	2016	2017	2018	2019	2020
Target (Metric Tons CO2e)	-	-	1,155	3,436	4,300
Actual (Metric Tons CO2e)	865	630	4,219	3,901	5,828
Cumulative Reduction (Metric Tons CO2e)	7,715	8,345	12,564	16,465	22,293
Improvement Percentage (%)	10	7	83	84	85

Low Carbon Transportation：Intermodal Transport

Ship by express ship to the Mainland China seaport, and then transport inland to the AUO Mainland China factory, reduce air transportation.
Containers of Suzhou factory are shipped to Shanghai Port, and transported with inner branch feeders to replace the container trailers.
Xiamen uses trucks instead of air freight to ship to Hong Kong using integrated customs.

Sustainable Logistics Product Packaging Materials Recycling

AUO promotes customers and suppliers' packaging materials recycling. Except for the material characteristics, transportation and customer putting into production process that resulted in the packaging materials cannot be recycled due to damage, dirty, scratches, collision, or dimensional changes, the rest shall be cleaned and reused.

Customer packaging material recycling statistics

	2016	2017	2018	2019	2020
AUO product packaging material recycling volume (sets)	-	-	-	270,431	314,101
AUO product packaging material recycling rate (%)	-	-	-	37.0	44.64

Calculation Method: The packaging material recycling rate is calculated as the recycling quantity / shipping quantity of television panel packaging materials.

Supplier packaging material recycling statistics

	2016	2017	2018	2019	2020
Supplier packaging material recycling rate (%)	91.6	93.1	93.0	92.6	96.0
Supplier packaging material recycling target (%)	90.0	91.5	91.5	92.0	93.0

Supplier's packaging material recycling is mainly based on packaging materials of panel materials, and does not include packaging materials of glass and color filters.

Actual Carbon Footprint CO2e

	2018	2019	2020
Supplier Packaging Materials Carbon Footprint (KgCO2e)	23,709,732	34,027,269	30,509,199

Calculation Method: The weight of waste reduction is the monthly reduction of the quantity of packaging materials used by each site* the sum of the average weight of each packaging material.
Carbon Footprint (kg CO2e) is the reduced weight of packaging materials used by each site every month* the total carbon footprint factor of each packaging material. The data source of carbon footprint factor comes from the Environmental Protection Administration Carbon Footprint Service Platform

Hazardous Substance

Banned Class A Hazardous Substance	Banned Class B Hazardous Substance	Hazardous Substance (Reporting Reduce Use)	Hazardous Substance (Reporting)
12 Items	59 Items	10 Items	70 Items

3. Social Aspect

📖 Corresponding Chapter 4.1.1 Diversified Employment and Tolerance

Basic Definition Description

AUO Manufacturing and Offices in each regions are defined as follows, which are applicable to various labor distribution statistics.

Taiwan	Mainland China	Asia	Europe	United States
Taipei Office, Huaya Site, Longke Site, Longtan Site, Hsinchu Site, Houli Site, Taichung Site, Tainan Site, and Kaohsiung Site	Kunshan Site, Suzhou Site and Xiamen Site	Japan, Korea and Singapore	Slovakia, the Netherlands and Germany	United States

AUO Global Manpower Related Statistics

Number of Employees over the Years

	2015	2016	2017	2018	2019	2020
Total Employees	41,362	44,455	45,576	42,418	38,401	38,524
Indirect employees*	11,605	11,947	12,056	11,759	11,013	11,099
Direct employees*	29,757	32,508	33,520	30,659	27,388	27,425

* Indirect employees (IDL) included management and non-management staff. Direct employees (DL) included temporary technicians, technicians, engineers, foremen, deputy foreman, and team leaders.
Note: There are no casual employees at AUO; manpower outsourcing is limited to roles that are not production-related and require special skills such as security, cleaning and disinfection, as well as general maintenance and repairs for firefighting equipment, network and telecommunications equipment, electrical equipment, air-conditioning equipment, drainage system, dormitories and plant facilities, water towers, and elevator maintenance. Outsourcing contracts are usually based on work to be performed rather than manpower. The personnel statistics are more difficult to track, and thus not included here.

2020 Global Employee Distribution

	Taiwan	Mainland China	Asia	Europe	United States
Number of Employees	20,336.00	17,235.00	798.00	119.00	36.00
Ratio	52.79%	44.74%	2.07%	0.31%	0.09%

2020 Employee Gender Ratio Information

Category		Item	Male	Female
Overall Employees		Gender Ratio	66.49	33.51
Management	Level	Junior Level Management Gender Ratio	71.51	28.49
		Mid Level Management Gender Ratio	87.27	12.73
		Senior Level Management Gender Ratio	90.74	9.26
	Overall *	Management Gender Ratio	72.45	27.55
Employee Structure		Indirect employees	74.67	25.33
		Direct employees	63.18	36.82

*Management roles included direct and indirect personnel managers

2020 Number of Employees by Hiring Type

Gender	Nature of Employment	Taiwan	Mainland China	Asia	Europe	Americas	Total
Female	General Employees	6,377	3,963	93	59	8	10,500
	Contract Employees	716	201	132	0	0	1,049
	Temporary Employees	0	277	0	0	0	277
	Part-Time/Interns	0	1,084	0	0	0	1,084
	TTL	7,093	5,525	225	59	8	12,910
Male	General Employees	11,700	7,265	283	60	28	19,336
	Contract Employees	1,542	616	290	0	0	2,448
	Temporary Employees	0	884	0	0	0	884
	Part-Time/Interns	1	2,945	0	0	0	2,946
	TTL	13,243	11,710	573	60	28	25,614
Total		20,336	17,235	798	119	36	38,524

*AUO's operating bases are all over the world, so the terms and definitions of employment types used in Taiwan have been adjusted and updated with the international common definition.

Number of Employees by Age Distribution by Location in 2020

		Taiwan	Mainland China	Asia	Europe	United States	Total
Female	Under 29	557.00	2,878.00	62.00	6.00	0.00	3,503.00
	30 ~ 49	6,061.00	2,645.00	146.00	43.00	7.00	8,902.00
	Over 50	475.00	2.00	17.00	10.00	1.00	505.00
Male	Under 29	1,315.00	7,515.00	96.00	5.00	2.00	8,933.00
	30 ~ 49	11,262.00	4,148.00	385.00	51.00	22.00	15,868.00
	Over 50	666.00	47.00	92.00	4.00	4.00	813.00
Total		20,336	17,235	798	119	36	38,524

Local Employment of Management Positions by Location in 2020

	Taiwan	Mainland China	Asia	Europe	United States	Total
Junior Level Management	99.96%	79.83%	94.61%	96.30%	100.00%	96.39%
Mid Level Management	100.00%	33.33%	60.00%	100.00%	100.00%	86.67%
Senior Level Management	97.92%	0.00%	0.00%	-	-	87.04%
Total	99.93%	76.98%	93.06%	96.43%	100.00%	95.84%

Note: The definition of AUO's management position is as follows
Senior Level Management: Management of two levels lower than the CEO and COO; Mid Level Management: Management of three to four levels lower than the CEO and COO; Junior Level Management: Management of directly leading personnel, managing non-management employees, and including professional personnel

Percentage of Hiring Types over the Years
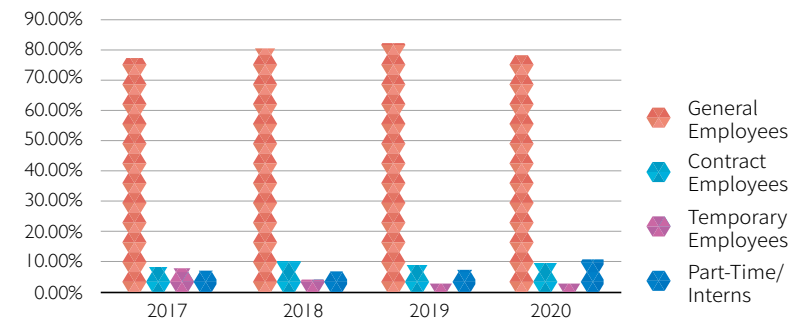
*AUO's operating bases are all over the world, so the terms and definitions of employment types used in Taiwan have been adjusted and updated with the international common definition.

