

AUO

**Sustainability
Report**

2023





Go Beyond **CSR**,
Create **Shared Values**

CONTENTS

Foreword

About the Report	04
Letter from the Chairman	05
Letter from the CSO	06
Awards & Recognition	07
CSR EPS 2025 Goals	08

1 Business Operation

1.1 Company Profile	11
1.2 Economic Performance	15
1.2.1 Financial Performance	15
1.2.2 Tax Governance	17
1.3 Governance Organization	18
1.3.1 Board of Directors	19
1.3.2 Audit Committee	22
1.3.3 Corporate Governance Committee	22
1.3.4 Remuneration Committee	23
1.3.5 Sustainability and ERM Committee	24
1.4 Business Integrity	25
1.4.1 Integrity Culture	25
1.4.2 Regulation Compliance	28
1.5 Risk Governance	29
1.5.1 Risk Evaluation & Management	29
1.5.2 Risk Response Cases	33
1.5.3 Information Security & Privacy Protection	33

2 Sustainable Management

2.1 Sustainability Governance	43
2.2 Stakeholder Management	44
2.2.1 Stakeholder Cultivation	44
2.2.2 Material Topic Analysis	47
2.3 Customer Relations	57
2.3.1 Product Quality	57
2.3.2 Customer Service	60
2.4 Responsible Supply Chain	63
2.4.1 Management Strategy	63
2.4.2 Management Process	64
2.4.3 Low-carbon Supply Chain	68

3 Environmental Sustainability

3.1 Climate Action	72
3.1.1 Governance & Strategy	72
3.1.2 Climate Risk Management	74
3.1.3 Metrics & Targets	79
3.2 Carbon & Energy	80
3.2.1 Inventory & Mitigation	80
3.2.2 Improve Energy Efficiency	85
3.2.3 Use of Renewable Energy	90
3.3 Water Resource Management	92
3.3.1 Target & Performance	92
3.3.2 Management Framework	93
3.3.3 Refinement Projects	95
3.4 Circular & Clean Production	97
3.4.1 Circular Economy Performance	97
3.4.2 Wastewater Management	101
3.4.3 Air Pollution Management	102
3.4.4 Reuse of Waste	103
3.5 Biodiversity	104
3.5.1 Vision & Progress	104
3.5.2 Plastic Neutrality	107

4 Inclusive Growth

4.1 Human Rights Protection	114
4.2 Talent Attraction & Development	119
4.2.1 Talent Distribution	119
4.2.2 Diversity & Inclusion	122
4.2.3 Remuneration & Benefits	125
4.2.4 Happy Workplaces	127
4.3 Talent Development	130
4.3.1 AUO University	130
4.3.2 Performance Management & Career Development	135
4.4 Health & Safety	137
4.4.1 Health Care	137
4.4.2 Safe Workplace	139
4.5 Social Engagement	142
4.5.1 AUO Foundation	142
4.5.2 Charity Care	143
4.5.3 Green Living	144
4.5.4 Popular Science & Environment Education	146
4.5.5 Cultural Preservation	148

5 Agile Innovation

5.1 Innovative R&D	152
5.1.1 Intellectual Property	152
5.1.2 Intelligent Life	154
5.1.3 Sustainable Products	156
5.2 Smart Manufacturing	158
5.3 Affordable & Clean Energy	160
5.3.1 Energy Business Development	160
5.3.2 High-Quality Solutions	161
5.3.3 Green Energy Compatibility & Inclusion	162

Subsidiary

AUO Crystal	165
AUO Display Plus	174
AUO Envirotech	176
AUO Digatech	178

Fact Sheet

Appendix

Response to Material News in 2023	198
GRI Index	199
SASB Index	204
TWSE Sustainability Disclosure Index – Optoelectronics Industry	206
TWSE-listed & OTC-listed companies' Climate Information	207
ISO 26000 Comparison Table	210
UN Global Compact Comparison Table	211
2022 Sustainability Report Corrigenda	212
ISO 14064 Verification Statement	213
ISAE 3000 Assurance Statement	215
SASB Assurance Statement	216

About the Report

The Journey of Sustainability Reporting

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 sustainability 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 Standards in its entirety in 2017. The sustainability report is now prepared in accordance with the GRI Standards, and the Sustainability Accounting Standards Board (SASB) Index (Hardware). This report is the 18th sustainability report by AUO.