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Relevant Data for New Employees in 2020

1 Number of New Employee

		Taiwan	Mainland China	Asia	Europe	United States	Total
Female	Under 29	172	6,595	2	0	0	6,769
	30 ~ 49	106	1,013	3	2	1	1,125
	Over 50	0	0	0	0	1	1
Male	Under 29	457	19,944	11	1	2	20,415
	30 ~ 49	358	2,748	14	2	3	3,125
	Over 50	11	0	0	0	0	11
Total		1,104	30,300	30	5	7	31,446

2 New Employee Ratio

Calculation formula: Local number of new employees of this age and gender / Total number of local employees of the year.
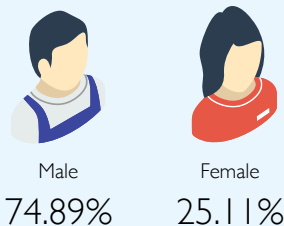
		Taiwan	Mainland China	Asia	Europe	United States	Total
Female	Regardless of Age	1.37	44.14	0.63	5.56	1.68	20.49
	Under 29	0.85	38.27	0.25	0	0	17.57
	30 ~ 49	0.52	5.88	0.38	5.56	0.84	2.92
	Over 50	0	0	0	0	0.84	0.01
Male	Regardless of Age	4.06	131.66	3.13	8.33	4.2	61.13
	Under 29	2.25	115.72	1.38	2.78	1.68	52.99
	30 ~ 49	1.76	15.94	1.75	5.56	2.52	8.11
	Over 50	0.05	0	0	0	0	0.03
Total		5.43	175.81	3.76	13.89	5.88	81.63

3 New Employees Statistics by Category

Distribution by age in 2020		
Under 29	30 ~ 49	Over 50
86.45%	13.52%	0.04%
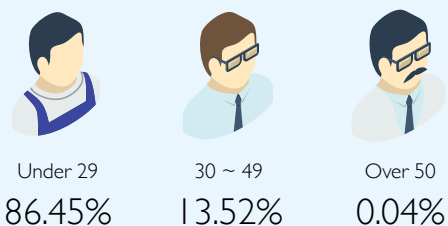
Distribution by gender in 2020	
Male	Female
74.89%	25.11%

Distribution by location in 2020				
Taiwan	Mainland China	Asia	Europe	United States
3.51%	96.36%	0.10%	0.02%	0.02%
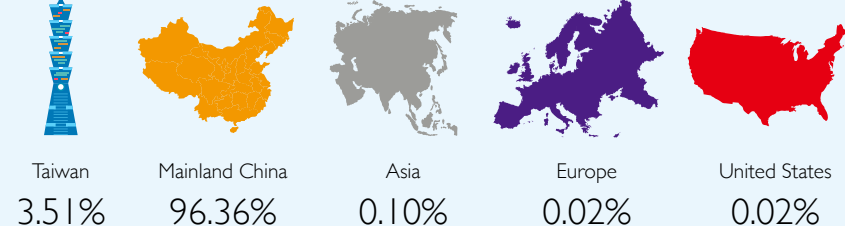
Relevant Information for Resigned Employees in 2020

1 Number of Resignations

		Taiwan	Mainland China	Asia	Europe	United States	Total
Female	Under 29	78	1,087	15	0	0	1,180
	30 ~ 49	276	396	23	1	0	696
	Over 50	13	1	0	0	0	14
Male	Under 29	215	3,037	29	0	0	3,281
	30~49	618	739	52	0	1	1,410
	Over 50	25	0	3	0	0	28
Total		1,225	5,260	122	1	1	6,609

2 Separation Rate

Calculation formula: Local number of resigned employees of this age and gender / Total number of local employees of the year

		Taiwan	Mainland China	Asia	Europe	United States	Total
Female	Regardless of Age	1.8	8.61	4.76	2.78	0	4.91
	Under 29	0.38	6.31	1.88	0	0	3.06
	30 ~ 49	1.36	2.3	2.88	2.78	0	1.81
	Over 50	0.06	0.01	0	0	0	0.04
Male	Regardless of Age	4.22	21.91	10.53	0	0.84	12.25
	Under 29	1.06	17.62	3.63	0	0	8.52
	30 ~ 49	3.04	4.29	6.52	0	0.84	3.66
	Over 50	0.12	0	0.38	0	0	0.07
Total		6.02	30.52	15.29	2.78	0.84	17.16

📖 Corresponding Chapter: 4.2 Talent Development

Average Hours of Global Employee Learning and Development in 2020

Region		Direct employees	Indirect employees
Taiwan	Taiwan	0.6	64.2
Mainland China	Kunshan	9.5	31.2
	Suzhou	5.1	27.3
	Xiamen	1.5	31.6
Asia	Japan	N/A	1.4
	Korea	N/A	0.8
	Singapore	7.1	28
Europe	Slovakia	1.1	1.8
	Germany	N/A	5.8
	The Netherlands	N/A	1
Americas	United States	N/A	0.8

Region		Management	Non-management
Taiwan	Taiwan	24.7	25.9
Mainland China	Kunshan	25.9	14.6
	Suzhou	31.5	7.7
	Xiamen	4.9	4.9
Asia	Japan	1.5	1.4
	Korea	0.8	0.9
	Singapore	20.2	17
Europe	Slovakia	2.1	1.3
	Germany	N/A	5.8
	The Netherlands	0	1.4
Americas	United States	0.8	0.8

Note 1. AUO adheres to the principle of non-discrimination when organizing employee education and training. There is no difference in the training provided to both genders so no statistics on hours of training for each gender are kept

Note 2. There are no direct employees at AUO customer service sites in Japan, Korea, Germany, the Netherlands and the US. These are therefore not counted as direct employee hours

📖 Corresponding Chapter 4.3.1 Talent Retention and Management

Global Salary and Benefits Related Statistics in 2020

1 Salary for Full-time Employees Who Are Not in Management Positions

Item	2018	2019	2020
Number of permanent employees in non-management roles	23,247	21,955	20,432
Total salary of permanent employees in non-management roles (Thousands of TWD)	22,758,055	20,038,867	19,854,479
Average salary of permanent employees in non-management roles (Thousands of TWD)	979	913	972
Median salary of permanent employees in non-management roles	748	730	783

2 Standard Compensation (Note 1) and Legal Minimum Wage

	Taiwan	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Standard-to-local-minimum salary ratio for entry-level male personnel	1.33	1.66	1.76	1.61	N/A			1.35	N/A		
Standard-to-local-minimum salary Ratio for Entry-level female personnel	1.34	1.7	1.72	1.64				1.34			

Note 1: Regular Salary Payable on a Monthly Basis
Note 2: Entry level employees refer to direct employees
Note 3: Not applicable as no minimum wage is set by law in Singapore, Germany, the Netherlands and the United States
Note 4: Not applicable since there are no direct employees in Japan and Korea

3 Salary Ratio by Gender

Taking male as the baseline, the proportion of male and female gender in the work attribute, field, and seniority is different, so the salary ratio will be slightly different

	Taiwan	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Direct employees	0.98	1.02	0.95	1.01	No direct employees		0.87	0.89	No direct employees		
Indirect employees (Non-managers)	0.91	0.83	0.82	1.04	0.93	1.06	0.94	0.88	0.71	0.80	0.79
Indirect employees (Managers)	0.92	0.99	0.9	1.01	0.96	0.88	0.9	1.14	No female managers		

Note 1: Not applicable since there are no directly hired employees in Japan, Korea, Germany, the Netherlands and the United States
Note 2: No female managers in the Netherlands and the United States

4 Global Retirement Related Statistics

			Taiwan	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Ratio of Salary Counted for by Pension Appropriation	Employer (%)		Old System: New System: 6	13	16	12	9.15	4.5	7.5~17	14	9.3	2.9~17.9	6.2
	Employee (%)		Old System: 0 New System: 0 -6	8	8	8	9.15	4.5	5~20	4	9.3	1.5~8.9	6.2
Pension plan		Old System: Company Pension Account		Endowment Life Insurance (Employee Account)			Employee Pension Insurance (Government's Labor Insurance)	National Pension	CPF (Employee Account)	Retirement Insurance	Gesetzliche Rentenversicherung (GRV)	Centraal Bcheer Algemeen Pensioenfonds	Social security
		New System: Personal Pension Account											
Degree of Employee Participation in Retirement Plan			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note 1 The information for Singapore and Slovakia comes from the Department of Investment Services, Ministry of Economic Affairs; the data for Singapore and Slovakia.
Note 2 CPF is the abbreviation for the Central Provident Fund, a central provident fund scheme unique to Singapore. Contributions to the CPF go to three separate accounts at pre-determined proportions: ordinary account, special account and medisave account.

5 Parental Care and Temporary Leave Without Salary Statistics

Calculation formula description

Re-instatement rate: Actual number of re-instatements during the year / Number of people expected to be re-instated during the year *100%

Retention Rate: Number of employees re-instated and continued to work for 1 year in the previous year/Actual number of employees re-instated in the previous year *100%

	Male	Female
Number of Employees Eligible for Parental Leave	833	511
Total number of employees actually using parental leave	81	129
The number of employees estimated returning to job after parental care and temporary leave without salary during the year	46	88
The total number of employees actually returning to job after parental care and temporary leave without salary	39	81
The total number of employees returning to job and still on the job for 12 months after parental care and temporary leave without salary	30	71
Reinstatement Rate after Parental Care Leave	85%	92%
Retention Rate after Parental Care Leave	81%	76%

📖 Corresponding Chapter: 4.3.2 Labor-Management Relations

Utilization Status of Communication and Consultation Channels - 2020

Communication Channels	Cases Accepted		Status	
	Taiwan	Mainland China	Settled Cases	Outstanding Cases
Opinion Mailbox	76	853	929	0
President's Mailbox	7	31	38	0
Audit Committee's Mailbox	0	0	0	0
Sexual harassment grievance mailbox	0	0	0	0
7885 Hotline	4,317	1,765	6,082	0

📖 Corresponding Chapter: 4.5 Health and Safety

Occupational Injury Statistics - 2020

The total working hour calculation is different in response to the labor conditions of each location and the calculation required by the competent authority. The calculation principles for each location:

- Taiwan: (1) Indirect employees = working days of the month (excluding Company holidays) ✕ 8 hours/day ✕ total number of indirect employees (month) + (2) Direct employees = 15 days/month ✕ 10 hours/day ✕ total number of direct employees (month) (use 14 days for February)
- Mainland China: According to the company's vacation attendance system
- Singapore: direct employees ✕10hr✕15 days + direct employees ✕ 8.7 5✕ working days per month
- Slovakia: Direct employees ✕11hr✕ monthly working days + direct employees ✕ 8 ✕ monthly working days