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 topics that were of concern to stakeholders. In 2023 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 revised in 2021, SASB index (Hardware), and Taiwan Stock Exchange "Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".

Scope of the Report

This report reveals data related to the sustainability performance of AUO from January 1, 2023, to December 31, 2023 (aligned with the financial reporting period) at its global offices and fabs. The scope includes the parent company and subsidiaries in Taiwan, Mainland China, other parts of Asia, America, and major operational and production bases in Europe, as well as the inclusion of important information about our subsidiary, AUO Crystal. Additionally, it also covers the sustainable outcomes of our subsidiaries, AUO Display Plus, AUO Envirotech and AUO Digitech. Highlights of some innovative products from its subsidiaries, including Space4m., AUO Health, AUO Care, are also included. The revenue of the parent company and subsidiaries covered by this range accounted for 87% of the AUO group's revenue in 2023.



Cover Design

Information Credibility

Internal audit

AUO follows the "Procedures for Preparation and Reporting of Sustainability Reports by TWSE Listed Companies" to establish the preparation and verification procedures for sustainability reports, incorporating them into the company's internal control system. The content of this report has been reviewed by the relevant department heads, Sustainability and Enterprise Risk Management Committee and the implementation of the preparation and verification process will be audited by the audit unit.

External assurance & verification

All of the data in the 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 KPMG
- ISO 14064 GHG emissions were verified by DNV
- ISO 14001, ISO 45001 and ISO 50001 management system certifications were verified by SGS Taiwan
- GRI and SASB were assured by KPMG

Report Publication

The Sustainability Report is published annually by AUO.

Current version: Issued in June, 2024

Previous version: Issued in June, 2023

Next version: To be issued in June, 2025

Contact Us

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.

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 ESG website: csr.auo.com/en

Using the side profile of a character silhouette as an outline, blending different color blocks and ribbon elements in a diverse field. It is like AUO, embodying a people-oriented approach, continuously innovating and breaking through, committed to providing smart life innovation solutions and services to enhance people's quality of life and experience.

Message From Our Chairman

Dear valued partners who are concerned about the sustainability of AUO:

In 2023, the year marked as the hottest in human history and a time of extreme uncertainty in global politics and economics. Intensifying extreme weather events, geopolitical tensions and regional conflicts, soaring costs of energy and raw materials, and high inflation have disrupted the existing structures and order worldwide. As heightened uncertainty becomes the new norm of global operations, only enterprises with operational resilience can withstand the challenges and ensure enduring success.

As global temperatures soar to historic heights, it is imperative for the entire world to unite in combating climate change. AUO attended the UN COP28 for the first time in 2023 and represented the Taiwanese ICT industry in introducing a comprehensive green solution on the global stage. Our demonstration of the efforts of Taiwanese industries to promptly contribute to global climate mitigation garnered significant interest from developing nations. We also made the decision to accelerate our carbon reduction initiatives to move closer to the goals of net zero. In terms of product development, we are continually enhancing our use of recycled materials and energy-efficient technologies; on the manufacturing side, we are leveraging AI technology to optimize energy and water usage in production processes, thereby reducing waste generation. Furthermore, AUO will continue to take proactive action on biodiversity and plastics as well.

The global economy has been slow to recover after the pandemic. AUO is taking a cautious approach to the business pressures caused by the extended slump in the industry. We are strengthening our financial health and focusing on a biaxial transformation strategy based around “Go Premium” utilizing value-adding display technologies and “Go Vertical” expanding display applications for diverse fields. Our goal is to not only create a second growth engine but also enhance market recognition that “AUO is not just a panel maker.”

The AUO biaxial transformation strategy has built up a number of successes over the past few years. In 2023, the three areas that we focused on were next-generation display technologies, automotive service solutions, and vertical applications. In terms of display technology, MicroLED technology is now approaching commercialization and mass production after more than a decade of development. We are moving quickly to integrate this technology into automotive, large size, splicing and transparent display applications.