Employees	Company wide	Taiwan Factory Area	Mainland China Factory Area	Singapore Factory	Slovakia Factory
Number of Occupational Injury Deaths	0	0	0	0	0
Ratio of Occupational Injury Deaths	0	0	0	0	0
Number of Serious Occupational Injuries	1	1	0	0	0
Ratio of Serious Occupational Injuries	0.012	0.026	0	0	0
Number of Occupational Disabling Injuries	26	18	7	1	0
Frequency of Occupational Disabling Injuries	0.322	0.463	0.174	0.641	0
Working Hours	80,789,664	38,851,732	40,186,476	1,558,904	192,552

* Excluding traffic injuries

2020 Occupational Diseases Related Statistics

Employees	AUO	Taiwan Factory Area	Mainland China Factory Area	Singapore Factory	Slovakia Factory
Number of Recordable ccupational Diseases	0	0	0	0	0
Number of Occupational Disease Deaths	0	0	0	0	0
Ratio of Occupational Disease Deaths	0	0	0	0	0
Main Types of Occupational Diseases	There was no cases determined as occupational diseases in 2020 according to laws and regulations				

* This disclosure information is estimated through the Environmental Safety Notification Management System, the Wellness Center Occupational Injury Notification Management System, the Human resources Management System, the Contractor Management System and Part Time Man-Hours
* Excluding European, American, Japanese and Korean overseas business marketing service offices and stations

Contractor	Company wide	Taiwan Factory Area	Mainland China Factory Area	Singapore Factory Area	Slovakia Factory Area
Number of Occupational Injury Deaths	0	0	0	0	0
Ratio of Occupational Injury Deaths	0	0	0	0	0
Number of Serious Occupational Injuries	1	1	0	0	0
Ratio of Serious Occupational Injuries	0.08	0.196	0	0	0
Number of Occupational Disabling Injuries	3	2	1	0	0
Frequency of Occupational Disabling Injuries	0.499	0.392	1.12	0	0
Working Hours	6,011,213	5,096,383	893,599	13,127	8,104

* Ratio of Occupational Injury Deaths = Number of Occupational Injury Deaths / Working Hours *1,000,000
* Ratio of Serious Occupational Injuries = Number of Serious Occupational Injuries / Working Hours *1,000,000
* Frequency of Occupational Disabling Injuries = Number of Occupational Disabling Injuries / Working Hours *1,000,000
*The disclosure information is estimated through the Environmental Safety Notification Management System, the Wellness Center Occupational Injury Notification Management System, the Human resources Management System, the Contractor Management System and Part Time Man-Hours
*Excluding European, American, Japanese and Korean overseas business marketing service offices and stations

Contractor	AUO	Taiwan Factory Area	Mainland China Factory Area	Singapore Factory	Slovakia Factory
Number of Recordable ccupational Diseases	0	0	0	0	0
Number of Occupational Disease Deaths	0	0	0	0	0
Ratio of Occupational Disease Deaths	0	0	0	0	0
Main Types of Occupational Diseases	There was no cases determined as occupational diseases in 2020 according to laws and regulations				

Percentage of Labor Representatives in the Occupational Safety and Health Committee

Site	Huaya	Longke	Longtan	Hsinchu L3B	Hsinchu L3C	Taichung	Houli	Tainan	Kaohsiung	Mainland China			Europe LSlovakia	Asia Singapore
										Kunshan	Suzhou	Xiamen		
Number of Labor Representatives	38	44	29	28	22	220	36	17	15	19	47	40	Not Applicable*	21
Total committee members	59	115	45	61	41	477	99	37	25	40	102	83		47
Ratio	64%	38%	64%	46%	54%	46%	36%	46%	60%	48%	46%	48%		45%

Comments:

Environmental Violations

Case Name	Penalty Amount	Corresponding Improvement Measures
In March 2020, the Taoyuan City Department of Environmental Protection audited the Longke factory area, and found a one-ton barrel of waste aluminum etching solution in the one-ton barrel storage area of hazardous industrial waste, and the barrel body was not marked with waste regulatory labeling	TWD 60,000	1. Re-examine the implementation of waste labeling in the factory area, and continue to inspect and audit each factory area regularly 2. Strengthen the education and training of waste business related personnel

Occupational Safety Violations

Case Name	Penalty Amount	Corresponding Improvement Measures
In July 2020, the Hsinchu Science Park Administration conducted labor inspection at the Longke factory area. Since the machine area was engaged in shutdown inspection and repair operations, the support frame was not used throughout the process in accordance with the regulations, which resulted in endangerment of labor safety	TWD 30,000	1. Fix the machine again, complete the lock and add safety protection measures 2. Revised the related repair and maintenance procedures, and organized the education/training and safety awareness announcement for all unit managers and colleagues to enhance safety awareness

Labor Violations

Case Name	Penalty Amount	Corresponding Improvement Measures
In February 2020, the Central Taiwan Science Park Administration conducted labor inspection at the Taichung factory area and found that colleagues were working overtime	TWD 50,000	1. Regarding the management of employee working hours, the Company proactively provides working hours reports to the management level for personnel care and work allocation 2. The access control card swiping system control is in operation, but if continuously working for seven days, the access control is shut down and employees cannot enter the workplace
In September 2020, the Central Taiwan Science Park Administration conducted labor inspection at the Taichung factory area and found that colleagues were working overtime	TWD 90,000	3. The managers control the overtime hours worked by colleagues under their management and regularly care for it 4. Regularly publicize compliance issues to management level through regular meetings
In November 2020, the Central Taiwan Science Park Administration conducted labor inspection at the Houli factory area. It was found that the injury case during line of duty was not notified to the competent authority	TWD 30,000	1. Regarding the injury during line of duty notification process, in addition to add notification to the Environmental, Safety and Health Notification System, the Wellness Center must notify the Environmental, Safety and Health department immediately if there is a case of hospitalization or surgery. 2. In order to care for colleagues suffering occupational/traffic injuries and reduce the occurrence of occupational accidents, occupational injuries and traffic injuries, managers are expected to care for their colleagues. The Environmental, Safety and Health department shall accompany and care in person during the first time visit.

Appendix

AUO's Task Force on Climate-related Financial Disclosures (TCFD) Operational Framework

Category	Management Actions	Content
Governance	Board of Directors Supervision Process	The CSR Committee is led by the Chairman of the Board, which presents an achievement report to the board of directors annually that includes responses to the stakeholders' material issues of concern. Major climate change-related topics are also incorporated into the board of directors' report. For instance, the impact of the major power consumer clause of the Renewable Energy Development Act and the response thereof is included in the board of directors' budget report
	Responsibilities and Roles of Management	The CSR Committee is the top governing body of the Company's sustainable corporate development movement. The Chief Sustainability Officer (CSO) was appointed to observe and share the current trends in climate-related issues; the CSO is responsible for reviewing the short-term targets, formulating mid to long-term guidelines, and deciding on material topics. Furthermore, the CSO and first-level executives from various departments must report to the Chairman quarterly (please refer to 2.1 for the responsibilities and expectations of sub-committees). Additionally, the Carbon Energy Working Group is led by the Vice President of Manufacturing and the CTO to integrate resources across various sub-committees and ascertain the latest trends. The Working Group sets the short to medium-term goals and reviews proposal and examines operational performance monthly (Please refer to 3.1.4 Climate Adaptation)
Strategy	Short, Medium, and Long-term Risk and Opportunity Identification	The Company has stipulated 3 major policies for climate change management complemented by carbon reduction development in the value chain, renewable energy development and market development, as well as the climate actions of SDGs as the strategic action guideline. Comprehensive identification on transformation risk and physical risk had been made. Various factory executives in conjunction identified climate change-related risks/opportunities with the Company's annual risk management protocol. Executives from manufacturing, R&D, sales, and all support units must analyze the short, medium, and long-term impacts of the Climate Change – Carbon Management issue on the Company's sales, strategy, and finance based on the risk/opportunity issue and scenario, as well as the frequency and severity identified by the risk matrix.
	Financial Impact of Risks and Opportunities	Besides comprehensive impact evaluation by all units mentioned above, the financial impact also includes the assessment of the following 5 aspects. 1. Personnel absenteeism and disabling injury; 2. Equipment, system, or assess impairment loss; 3. Increase material quality/delivery cost, loss of semi-finished products, cost of water, electricity, and gas energy; 4. Legal compliance cost; 5. Market mechanism, industry competitiveness impairment loss, and production loss due to operational interruptions. The working group regularly updates possible financial impacts on the organization's operations within various scenarios of the issue. Furthermore, PDCA is applied to foster a consensus on the risks and opportunities, as well as assess the financial impact of the subsequent control measures through quantified statistics.
	Scenario and Analysis	The identification process and key risks identified are combined with the information collected on the impact of climate change operation aspects. For our transformation risk, IEA's B2DS (below two-degree scenario) is applied in consideration of worldwide efforts in controlling global warming; for physical risks, we apply RCP 8.5 worst-case climate change scenario to evaluate the environment's impact and risks on the sustainable operation.
Risk Management	Identification/Evaluation Process	Preliminary evaluated risks and opportunities are compared with the internal risk/opportunity incident news information gathered by the carbon energy working group to generate material climate change-related risk/opportunity topics for the short, medium, and long-term. These are discussed by different groups of executives at the TCFD annual conference and achievement demonstration to define new risks, opportunities, and scenarios. The risk impact path has been included in the evaluation process, but the report only discloses major financial impacts.
	Management Process	After the risks, opportunities, and scenarios are defined, the risk topics are improved by the TCFD working group using PDCA, as well as continue to improve operating mechanism management over the long run. Open risk topics every year are assessed and the financial impact is reevaluated based on the latest internal/external trend and the adjustment measures implemented in the past. If the financial impact is deemed an acceptable risk by the Company, it will be removed from supervision and management. On the other hand, topics on opportunity are introduced to the CSR Committee and included in the committee's annual KPI by level-one executives to generate business opportunities.
	Integrate climate adaption into existing risk management system	The Company specifically integrates the climate adaptation topics into the Company's sustainable development goals, managing climate risks and opportunities based on PDCA, forming an operating mechanism for long-term and ongoing advancement. The CSR Committee monitors climate-related opportunities and implements adjustments based on the risks and the decision-making level (financial impact condition).