On the automotive sector, AUO is taking advantage of the electric and autonomous vehicle trends by establishing ourselves in the smart cockpit and smart mobility service markets. Our acquisition of BHTC has positioned AUO as a Tier-1 supplier, enhancing our proximity to markets and expanding our global presence in the automotive supply chain. For vertical applications, we are investing our resources in retail, health, enterprise, education, smart service and green energy. Annual revenue growth has now reached nearly 20%. AUO products and services are also creating a better experience for people. Integration of onboard software and hardware, for example, provides a safer and more user-friendly driver/passenger experience. In health sector, streamlining of treatment processes benefits both doctors and patients. In retail, we are helping customers manage their global operating locations more effectively. We are promoting growth with our stakeholders.

AUO has always made sustainability a key part of our business strategy. Our ESG initiatives were recognized with an A grade by the MSCI ESG Ratings, ranking us in the top 5% in the TWSE Corporate Governance Evaluation. We have received numerous domestic and international awards as well. We are grateful for the support and endorsement from all our stakeholders. Looking ahead, we are committed to leveraging the strengths and capabilities of the AUO Group to solidify our position as solutions provider. We will also continue to work with our ecosystem partners to strengthen our positive influence on the environment and society.



Chairman & Group CSO

Message From Our CSO

Significant advancements were achieved in the field of ESG in 2023. Regulatory bodies introduced new sustainability guidelines, emphasizing the significance of transparent ESG disclosures. The release of the TNFD framework and upcoming TIFD sparked increased interest in topics such as biodiversity and human rights. A series of extreme weather events served as a wake-up call, highlighting the urgency of taking proactive measures in addressing global climate change.

AUO actively engaged with international trends and self-examination. Shared below are the outcomes of AUO efforts and we look forward to maintaining continuous growth and shared prosperity with our external partners.

Q. The purpose and implications of including Group companies in this Report for the first time

International regulators have set requirements regarding the rigor and scope of sustainability information. AUO used our internal controls and digital systems as the basis to thoroughly review the sustainability information we release. As the AUO Group expands globally and diversifies our subsidiaries, the complexity and demands of disclosing sustainability data have increased. This year, products and services with sustainability implications from subsidiaries (AUO Crystal, AUO Display Plus, AUO Envirotech, AUO Digitech) were therefore presented in a special chapter for the first time. In anticipation of the forthcoming IFRS S1 (Note 1), our reporting efforts will continue to expand gradually over the coming years.

Q. Scope 3 is now a key challenge and how is supply chain management being implemented at AUO

AUO has been working with our value chain to address climate change for a long time. We have set a goal to reduce carbon emissions from our suppliers by 20% by 2030, and we are working towards achieving this target gradually. We have implemented carbon inventory and energy management systems at over 60 key suppliers. Additionally, we use the ESG Scorecard to encourage suppliers to examine and enhance their practices. In 2023, we participated in the Large Leads Small Program (Note) to share AUO's valuable experience in green manufacturing with suppliers and assist them in adopting digital energy-efficiency and carbon management tools and platform. We also continuously cooperated in projects focused on recycled materials, power-efficiency, water-efficiency and waste reduction to foster sustainable competitiveness in our supply chain during the shift towards a low-carbon economy.

Note: Ministry of Economic Affairs Low-carbon Program for Large Leads Small

Q. AUO was the first in the industry to commit to plastic neutrality. How is this being promoted and implemented

AUO has designated 2023 as our "Year Zero" for reducing plastic use, in response to the harmful environmental impact of plastic waste. We have adopted a comprehensive approach known as the "3R+1" strategy (Replace, Reduce, Recycle, Rethink). Our efforts to address plastic use in both production processes and employee behaviors are already yielding positive results: 96% of plastic packaging is now recycled and 80% of waste plastic is now recycled as well. Additionally, we have successfully reduced the amount of plastic, such as PET bottles, used in our workplace. The introduction of plastic taxes in each country and upcoming release of the "Global Plastics Treaty" all reinforce the importance of finding a solution to plastics pollution and show that we are on the right path.

Q2. COP28 accelerated the global low-carbon transition. What actions has AUO taken

AUO's strategy aligns with the global consensus - enhancing energy efficiency and expanding renewable energy. To enhance energy efficiency, we are investing in low-power production processes and smart manufacturing technologies. We achieved an energy saving rate of 3.3% in 2023 setting a new record. We also launched the more ambitious Energy Efficiency 3030 Project, with a goal of a reducing energy consumption by 30% by 2030 (2021 as baseline year). For renewable energy, AUO set up the cross-functional Green Electricity Procurement Team to manage all related operations. Our focus is currently on self-generated solar power and will purchase of offshore wind power. In 2023, we used nearly 1 billion kWh of green electricity and achieved RE 2.2. Climate action is a campaign on all fronts. We are committed to promote green solutions that support industries in transitioning to low-carbon practices and enhancing green competitiveness.