Category	Company's Management Actions	Content
Indicators and Targets	Indicators for Evaluating Risks and Opportunities	Mitigation Target: Carbon 2020, CSR 2025 carbon reduction target (continue to reduce carbon emissions by 6.5 million tonnes CO2e); in particular, the target is formulated based on the WB2C scenario of SBT absolute reduction.
		Target: Increase climate and resilience, continue to lower the financial impact of climate issues, create an internal/external resource sharing platform, improve technical skills, and incentives for innovation. Different risk issues are reviewed every year, ongoing improvements are also made to control and mitigate climate change-induced financial impact.
	GHG Emissions Risk	According to the law, the Company must conduct a GHG audit (organizational) in accordance with the ISO 14064 standards and file a report. AUO started conducting audits based on the abovementioned standards in 2003 and obtain external third-party verifications. In terms of indirect emissions, we also conducted audits and verifications since 2010 according to the guideline provided in the Greenhouse Gas Protocol. Currently, 8 indirect emissions protocols have been completed and they are used as the basis for examining reduction targets in the value chain.
	Target Formulation and Outcome Review	In response to the increasingly severe climate emergencies, the Company, as a major water consumer, must stipulate a more aggressive absolute reduction target in terms of energy, water, and carbon emissions. This not only highlights the eco-friendliness of smart manufacturing but also enhances operational resilience in the event of an unforeseeable climate incident. In addition, climate change issues have ramifications on the global and regional politics and economy, we will continue together with our supply chain partners to form a resilient value chain. We will also enhance the climate adaptation and resilience of our operations, as well as engage with our stakeholders on a deeper level. The aforementioned climate change-related material topics and goals will be used to evaluate the executives' annual performance and remuneration.

GRI Standards Index- General Standard Disclosure

GRI 102 General Standard Disclosure 2016				
Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
1. Organization Overview				
102-1	Name of Organization	1.1 Company Profile	9	
102-2	Main Brand, Product and Service	1.1 Company Profile / The Company does not sell any disputable products	9	
102-3	Location of Organization Headquarters	1.1 Company Profile	9	
102-4	Number of Countries and Country Names Where the Organization Operations are Located	1.1 Company Profile	9	
102-5	Ownership Nature and Legal Format	1.1 Company Profile	9	
102-6	Markets of Services Provided by Organization	1.1 Company Profile	9	
102-7	Organization Scale	1.1 Company Profile	9	
102-8	Information of Employees and Other Workers	4.1 Workforce Structure Data Overwiew	96 / 140	Assured by KPMG
102-9	Description of supply chain of organization, including main factors related to the organization activities, main brands, products and services	2.5.1 Supplier Management Strategy 2.5.2 Responsible Supply Chain	50 / 52	
102-10	Any major changes related to the organization scale, structure, ownership or supply chain	No major changes in the Company and supply chain in 2020		
102-11	Pre-warning Principle or Directive	2.6.1 Enterprise Risk Identification and Operations Management	56	
102-12	List the economic, environmental and social regulations, principles or polices signed and approved by the organization as well as established externally	Appendix_UN Global Compact	165	
102-13	List the main member qualifications for the industries participated by the organization or member qualifications of other public associations and national or international promotion organizations.	1.1 Company Profile	9	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
2. Strategy				
102-14	Statement of Decision Maker	Chairman's Message/ CSO's Message	4 / 5	Assured by KPMG
102-15	Critical impact, risk and opportunity	2.6.1 Enterprise Risk Identification and Operations Management	56	
3. Integrity and Ethics				
102-16	Description of values, principles, standards and behavior regulations of the organization	1.4 Business Integrity	22	Assured by KPMG
102-17	Recommendations related to ethics and mechanism for concerned matters	1.4 Business Integrity	22	
4. Governance				
102-18	Governance structure of the organization	1.3 Governance Organization 2.1 CSR Committee	13 / 30	Assured by KPMG
102-19	Procedure for the highest governance unit to authorize the senior management level and other employees to be responsible for the economic, environmental and social subjects	2.1 CSR Committee 1.3 Governance Organization	13 / 30	
102-20	a.Whether the organization commissions management level personnel to be responsible for the economic, environmental and social subjects; b.Whether the personnel report to the highest governance unit directly	1.3 Governance Organization 2.1 CSR Committee	13 / 30	
102-21	a. Procedure of the interested party to consult with the highest governance institution on the economic, environment and social subjects b. If the highest governance institution appoints an agent to perform consultation, then please describe the identity of such agent and how to provide feedbacks to the highest governance unit	2.1 CSR Committee 2.3 Stakeholder Negotiation and Communication	34 / 30	
102-22	Describe the highest governance institution and the formation of the committee in accordance with classification	1.3 Governance Organization	13	
102-23	Whether the Chairman of the highest governance unit is also a member of the Operation Team	Since November 2015, the position of Chairman has been held by CEO, Shuang-Lang Peng		
102-24	Nomination and election process of the highest governance unit and the committee thereof	1.3 Governance Organization, Elections system is established, and the CSR backgrounds of candidates are considered	13	
102-25	Process for preventing and managing conflict of interests of the highest governance unit	1.3 Governance Organization	13	
102-26	Development, approval and update of the principles, values or vision, strategies, and policies of the organization as well as the roles of the highest governance unit and senior management level in terms of the objectives related to the economic, environmental and social subjects	2.1 CSR Committee	30	
102-27	To develop and improve the measures adopted by the highest governance unit for the economic, environmental and social subjects based on group intelligence and knowledge	1.3 Governance Organization	13	
102-28	The evaluation process of the highest governance institution on the performance of the economic, environmental and social subjects, as well as explain the measures adopted to cope with the performance valuation conducted by the highest governance institution on the economic, environment and social subjects, which shall include at least changes of behaviors of members and the organization	1.3 Governance Organization The Board of Director performance evaluation includes CSR aspects	13	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
102-29	The roles of the highest governance unit for identification and management related to the economic, environmental and social subjects as well as impacts, risks and opportunities thereof include the role of the highest governance unit on the implementation of duty and responsibility of investigation	The Risk Governance Team in the Committee is responsible for identification and periodic reporting.		
102-30	The roles of the highest governance team in the examination of effectiveness of risk management for the economic, environmental and social subjects	2.1 CSR Committee 2.6.1 Enterprise Risk Identification and Operations Management	30 / 56	
102-31	The frequency with which the highest governance unit examines the economic, environmental and social subjects as well as the impacts, risk and opportunities	2.1 CSR Committee 2.6.1 Enterprise Risk Identification and Operations Management	30 / 56	
102-32	The officially examined and approved organization Sustainability Report and Confirmation Report have already covered the highest committee or job positions of all major subjects.	The CSR Committee Chairman performs reviews and reports to the Board of Directors.		
102-33	Procedures for communicating critical major events with the highest governance unit	2.1 CSR Committee	30	
102-34	a. Communicating the nature and total number of critical major events with the highest governance unit b. System for handling and resolving critical major events	2.1 CSR Committee There is a report and mechanism to handle critical major events. No event happened in 2020	30	
102-35	a. Explain the renumeration policies of the highest governance unit and senior management level according to the types thereof b. The objectives of the highest governance unit and senior management level on the economic, environmental and social subjects, such as how to link the performance standards in the renumeration policies.	1.3 Governance Organization	13	Assured by KPMG
102-36	a. Process for renumeration determination. and whether they are independent from the management level. b. Whether there are renumeration consultants participating in the establishment of renumeration, c. Whether there are any other relationships between the renumeration consultants and the organization	1.3 Governance Organization Elections system is established, and the CSR backgrounds of candidates are considered	13	
102-37	a. How to seek the opinions of the interested parties and to incorporate such opinions into the renumeration related considerations. b. If applicable, the renumeration polices and the voting results of proposals are taken into consideration.	The Company has established internal and external mailboxes, such as feedback of interested parties on the renumeration policy opinions and the renumeration of senior level of the renumeration committee		
102-38	a. In each country of the main operation locations, the ratio between the annual total renumeration of the individual with the highest renumeration in the organization and the annual total renumeration of other employees (excluding the individual with the highest renumeration) of the organization in such country	1.3 Governance Organization Data Overwiew	13 / 137	
102-39	a. In each country of the main operation locations, the ratio between the percentage of increase of the annual total renumeration of the individual with the highest renumeration in the organization and the median of the average of increase of a nnual total renumeration of other employees (excluding the individual with the highest renumeration) of the organization in such country	1.3 Governance Organization Data Overwiew	13 / 137	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
5. Stakeholder engagement				
102-40	List the interested party organizations communicating with the organization	2.3 Stakeholder Negotiation and Communication	34	
102-41	The total percentage of employees covered by the collective agreement	Presently, only the Suzhou, Xiamen and Singapore plants have established unions; however, the collective negotiation agreements have not been signed		
102-42	Basis for identification and selection of communication with interested parties	2.3 Stakeholder Negotiation and Communication	34	
102-43	The directives for communication with interested parties include the communication frequency according to different interested party groups and formats, and it is performedby indicating whether any communication procedure is made particularly for such report.	2.3 Stakeholder Negotiation and Communication 2.4 Customer Management	34 / 46	Assured by KPMG
102-44	Critical subjects and concerned matters proposed through communication with the interested parties include: a. How the organization responds to such critical subjects and concerned matters, including through reports; b. Propose interested party groups related to each critical subject and concerned matter	2.3 Stakeholder Negotiation and Communication 2.4 Customer Management	34 / 46	
6. Reporting practice				
104-45	a.All physical subjects included in the Consolidated Financial Statement and equivalent documents of the organization b. Whether there are physical subjects in the Consolidated Financial Statement or equivalent documents not yet incorporated into this report	About the report	3	
104-46	a. Process for interpreting and defining the report content and subject boundaries. b. Interpret how the organization follows the report principles and defines the report content	2.3.1 Main results and feedback 2.3.2 Identifying and Responding to Material Topics	34 / 37	
104-47	List all major subjects identified during the process of defining the report content	2.3.1 Main results and feedback 2.3.2 Identifying and Responding to Material Topics	34 / 37	
104-48	Impacts of revision on any information provided in the previous reports and reasons thereof	Appendix_2019 AUO Corporate Social Responsibility Report Corrigenda	165	
102-49	Major changes in the major subjects and subject boundaries in comparison with the ones in the previous reporting period boundaries	No major changes in the company's major themes and theme in 2020		
102-50	Reporting period for the information provided	About the report	3	Assured by KPMG
102-51	Last Report Date (if applicable)	About the report	3	
102-52	Report Cycle	About the report	3	
102-53	Contact persons related to the report and questions on the content thereof	About the report	3	
102-54	In the declaration made by the organization, if the Report has been prepared in accordance with theGRI Standards, then: a.This Report is in compliance with the GRI Standards: Core selections b.This Report is in compliance with GRI Standards: All of the selections	About the report	3	
104-55	GRI Content Index	Appendix_GRI Standards Index	149	
104-56	External Guarantee/Confirmation	About the report	3	
103-1	Explanation of the material topic and its Boundary	2.3.2 Identifying and Responding to Material Topics	37	

GRI Standards Index- Specific Standard Disclosure

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
GRI 201: Economic Performance 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.2 Economic Performance 1.4 Business Integrity 3.1.4. Climate Adaptation 4.3.1 Talent Retention and Management	15 / 22 /65 / 100	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
201-1	1Direct Economic Values Generated and Distributed by the Organization	1.2 Economic Performance	15	
201-2	Financial Impacts and Other Risks and Opportunities Generated by Climate Change	3.1.4.Climate Adaptation	65	
201-3	Define Welfare Plan Obligations and Other Retirement Plans	4.3.1 Talent Retention and Management	100	
201-4	Obtain Financial Subsidy From the Government	The total grants provided by the government is TWD 2.35 billion		
GRI 202: Market Position 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 2.1 CSR Committee	94 / 30	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 2.1 CSR Committee	94 / 30	
202-1	Percentage of Basic Personnel Standard Renumeration and Local Minimum Wage for Different Genders	1.1 Company Profile 2.5.2 Responsible Supply Chain 4.3.1 Talent Retention and Management Suppliers' gender salary ratio is inclused in CSR Risk Evaluation	9 / 52 / 100	
202-2	Percentage of Local Residents Employed at the Senior Management Level	4.1 Workforce Structure	96	
GRI 203: Indirect Economic Impacts 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 1.4 Business Integrity	94 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 2.1 CSR Committee	94 / 30	
203-1	Investment in Fundamental Facilities and Development as Well as Impact on Support Service	4.6 Social Engagement	112	
203-2	Obvious Indirect Economic Impacts	4.6 Social Engagement	112	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
GRI 204: Procurement Practice 2016				
GRI 103: Management Directives				
103-2	Management directives and elements thereof	2. Sustainable Management 1.4 Business Integrity	28 / 22	Assured by KPMG
103-3	Accreditation of management directives	2. Sustainable Management 2.1 CSR Committee	28 / 30	
204-1	Percentage of purchase expense from the local suppliers at the major s operation location	2.5.2 Responsible Supply Chain Data Overview	52 / 134	
GRI 205: Anti-corruption 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity	22	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
205-1	Operation Locations with Anti-corruption Risk Assessment Already Conducted	In 2020, 100% of business units have already conducted anti-corruption risk assessment; of which the European and Singapore sites use self-evaluation written review method for such audits without material risks		
205-2	Communication and Training of Anti-corruption Polices and Procedures	The Company scheduled anti-corruption training in new employees training for new employees in 2020		
205-3	Anti-corruption Incidents Already Confirmed and Actions Adopted	In 2020, there was one anti-corruption case is still under investigation		
GRI 206: Anti-competitive behavior 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity	22	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
206-1	Legal Actions for Anti-competitive Practices, Anti-trust and Monopoly Actions	1.4 Business Integrity	22	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
GRI 301: Materials 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	3. Environmental Sustainability 1.4 Business Integrity	63 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	3. Environmental Sustainability 2.1 CSR Committee	63 / 30	
301-1	Weight or Volume of Materials Used	Data Overview	134	
301-2	Regenerated Materials Used	Data Overview	134	
301-3	Recycled Products and Package Materials Thereof	Data Overview	134	
GRI 302: Energy 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	3. Environmental Sustainability 1.4 Business Integrity	63 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	3. Environmental Sustainability 2.1 CSR Committee	63 / 30	
302-1	Internal Energy Consumption Amount of the Organization	Data Overview	134	
302-2	External Energy Consumption Amount of the Organization	Data Overview	134	
302-3	Energy Density	3.1.3 Audit and Mitigation Results	66	
302-4	Reduction of Energy Consumption	3.1.3 Audit and Mitigation Results	66	
302-5	Reduction of Product and Service Energy Demands	3.1.6 Life Cycle Energy Conservation and Carbon Reduction Project Accomplishments	79	
GRI 303: Water and Effluents 2018				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	3. Environmental Sustainability 1.4 Business Integrity	63 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	3. Environmental Sustainability 2.1 CSR Committee	63 / 30	
303-1	Interactions with water as a shared resource	3.2 Water Resource Management	82	
303-2	Management of water discharge-related impacts	3.2 Water Resource Management	82	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
303-3	Water recycle and reuse	3. Data Overview_Materials Input and Emission 3.2 Water Resource Management	137 / 82	Assured by KPMG
303-3	Water withdrawal	Data Overview 3.2 Water Resource Management	137 / 82	
303-4	Water discharge	The company only discharges Huaya Factory wastewater into surface water: 1930.28 Mega liters; all others are discharged to third parties: 16694.17 Mega liters. Waste water discharge is in accordance with discharge standards, without retest of the total dissolved solids concentration, and the discharge is in full compliance with the substance discharge standards concerned by the local laws and regulations	137	
303-5	Water consumption	3.2 Water Resource Management Data Overview There is no change in the water storage capacity of the Company's factories, because the capacity of the water storage facilities is fixed	82 / 137	
GRI 305: Emissions 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	3. Environmenatl Sustainability 1.4 Business Integrity	63 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	3. Environmenatl Sustainability 2.1 CSR Committee	63 / 30	
305-1	Direct (Scope 1) Greenhouse Gas Emissions	3.1.3 Audit and Mitigation Results	66	
305-2	Indirect Energy (Scope 2) Greenhouse Gas Emissions	3.1.3 Audit and Mitigation Results	66	
305-3	Other Indirect (Scope 3) Greenhouse Gas Emissions	3.1.3 Audit and Mitigation Results	66	
305-4	Greenhouse Gas Emission Density	3.1.3 Audit and Mitigation Results	66	
305-5	Greenhouse Gas Emission Reduction	3.1.3 Audit and Mitigation Results	66	
305-6	Emission of Destructive Substances Damaging the Ozone	Data Overview	137	
305-7	Emission of Nitrogen Oxides, Sulfur Oxides and Other Major Gases	Data Overview Persistent Organic Pollutants (POP) and Hazardous Air Pollutants (HAP) are restricted substances in the Company	137	
GRI 306: Sewage and Waste 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 3.3.4 Reuse of Waste	22 / 91	Assured by KPMG
103-3	Accreditation of Management Directives	3.3.4 Reuse of Waste 2.1 CSR Committee	91 / 30	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
306-2	Plan Waste According to Types and Treatment Methods	3.3.4 Reuse of Waste There was no breach of contract by waste disposal contractors in 2020	91/30	Assured by KPMG
306-3	Major Leakage	A major leakage of the Company is defined as chemical leakage reachesmore than 1 ton, in 2020, there were no major leakage incidents.		
306-4	Waste Tr ansportation	3.3.4 Reuse of Waste	91	
GRI 307: Regulatory Compliance of environmental Protection Related Laws 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity Data Overview	22 / 134	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
307-1	Violation of Environmental Protection Laws	Data Overview	134	
GRI 308: Supplier Environment Assessment 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 2. Sustainable Management	22 / 28	Assured by KPMG
103-3	Accreditation of Management Directives	2. Sustainable Management 2.1 CSR Committee	28 / 30	
308-1	Use Environmental Standards to Select New Suppliers	2.5.2 Responsible Supply Chain	52	
308-2	Negative Impacts of Supply Chain on the Environment, and Actions adopted	2.5.2 Responsible Supply Chain	52	
GRI 401: Employment Relationship 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
401-1	New Employees and Resigned Employees	Data Overview	142	
401-2	Welfare Provided to Full-time Employees (excluding temporary and part-time employees)	4.3.1 Talent Retention and Management Data Overview	100 / 134	
401-3	Parental Leave	4.3.1 Talent Retention and Management Data Overview	100 / 134	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
GRI 402: Employment Relationship 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
402-1	Minimum Early Notice Period Related to Operation Changes and regulation	All major operations of the Company comply with local relevant laws		
GRI 403: Occupational Health and Safety 2018				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 4. Inclusive Growth	22 / 94	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 2.1 CSR Committee	94 / 30	
403-1	Occupational health and safety management system	4.5.2 AUO Safety Culture	108	
403-2	Hazard identification, risk assessment, and incident investigation	4.5.2 AUO Safety Culture	108	
403-3	Occupational health services	4.5.2 AUO Safety Culture	108	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.5.2 AUO Safety Culture	108	
403-5	Worker training on occupational health and safety	4.5.2 AUO Safety Culture	108	
403-6	Promotion of worker health	4.5.2 AUO Safety Culture	108	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5.2 AUO Safety Culture	108	
403-8	Workers covered by an occupational health and safety management system	4.5.2 AUO Safety Culture	108	
403-9	Work-related injuries	4.5.2 AUO Safety Culture Data Overview	108 / 145	
403-10	Work-related ill health	4.5.2 AUO Safety Culture Data Overview In 2020, there were no occurrences of Occupational Diseases and no Death Accidents due to Official Affairs	108 / 145	
GRI 404: Training and Education 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 4. Inclusive Growth	22 / 94	Assured by KPMG