Q. Protection of human rights has moved beyond slogans to responsibility. How is AUO fostering diversity and inclusiveness

AUO has developed a human rights policy in alignment with international conventions. We also carry out human rights due diligence on not only AUO employees but also supply chains and local communities. We are constantly improving our mitigation and compensation measures for major risks. Additionally, we are proactive in sharing our management practices with the public



CSO

Amy Ke

Awards & Recognition

Governance

- Manufacturing Leadership Awards
- Clarivate Top 100 Global Innovators
- Ranked among the top 5% in the TWSE corporate governance evaluation
- CommonWealth Sustainable Citizen Award
- Taiwan Corporate Sustainability Awards - Taiwan Top100 Company, Supply Chain Leadership Award

Society

- Asia Responsible Enterprise Awards - Investment in People
- Taiwan Corporate Sustainability Awards - Workplace Welfare Award
- Health Promotion Administration Ministry of Health and Welfare - Outstanding Healthy Workplace
- Global Human Resources Think Tank - Best HR Practices Award (Kunshan site)
- Suzhou Industrial Park's Most Socially Responsible Enterprise (Suzhou site)

Environment

- Executive Yuan National Corporate Environmental Award - Honor Environmental Enterprise Award & Gold Award
- Ministry of Economic Affairs Energy Saving Leadership Award - Gold Award
- Ministry of Environment Excellent Recycling Performance Awarded - Gold Award
- Ministry of Environment Green Chemistry Application and Innovation Award
- Taiwan Circular Economy Award - Outstanding Product Award
- Taiwan Corporate Sustainability Awards - Climate Leadership Award, Water Resource Management Leadership Award, Circular Economy Leadership Award
- Taipei Computer Association Data Innovation Application Competition - Gold Medal
- Business Weekly Top 100 Carbon Competitive Companies
- Top 10 Green Companies in Xiamen
- Kunshan Zero Carbon Factory Evaluation

Innovation

- SDIA Futuristic Display Award - Gold Prize & Silver Prize
- Ministry of Economic Affairs Taiwan Excellence Awards - 5 Grand Awards
- Industrial Development Administration Ministry of Economic Affairs Robot Intelligent System Quality Award
- Central Taiwan Science Park Excellent Manufacturer Innovation Product Award
- Global Corporate Sustainability Award - Best Practice (Smart manufacturing)
- First prize of the first Yangtze River Delta 5G+ Industrial Internet Competition (Suzhou Factory)



Included in the 2024
S&P Global Sustainability
Yearbook



ISS ESG Rating -
Prime Status



MSCI ESG Leaders
Indexes
MSCI ESG Rating A



EcoVadis Sustainability
Rating - Silver



Included in the Bloomberg Gender
Equality Index for
6 consecutive years



FTSE4Good
Emerging Index



CDP Climate Change A-
CDP Water Security B



Greater China Business
Sustainable Index Rating
Achiever

CSR EPS 2025 Goals

Aligning with the United Nations Sustainable Development Goals (SDGs), AUO established 3 major axes for sustainable development - Environment, People, Society (EPS) in 2018. From these, 10 specific directions were derived, with medium to long-term goals set for 2025. Annual targets are set for each of the 10 directions. In 2023, 9 out of the 10 targets were achieved, reaching a success rate of 90% (Note).

Note: The unmet target is "Smart Manufacturing" Due to a decline in production capacity demand, the manpower input could not be immediately adjusted, resulting in a decrease in per capita productivity efficiency and failure to meet the target. AUO has already set an improvement plan for this target, including promoting smart manufacturing and optimizing management processes, and accelerating talent transformation, etc., to enhance production efficiency.



Environment



Energy Optimization	Accumulated reduction of 10.05 million metric tonnes of carbon emissions	Cumulative achievement rate: over 100%
Water Optimization	Accumulated water savings of 230,000 CMD	Cumulative achievement rate: over 100%
Circular Production	AUO generated economic benefits of NTD 4.83 billion	Cumulative achievement rate: 84%
Climate Adaptation	A total of 27 projects	Continue to manage the financial risks

Note: Cumulative numbers are based on 2018 and are accrued to 2023.

- Target implication**
- Energy Optimization: Set reduction targets based on life-cycle and reduce carbon emissions by up to 6.5 million tones CO₂e cumulatively.
 - Water Optimization: Work with the value chain to combat the threat of water resource shortages and conserve up to 100,000 CMD in tap water cumulatively.
 - Circular Production: Spearhead the development of the circular value chain, expand its economic performance and achieve a growth rate of 135%.
 - Climate Adaptation: Increase the resilience of climate adaptation and continue to reduce the risk of financial impact from climate change issues.

People



Quality Education	Promoting popular science education, employee competency, and industry-university collaboration with 500,000 participants	Cumulative achievement rate: 85%
Inclusive Growth	Accumulated creation of 60,000 job opportunities	Cumulative achievement rate: 98%
Enjoyable Work Place	84% of employees identify with the company	Achieved for 3 consecutive years

Society



Affordable and Clean Energy	The total installed capacity of renewable energy has reached 2,661 KW	Cumulative Achievement Rate 89%
Smart Manufacturing	AUO Won the "Manufacturing in 2030 Award" of the year recognized by MLA	Cumulative achievement rate: 84%
Intelligent Life	Diversified display products have reached a cumulative total of 951 million people.	Cumulative achievement rate: 95%

- Quality Education: Provide diversified educational opportunities to more than 600,000 people and increase employee participation in AUO quality education by 20% each year.
- Inclusive Growth: Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold.
- Happy Workplaces: Become the preferred enterprise and reach 80% in employee identification with the four dimensions in Primary demand, Management support, Team work and Learning and growth.(The scope of the approval survey is indirect employees)
- Affordable and Clean Energy: Improve capability in renewable technology, expand the installed capacity of renewable energy around the world and double the cumulative growth rate. (100% cumulative growth)
- Smart Manufacturing: Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration.
- Intelligent Life: 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.

7

Business Operation

1.1 Company Profile

1.2 Economic Performance

- 1.2.1 Financial Performance
- 1.2.2 Tax Governance

1.3 Governance Organization

- 1.3.1 Board of Directors
- 1.3.2 Audit Committee
- 1.3.3 Corporate Governance Committee
- 1.3.4 Remuneration Committee
- 1.3.5 Sustainability and ERM Committee

1.4 Business Integrity

- 1.4.1 Integrity Culture
- 1.4.2 Regulation Compliance

1.5 Risk Governance

- 1.5.1 Risk Identification and Management
- 1.5.2 Examples of Risk Response
- 1.5.3 Information Security and Privacy Protection



Annual Highlights

Material Topics

◆ Operation risk

The biaxial transformation has gradually demonstrated its success.
The revenue scale from the vertical field business accounted for 17% of the total consolidated revenue.

The proportion of independent director positions accounts for **50%** of the total seats.
The proportion of female directors is **37%**.

Implementing integrity task management.
100% completion of job rotation and business replacement.

The “ESG and Climate Committee” has been elevated to the “Sustainability and ERM Committee”,
operating directly under the Board of Directors.

Establish a process for product project information security risk assessment,
and conduct drills to enhance cyber security defense and response capabilities, overseeing the cybersecurity risks of the product.

Passing the third-party assessment of the international automotive information security standard TISAX AL3 (Note),
ensures the information security management of automotive products.

Note: Highly protective level of Trusted Information Security Assessment Exchange.


Our Vision


Playing a key role in achieving the human race's vision for the future

Display Everywhere. The display panel is a transformative communication interface between human beings and information, empowering people to visualize their desired future. AUO strives to play a key role in achieving the human race's vision for the future, and continues to bring innovative solutions and advance towards a sustainable and better future.