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
103-3	Accreditation of Management Directives	4. Inclusive Growth 2.1 CSR Committee	94 / 30	Assured by KPMG
404-1	Average Training Hours Accepted by Each Employee per Year	4.2 Talent Development Data Overview	98 / 143	
404-2	Improve Employee Occupational Skills and Transition Assistance Solution	4.2 Talent Development Data Overview	98 / 143	
404-3	Percentage of Employees Periodically Accepting Performance and Occupational Development Evaluations	4.3.1 Talent Retention and Management	100	
GRI 405: Diversity and Equality in Employment 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 4. Inclusive Growth	22 / 94	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 2.1 CSR Committee	94 / 30	
405-1	Governance Unit and Diversity of Employees	1.3 Governance Organization 4.1 Workforce Structure Data Overview	19 / 96 /140	
405-2	Ratio of Basic Salary with Salary Increment Between Women and Men	4.3.1 Talent Retention and Management Data Overview	96 / 143	
GRI 406: Non-discrimination 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
406-1	Discrimination Incidents and Improvement Actions Adopted by the Organization	There was no incident of discrimination occurred this year.		
GRI 407: Freedom of Association and Group Negotiation 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
407-1	Operation Locations or Suppliers Subject to the Possibility of Facing Risks to Freedom of Association and Group Negotiation	4.4 Human Rights Management The Suppliers did not have violation of Freedom of Association and Group Negotiation	105	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
GRI 408: Child Labor 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
408-1	Operation Locations and Suppliers With Major Risks of Using Child Labor	4.4 Human Rights Management The suppliers did not have risks of using child labor	105	
GRI 409: Forced or Compulsory Labor 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
409-1	Operation Locations and Suppliers With Major Risks of Forced and Compulsory Labor Incidents	2.5.2 Responsible Supply Chain The suppliers did not have major risks of labor incidents 4.4 Human Rights Management	53 / 105	
GRI 411: Rights of Aborigines 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
411-1	Incidents Involving the Infringement of the Rights of Aborigines this year	There was no incident of infringement of the rights of indigenous people		
GRI 412: Human Rights Evaluation 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 4.4 Human Rights Management	94 / 105	
412-1	Operation Activities for Accepting Human Rights Review or Human Rights Impact Evaluation	The percentage of the business group that the Company has conducted human rights verification through internal audit in 2020 was 100%		

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
412-2	Employee Training on Human Rights Policies and Procedures	4.4 Human Rights Management	105	Assured by KPMG
412-3	Important Investment Agreements or Contracts Including Human Rightss Clauses Therein or Associated with Already Performed Human Rights Review	The Company's important mergers and acquisitions decided by the Board of Directors provide legal protection for the welfare and rights of the target company's employees, but it does not contain human rights clauses in the review.contract or conduct human rights		
GRI 413: Local Communities 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 4. Inclusive Growth	22 / 94	Assured by KPMG
103-3	Accreditation of Management Directives	4. Inclusive Growth 2.1 CSR Committee	94 / 30	
413-1	Operations with local community engagement, impact assessments, and development programs	4.6 Social Engagement The main production bases in Taiwan and Mainland China have communicated with local communities and implemented development plans	112	
413-2	Operations with significant actual and potential negative impacts on local communities	In 2020, there were no operational activities with significant negative impact		
GRI 414: Supplier Social Assessment 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	2. Sustainable Management 1.4 Business Integrity	28 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	2. Sustainable Management 2.1 CSR Committee	28 / 30	
414-1	New Suppliers are Selected with the Use of Social Standards	2.5.2 Responsible Supply Chain	52	
414-2	Negative Social Impacts in the Supply Chain and Actions Adopted	2.5.2 Responsible Supply Chain	52	
GRI 415: Public Policies 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity	22	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
415-1	Political Donations	The Company did not have political donations in 2020		
GRI 416: Customer Health and Safety 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity 12.4.2 Green Products Hazardous Substance Management	22 / 48	Assured by KPMG

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
103-3	Accreditation of Management Directives	2.1 CSR Committee 2.4.2 Green Products Hazardous Substance Management	30 / 48	Assured by KPMG
416-1	Evaluate the Impacts of Product and Service Types on Health and Safety	2.4.2 Green Products Hazardous Substance Management	48	
416-2	Incidents Violating Health and Safety Regulations Related to Products and Services	All of the products researched, developed and manufactured by the Company comply with relevant laws and regulations such that there are no penalties due to violation of regulations.		
GRI 417: Marketing and Labeling 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	3. Environmental Sustainability 1.4 Business Integrity	63 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	3. Environmental Sustainability 2.1 CSR Committee	63 / 30	
417-1	Product and Service Information and Labeling Requirements	* Product Parts and Composition: All products shall indicate the main parts and material numbers in the specifications. * Substances with an Impact on the Society and Environment: All display products are attached with the ROHS and lead-free labels. * Product Subsequent Handling: Since display products are not end products (endproduct, there are no relevant labels). Solar products qualifying for IEC and ETL Listed certifications are labeled on the (Shipping Label). All of the products are under the Management System according to the international regulations or (Recycle and UL, Green product, NARK)		
417-2	Incidents Not Complying with the Information and Labeling Regulations for Products and Services	In 2020, the Company had no violations against any regulations or voluntary regulations		
417-3	Incidents Not Complying with Marketing and Promotion Related Laws	In 2020, the company had no violations against any regulations or voluntary regulations		
GRI 418: Customer Privacy 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity	22	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
418-1	Complaints Verified to Infringe on Customer Privacy or Loss of Customer Information	In 2020, there were no actual complaints of the Company in violating customer privacy rights or loss of customer information		
GRI 419: Social Economic Regulatory Compliance 2016				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1.4 Business Integrity	22	Assured by KPMG
103-3	Accreditation of Management Directives	2.1 CSR Committee	30	
419-1	Violation of Laws and Regulations in the Social and Economic Fields	Data Overview	146	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
Business Risk Management				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	2. Sustainable Management 1.4 Business Integrity	28 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	2. Sustainable Management 2.1 CSR Committee	28 / 30	
Governance and Operation				
GRI 103: Management Directives				
103-2	Management Directives and Elements Thereof	1. Business Operations 1.4 Business Integrity	7 / 22	Assured by KPMG
103-3	Accreditation of Management Directives	1. Business Operations 2.1 CSR Committee	7 / 30	

ISO 26000 Article Comparison Chart
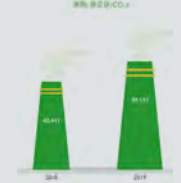
	Issues	Chapter	Page
Governance Organization	Decision and Implementation System for Execution of Objectives	1.3 Governance Organization	19
Human Rights	Compliance Audit	4.3.1 Talent Retention and Management	100
	Risk Situation of Human Rights	4.3.1 Talent Retention and Management	100
	Complicit Relationship Prevention - direct, interested and implied complicit relationships	1.3 Governance Organization	19
	Resolve Labor Complaints	4.4 Human Rights Management	105
	Discriminated and Disadvantaged Groups	4.1.1 Diversity and Tolerance 4.3.1 Talent Retention and Management	96 / 100
	Citizen and Political Rights	4.4 Human Rights Management	105
	Economic Society and Culture Rights	4.1.1 Diversity and Tolerance 4.3.1 Talent Retention and Management	96 / 100
	Basic Rights of Working	4.4 Human Rights Management	105
Labor Practices	Employment and Employment Relationship	4.3.1 Talent Retention and Management	100
	Working Criteria and Social Protection	4.3.1 Talent Retention and Management	100
	Social Dialogue	4.6 Social Engagement	112
	Work Health and Safety	4.5 Health and Safety	107
	Personnel Development and Training	4.2 Talent Development	98

	Issues	Chapter	Page
Environment	Pollution Prevention	3.3.2. Wastewater Management 3.3.3 Air Pollution Management 3.3.4 Reuse of Waste	88 / 89 /91
	Sustainable Resource Utilization	3.3.4 Reuse of Waste	91
	Lessening and Adapting to Climate Change	3.1. Climate Change	65
	Protection and Restoration of the Natural Environment	No protection and restoration of the natural environment in the report year	
Fair Operation Practices	Anti-corruption	1.4 Business Integrity	22
	Responsible Political Participation	No participation in political activities in the report year	
	Fair Competition	1.4 Business Integrity	22
	Promote Social Responsibility of Influential Groups	1.1 Company Profile 2.5 Supply Chain Management Data Overview_1.1 Subsidiaries Overview	9 / 50 / 135
	Respect Intellectual Property Rights	2.4 Customer Management	46
Consumer Issues	Fair Marketing, Information and Contract Practices	1.4 Business Integrity	22
	Protect Health and Safety of Consumers	2.4.2 Green Products Hazardous Substance Management	48
	Sustainable Consumption	3 Environmental Sustainability	63
	Consumer Service, Support, Complaint and Dispute Resolution	2.4 Customer Management	46
	Consumer Data Protection and Privacy	2.4 Customer Management	46
	Provide Necessary Services	2.4 Customer Management	46
	Education and Awareness	2.4.2 Green Products Hazardous Substance Management	48
Social Participation Development	Community Participation	4.6.3 Green Living	114
	Education and Culture	4.6.4 Promotion of Environmental and General Science Education	116
	Create Job Opportunities and Technological Development	4.2 Talent Development	98
	Technology Development	5.1 Innovative Panel Technologies and Applications 5.2 Affordable and Clean Energy	120 / 126
	Create Wealth and Income	1.2 Economic Performanc	15
	Health	4.5 Health and Safety	107
	Social Investments	4.6.2 Caring for Society and Humanities in Action	112

UN Global Compact

Category	Ten Principles	Chapter	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	4.4 Human Rights Management	105
	Make sure that they are not complicit in human rights abuses	4.4 Human Rights Management	105
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	4.4 Human Rights Management	105
	The elimination of all forms of forced and compulsory labor	4.4 Human Rights Management	105
	The effective abolition of child labor	4.4 Human Rights Management	105
	The elimination of discrimination in respect of employment and occupation	4.4 Human Rights Management	105
Environment	Businesses should support a precautionary approach to environmental challenges	3.1 Climate Change 3.2 Water Resource Management 3.3 Circular Production	63 / 82 / 86
	Undertake initiatives to promote greater environmental responsibility	3.1 Climate Change 3.2 Water Resource Management 3.3 Circular Production	63 / 82 / 86
	Encourage the development and diffusion of environmentally friendly technologies	5.1 Innovative Panel Technologies and Applications	122
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	1.4 Business Integrity	22

2019 AUO Corporate Social Responsibility Report Corrigenda

Page	Chapter	Before Correction	After correction
77	3.6.2	118 cases) from 2018. The most common problem was the "health and safety" aspect at 78%. Most of the deficiencies were due to occupational safety and health as well as fire protection; a total of 189 non-conformities were identified from audits of the social dimension. This was also a significant	In 2019, the number of non-conforming items in Social Aspect Audit was incorrectly stated as 189, and the correct number should be 195.
93	4.1.4		
99	4.1.6		In 2019, the unit of packaging materials recycling was incorrectly stated as "tonnes", and the correct unit should be "kg". In 2020, we redefined packaging materials as panel packaging materials. Packing materials for glass and color filter were excluded.
99	4.1.6	2.AUO Product Packaging Materials Recycling AUO promotes the recycling of packaging materials for customers. The recycling of product packaging materials can reduce the repeated purchase of packaging materials and reduce the costs of incoming materials. In 2019, the average recycling rate of packaging materials for all TV Display factory areas was 37%. The total amount of recycled packaging materials was approximately 2.7 million sets of packaging materials (total weight 1,231 tonnes), and the carbon footprint of production reduced through recycling is about 2,412 tonnes of CO2e.	Actual Carbon Footprint In 2019, the total amount of recycled packaging materials was incorrectly stated as "2.7 million sets, and the correct amount should be "270 thousand".
100	4.1.7		

Abbreviations

Abbreviation	Short for
3DIDA	3D interaction & Display Association
AFR	Annual Field return
AGS	AUO Green Solution
AHVA	Advanced Hyper-Viewing Angle
ALC	AUO Learning College
ALCD	Altra Liquid Crystal Display
AMOLED	Active- matrix Organic Light Emitting Diode
AUO EPS	Environment, People, Society
ASIP	The Allied Association For Science Park Industries
a-Si TFT	a-Si Thin-Film Transistor
B2B · E2E	Back to the Basics, Execute to Excellence
BCP	Business Continuity Plan
BEPS	Base Erosion and Profit Shifting
BIM	Building Information Modeling
BOD	Biochemical oxygen demand
BOM	Bill of Material
CCS	Center Of Corporate Sustainability
CDLI	Climate Disclosure Leader Index
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CTCN	Climate Technology Centre and Network
CO 2 e	CO2 Equivilant
COD	Chemical Oxygen Demand
COP	UN Climate Change Conference
CSR	Corporate Social Responsibility
CSS	Customer Service System
CTCN	Climate Technology Centre and Network

Abbreviation	Short for
DJSI World Index	Dow Jones Sustainability Indexes
DQA	Design Quality Assurance
DREAMS	Distributed Renewable Energy Advanced Management System
DSMA	Digital Signage Multimedia Asia
eABC	executive AUO Bravo Camp
ECAs	Enterprise Carbon Accounting System
EEIs	Eco-efficiency Index System
EnMS	Energy Management System
EPC	Engineering, Procurement, and Construction
ES	Engineering Service
ESCO	Energy Services Company
ESG	Environment, Social, Governance
F-gases	Fluorinated gases
FR	Disabling Frequency Rate
GCSA	Global Corporate Sustainability Award
GCSF	Global Corporate Sustainability Forum
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GOA	Gate on Array
GPS	Global Partners Summit
GRI	Global Reporting Initiative
HCC	Half-cut cell
HDR	High Dynamic Range
ICAO	International Civil Aviation Organization
IPMVP	International Performance Measurement & Verification Protocol
ISO 14046	International Organization for Standardization 14046
ISO 14064-1	International Organization for Standardization 14064-1

Abbreviation	Short for
ISO 50001	International Organization for Standardization 50001
ITC Electronic Equipment	Instruments & Components Electronic Equipment
iTP	In-cell Touch Panel
IQC	Icoming Quality Control
LED	Light-emitting diode
LTPS	Low Temperature Poly-Silicon
MFCA	Material Flow Cost Accounting
MVA	Multi-domain vertical alignment
NPO	Nonprofit Organization
NDC	Nationally determined contribution
NYSE	The New York Stock Exchange
OECD	Organization for Economic Cooperation and Development
OLED	Organic Light Emitting Diode
oTP	On-cell Touch Panel
PFCs	Perfluorinated Compounds
PPI	Pixels Per Inch
RBA	Responsible Business Alliance
RMA	Return Materials Authorization
RoHS	Restriction of Hazardous Substances Directive
RTO	Recovery Target Objective
SA8000	Social Accountability 8000
Scope 1	Direct greenhouse gas emission
Scope 2	Energy indirect Greenhouse gas emission
Scope 3	Other indirect greenhouse gas emission
SDGs	Sustainable Development Goals
SID	Society for Information Display
SS	Total Suspended Solids

Abbreviation	Short for
SID	Society for Information Display
SS	Total Suspended Solids
TCA	Taipei Computer Association
TCFD	Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures
TDUA	Taiwan Display Union Association
TEEMA	Taiwan Electrical and Electronic Manufacturers' Association
TFT-LCD	Thin Film Transistor Liquid Crystal Display
TMA-Taiwan	Turnaround Management Association of Taiwan
TPVIA	TaiWan Photovoltaic Industry Association
TTLA	Taiwan TFT LCD Association
TWSE	Taiwan Stock Exchange
UHD	Ultra High Definition Television
UNFCCC	The United Nations Framework Convention on Climate Change
USR	University Social Responsibility
VESA	Video Electronics Standards Association
VOCs	Volatile Organic Compounds
VQA	Vendor Quality Assurance
WEF	The World Economic Forum
WLC	Work Life Coaching

ISO 14064 Verification Statement

DNV·GL

VERIFICATION STATEMENT OF GREENHOUSE GAS ASSERTIONS

Statement No.:
10000444730-MSC-DNV GL-TWN

Issued date:
19 May, 2021

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2020) of

AU Optronics Corporation

Scope of Verification
DNV Business Assurance (DNV) has been commissioned by AU Optronics Corporation to perform a verification of the greenhouse gas assertion of Greenhouse Gas Inventory Management Report (2020) (hereafter the "Inventory Report") with respect to the sites listed in Appendix.