Target and Progress

Achieved Not Achieved

Material Topic	2023 Target	2023 Our actions	2024 Target	2025 Target	Responses
 Annual achievement rate of the CSR EPS Goals	100%	<input type="checkbox"/> performance: 90% AUO's CSR EPS 2025 goal has three major axes (Environmental Sustainability, Inclusive Growth, and Agile Innovation) and extends to 10 targets, which are supervised and implemented by the board of directors. In 2023, 9 out of the 10 goals were achieved, resulting in a completion rate of 90%.	100%	100%	Foreword - CSR EPS 2025 Goals
 Review of the linkage between the board oversight mechanism and sustainable performance incorporated into the annual goal review of the remuneration committee	Once a year	<input checked="" type="checkbox"/> performance: 1 AUO has a long-term incentive plan for senior managers, which is set by the Remuneration Committee based on the company's long-term strategy, financial and ESG performance indicators. The performance evaluation period is 3 years, with stock-based rewards accounting for more than 50%. Additionally, there is a clawback clause, strengthening the link with shareholders' interests and fulfilling the commitment to sustainable operations.	Once a year	Once a year	1.3.4 Remuneration Committee
 Major information security incidents affecting operations	0 case	<input checked="" type="checkbox"/> performance: 0 case AUO's information security platform has a reporting mechanism. Employees can report discovered or encountered incidents through an online mechanism. The information security execution team processes incidents based on their category and level after receiving a report. In 2023, there were no major information security incidents affecting operations.	0 case	-	1.5.3 Information Security & Privacy Protection
 Maturity of information security	>85 points	<input checked="" type="checkbox"/> performance: 90.7 points AUO turned the implementation of each department's information security measures into visible maturity scores. These scores are provided monthly to the information security committee and each department head as a basis for improving information security management.	>85 points	-	1.5.3 Information Security & Privacy Protection

Material Topic	2023 Our actions	2024 Target	2025 Target	2026 Target
 Increase the annual participation rate for activities and courses related to the enhancement of risk culture	This is a newly established goal, the results of which will be disclosed in the 2024 AUO Sustainability Report.	90%	91%	92%

1.1 Company Profile

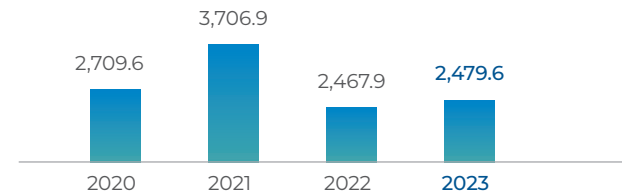
About AUO



Company Name	AUO Corporation
Founded in	August 12,1996
Number of employees	36,745
Main products and services	TFT- LCD, Low-temperature polycrystalline silicon (LTPS), Micro LED, Solar Energy, Sensor, Smart Manufacturing
Chairman	Shuang-Lang (Paul) Peng
CEO	Frank Ko
Headquarter	No. 1, Li-Hsin Road 2, Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.
Market Value as of Dec 31 2023	USD 4.51 billion
Shares Issued as of Dec 31 2023	7,699,396,092



Revenue
NTD 100million





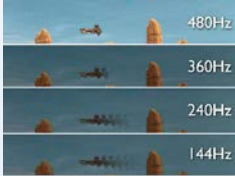






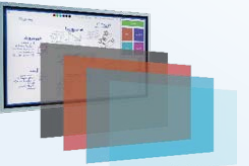


Tap Into The Possibilities

AUO was established in 1996, driven by technology and innovation, with display technology at its core, providing products and solutions services with advanced technology. In recent years, AUO has continued to enhance the added value of display technology (Go Premium) and deepen the application of vertical markets (Go Vertical) through a biaxial transformation. With our "One AUO" strategy, it consolidates the group's strength, expands the international market through a single brand, and embraces the infinite possibilities of the future through the synergy of the group. It actively expands various new business areas, covering hardware, software, cloud service platforms, and solutions, etc. Not only does it provide high-quality products and extends the value chain of the ecosystem, but it also transforms the group's experience into exportable knowledge and strategic solutions, allowing the outside world to re-recognize AUO is "not just a panel maker."

Innovative Display Technologies

AUO has demonstrated outstanding innovative capability based on its profound display R&D and manufacturing experience. For example, 8K ultra-high resolution, ultra-high refresh rate products have been adopted and mass-produced by major brand customers. We are also committed to developing advanced display technologies, such as Micro LED, AmLED, fingerprint scanning and A.R.T. technologies, showing innovation strengths across diverse verticals.

 <p>Micro LED</p>	 <p>Fine Pitch LED</p>	 <p>AmLED</p>	 <p>Ultra High Resolution</p>	 <p>High Frame Rate</p>	 <p>Super Narrow Bezel</p>
 <p>Free-Form & Curve</p>	 <p>Sensing Technology</p>	 <p>Touch Solutions</p>	 <p>Eye Care Technology</p>	 <p>Switchable Privacy</p>	 <p>Lamination</p>

Display Everywhere

In the age of digital transformation, regarding display as a vital interface of communication and connection. AUO integrate software, hardware, cloud and service platforms with the core of profound display technology to enter the diverse application market of field economy such as smart retail, smart healthcare, smart mobility, smart education, enterprise and entertainment, and smart manufacturing, leading people into a brand new smart lifestyle.

Mobility



With display technology as our core focus, we integrate and develop "AloV Connected Vehicle" display application solutions, including smart cockpits, fleet management, and passenger information systems, offering integrated display interfaces and mobility service solutions.

Retail



Integrating AI and hardware/software application services to meet diverse field demands, we provide in-store WOW! CMS solutions and automation services, creating personalized consumer experiences and enhancing omnichannel sales competitiveness.

Healthcare



In response to healthcare digitalization, with display/sensing technology as our core, we offer reliable, precise, and efficient medical products and solutions for various medical fields, adding value to the development of smart healthcare.

Energy



From supplying high-quality modules and combining architectural design applications, to power plant investment, construction, and operation & maintenance, AUO provides comprehensive solutions for energy generation, storage, and management.

Education and Enterprise



By integrating hardware, software, and cloud technology, we connect diverse smart living environments covering enterprises, education. We provide one-stop integrated services, and create environments that inspire creativity and foster high collaboration.

Intelligent Service



For manufacturing and healthcare industries, we utilize big data and AI technology to create highly flexible and digitized models, driving industry acceleration towards digital transformation and sustainable smart manufacturing.

Display



Based on profound experience in panel R&D and manufacturing, and commitment to developing advanced display technologies, we provide diverse application display solutions and system integration services, leading to breakthrough innovations in human-machine interaction interfaces.

Solar and Semicon Materials



Possessing high-quality single crystal silicon wafer manufacturing technology, we collaborate with international companies to research and manufacture solar and semiconductor materials and processing services, offering customized solutions for silicon-based materials.

AUO Around the Globe

In addition to the headquarters in Taiwan, we have display manufacturing sites in China, Singapore and Slovakia, and overseas business offices around the globe to provide timely customer support.



1.2 Economic Performance

1.2.1 Financial Performance

AUO is committed to maintaining the transparency in our business operations. In addition to monthly revenue announcements, AUO organizes quarterly investor conferences and annual shareholders' meetings. An "Investor Relations" section has been created on the AUO corporate website. Financial information and briefings of institutional investor information seminars are regularly posted online for investors' reference. Material information is disclosed through the Market Observation Post System of Taiwan Stock Exchange. The provision of timely information keeps shareholders and investors up to date on company operations.

For more about financial performance, see **2023 Annual Report Chapter 5**

Business Operation Proportion

In recent years, AUO has gradually demonstrated the strength it has accumulated in its biaxial transformation. Through the establishment of subsidiaries and mergers and acquisitions, it has actively deepened the expansion of its vertical businesses in areas such as mobility, retail, healthcare, education and enterprise, intelligent services, and energy. By 2023, the revenue scale of AUO's vertical business has accounted for 17% of combined revenue. In terms of panel manufacturing, AUO provides a complete product line including car display, monitor, notebook and tablet, commercial displays, LCD, etc., and has a diverse and leading technology, with service coverage spanning the globe. AUO will accelerate its transformation, expand its vertical business and revenue from high-value-added products, reduce the impact of panel economic fluctuations on operations, and make AUO's operations more stable.

Capital Expenditure & R&D Expenditure

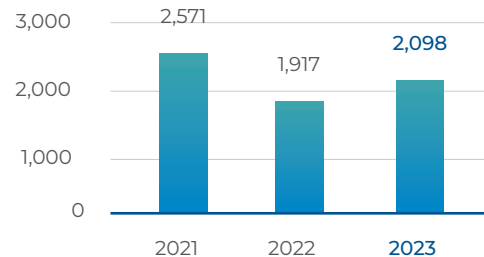
AUO follows the Smart Investment principle by carefully reviewing all of our investments. The biaxial transformation strategy is emphasized with investments aimed at making further improvements to the value-added in display technologies (Go Premium) and exploration of vertical market applications (Go Vertical). Technological leadership is essential to maintaining our competitive advantage. AUO investment in research and development has stayed steady every year, regardless of industrial or economic trends. AUO's consolidated R&D expenditure in 2023 was NT\$13.23 billion. In addition to upgrading advanced technologies like Mini LED and Micro LED as well as optimizing our production processes, we have also developed a comprehensive patent strategy. The consolidation of our technological leadership by increasing value-added by our products and production capacity, we can not only raise the threshold for our competitors but also support our brand customers during their global market expansion.