The scope of indirect emissions, other than Imported Energy with specified/limited list of sources, was defined by AUO's own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory:

Category	Subcategory	Boundary
Indirect GHG emissions from transportation	Upstream transportation and distribution	Transportation of selected purchased goods, such as glass substrate、PI spacer、target、gaseous chemical…etc.
	Business travel	Transportation of employees for business-related activities
	Employee commuting	Transportation of employees travelling between company and residence place, factory shuttle bus included (employees located at Mainland and overseas plants were not included)
	Downstream transportation and distribution	Transportation of products sold by the Company
Indirect GHG emissions from products used by organization	Purchased goods and services	Upstream (cradle-to-gate) emissions of selected purchased goods, such as glass substrate, liquid crystals, photoresist, developer, etchant, stripper and thinner…etc
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	Upstream emissions of purchased fuels (Diesel Oil, Liquefied Petroleum Gases, Motor Gasoline and Natural Gas) and electricity
	Waste generated in operations	Transportation and disposal or treatment of waste (waste generated in Mainland and overseas plants were not included)
Indirect GHG emissions associated with the use of products from the organization	Investments	Emissions of subsidiary, AUO Crystal Corp., from energy use (Diesel Oil and electricity)

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
立恩威國際驗證股份有限公司, 新北市板橋區文化路二段 293 號 29 樓, TEL：+886-2-82537800, website:www.DNV.com.tw
DNV ZNATW-OP-F50, Rev.7, 2015-11

DNV·GL

Verification Criteria and GHG Programme
The verification was performed on the basis of ISO 14064-1:2018, as well as IPCC 2006 Tier 2b methodology for fluorinated GHG emissions inventory, given to provide for consistent GHG emission identification, calculation, monitoring and reporting. The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2013 and ISO 14064-3:2006.

Verification Statement
It is DNV's opinion that the Inventory Report (2020), which was published on April 30, 2021, is free from material discrepancies in accordance with ISO 14064-1:2018. The reliability of the information within the Inventory Report (2020) for direct GHG emissions and indirect GHG emissions from imported energy were verified with a reasonable assurance.

Sophia Kim

GHG Verifier

Place and date:
Taipei, April 07 ~ May 04, 2021

For the issuing office:
DNV Business Assurance Co., Ltd.
29Fl., No. 293, Sec. 2, Wenhua Rd.,
Banqiao District, New Taipei City 220,
Taiwan

Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
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Supplement to Statement

Process and Methodology
The reviews of the Inventory Report and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria. The Inventory Report correctly complies with the requirement of ISO 14064-1:2018.

Quantification of Greenhouse Gas Emission
The Inventory Report covering the period 1st January, 2020 to 31st December, 2020, it is DNV's opinion that the Inventory Report results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification
☐Financial Management Control ☒Operational Management Control ☐Equity Share

GHGs Verified
☒CO_2 ☒CH_4 ☒N_2O ☒HFCs ☒PFCs ☒SF_6 ☒NF_3

Direct Emissions: 102,217.50 tonnes CO2e
Imported Energy Indirect Emissions: 2,909,307.96 tonnes CO2e

Quantification of other indirect emissions:

Category	Tonnes CO2 e
Indirect GHG emissions from transportation	119,284.87
Indirect GHG emissions from products used by organization	1,313,888.66
Indirect GHG emissions associated with the use of products from the organization	38,578.99

The Indirect Emissions was calculated based on 2019 electricity emission factor of 0.509 kg CO2-e/kwh, which was announced by Bureau of Energy, Ministry of Economic Affairs. The Global Warming Potential (GWP) defined in IPCC AR4 (2007) has been chosen and correctly referred by the Organization.

The fluorinated greenhouse gases ("FCs" defined by 2006 IPCC Guidelines) emissions in year 2020 with implementing abatement equipment was calculated as 27,057.16 Tonnes CO2-e, and self-declared 1,909,928.32 Tonnes CO2-e emission reduction with represented 98.60% reduced, according to the Tier 2b method referred to 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3 Industrial Processes and Product Use, Chapter 6 Electronics Industry Emissions.

Verification Opinion
☒ Verified without Qualification
☐ Unable to Verify

DNV·GL

Appendix

The greenhouse gas assertion of AU Optronics Corporation Greenhouse Gas Inventory Management Report (2020) with respect to the following sites:

Site	Fab	Address	Total Emissions (Tonnes CO2-e)	Total Direct Emissions (Tonnes CO2-e)	Total Energy Indirect Emissions (Tonnes CO2-e)
AUHC	Headquarters/ L3B	No. 1, Li-Hsin Rd. 2, Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	22,113.62	1,990.82	20,122.81
	Global Research Center	No. 1, Gongye E. 3rd Rd., Hsinchu City, Taiwan (R.O.C.)	1,295.38	34.69	1,260.69
	L3C	No. 23, Li-Hsin Rd., Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	42,768.79	946.29	41,822.49
	Dormitory	Mabuville at Beipu Township, Hsinchu County, Taiwan, R.O.C	894.77	2.14	892.62
AULT	L4A/L5A/L5B	No. 1, Xinhe Rd., Aspire Park, Lungtan, Taoyuan, Taiwan, R.O.C.	231,357.78	8,402.97	222,954.80
AULK	L6B	No. 228, Lungke St., Lungtan, Taoyuan, Taiwan, R.O.C. / No. 288, No. 338, No. 338-1, Lungyuan Rd. 1, Lungtan, Taoyuan, Taiwan, R.O.C.	317,103.61	10,114.81	306,988.80
AUHY	L3D/L5D	No. 189, Hwaya Rd. 2, Kueishan, Taoyuan, Taiwan, R.O.C.	282,199.32	7,117.79	275,081.54
AUTC	L5C/L6A/L7A/ L7B/L8A	No. 1, JhongKe Rd., Central Taiwan Science Park, Taichung, Taiwan, R.O.C. / No. 2, No. 3, Keya Rd., Central Taiwan Science Park, Taichung, Taiwan, R.O.C.	1,046,406.11	21,457.19	1,024,948.92
AUHL	L8B	No. 1, Machang Rd., Houli Dist., Taichung City, Taiwan, R.O.C.	357,367.19	7,318.78	350,048.41
AUTN	C4A/C5D/C6C	No.36, Keji 1st Rd., Annan Dist., Tainan City, Taiwan, R.O.C.	63,980.90	410.46	63,570.44
AUKH	C5E	No.9, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Taiwan, R.O.C.	28,847.12	171.56	28,675.55
AUSZ	S01/S02/S06	No. 398, Suhong Zhong Road, Suzhou Industrial Park, 215021, China	117,281.60	2,344.84	114,936.76
AUXM	S11/S13/S17	No. 1689, Xiang An North Road, Xiang An Branch, Torch Hi-tech Industrial Development Zone, Xiamen, 361102, China	85,063.38	1,921.20	83,142.18
AUKS	L6K	No. 6, Longteng Rd., Kunshan Economic-Technological Development Area, China	319,524.03	28,558.08	290,965.96
AUST	L4B	No. 10, Tampines Industrial Avenue 3, Singapore 528798	95,096.35	11,386.82	83,709.53
AUSK	E11/E12	Bratislavska 517, 911 05 Trencin , Slovak Republic	225.51	39.05	186.45
Total			3,011,525.46	102,217.50	2,909,307.96

ISAE Independent Limited Assurance Report

KPMG

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Limited Assurance Report

To AU Optronics Corp.:

We have been engaged by AU Optronics Corp. ("AUO") to provide limited assurance on the Corporate Social Responsibility Report ('the Report') of AUO for the year ended December 31, 2020.

Reporting Criteria

In preparing the report, AUO applied the Comprehensive option of Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board as set forth in "About This Report" section of the Report.

AUO's Responsibilities

AUO is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the information included in the Report. AUO is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Report that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board and to issue an independence limited assurance report on whether the Report is free from material misstatement.

However, the Report section on any related data concerning Greenhouse Gas Emissions (Scope 1 and 2) and PFCs reduction, of which the disclosures will be verified (and modified, if necessary) independently by a third party verification company. Consequently, this assurance engagement will not express any conclusion on any related data regarding Greenhouse Gas Emissions (Scope 1 and 2) and PFCs reduction.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and

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professional behavior. In addition, we applied Statements of Auditing Standard No. 46 – "Quality Control for Public Accounting Firms" in the Republic of China. Accordingly, we maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

Summary of Work Performed

Our main work on the Report included:

- Obtain and review the Report;
- Inquiries of responsible management level and non- management level personnel to understand the operational processes and information systems used to collect and process the information reported.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the report and if necessary, select samples to verify the report with supporting documents for acquiring sufficient and appropriate evidence.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Report, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion.

Inherent limitations

The Report for the year ended 2020 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of AUO. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report of AUO for the year ended December 31, 2020 has not been properly prepared, in all material aspects, in accordance with the Reporting Criteria.

Other Matters

The management of AUO is responsible for the maintenance of its website, which according to its report, we shall not be responsible for any further changes on the information or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Report.

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Taipei, Taiwan (Republic of China)
June 18, 2021

Notes to reader

The limited assurance report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report, the Chinese version shall prevail.

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