Financial Strategies

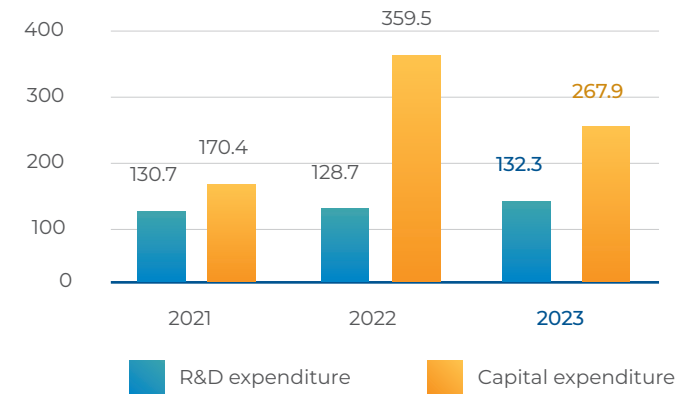
Sustainability is the core philosophy of AUO. Through our robust financial structure and extensive research and development capabilities, we can optimize our distribution of resources to enhance the value of our core business. In the future, industrial competition will gradually transition from competition between individual companies to competition between ecosystems. Complementarity, cooperation, and co-creation therefore form the main axes of our strategy. Investment, joint ventures, acquisitions or strategic alliances are employed to integrate our upstream and downstream value chains in order to build a competitive ecosphere. In terms of field development, AUO is building on our existing core businesses to expand into five main fields: Smart Retail, Smart Health, Smart Education and Enterprise, Smart Mobility, and Smart Manufacturing. We supply and link together these field economies through innovative display and smart technologies.

AUO is also strengthening our global operations and resources by implementing localized management. The advantages and human talents of local ecospheres around the globe are brought together to provide customers with total solutions. We look forward to becoming the supplier of smart solutions based around display technologies in different application fields, working together with partners from different industries on value innovation and co-creation, and rewarding all stakeholders including shareholders, investors, employees, customers, suppliers, the government, and society.

Shipments of panels (10,000 square meters)



Capital expenditure & R&D expenditure (NTD 100 million)



Sustainability-linked Loans and Green Loans

Green Credit



Green credit is when financial institutions provide loans earmarked for the purchase of real estate, machinery or equipment required for green R&D, manufacturing, or business operations, for obtaining intangible assets such as green certification or patented technologies, or for investment, starting a new business, acquisitions, or business operations. AUO obtained green loans from the Changhua Bank in 2022 to support our expanded use of green electricity and investment in the construction of a solar power plant by our subsidiary DaPing Green Energy. The project is still valid in 2023, without any new quota added.

Sustainability-Linked Loans



A sustainability-linked loan is where a sustainability performance index published by an impartial third-party body is used as a basis for periodic assessment of the borrowing enterprise's performance in economic development, environmental protection, and social impact. The bank will then actively lower the loan interest rate if a firm achieves some growth in the indicators mentioned above. AUO obtained separate sustainable development loans from DBS Bank, Mega Bank, Bank of Taiwan and First Bank from 2019 onwards. Another sustainability-linked loan was set up with the Republic of China's Export-Import Bank in 2022. For the period of the loans, partner banks will periodically assess the sustainability performance of AUO through Dow Jones Sustainability World Index and other indices annually. In 2023, AUO signed a syndicated loan linked to sustainability indices with Taiwan Bank and 18 other banks. This demonstrates the banking industry's support and recognition for AUO's business philosophy and sustainable development strategy, and its practical actions to support AUO's growth.

Blue Loan



A Blue Loan is where a financial institution provides a loan that must be invested in designated water resource sustainability, ocean resource sustainability, supply of clean water resources, ocean friendly products, or ocean ecological conservation projects or programs. The use of funds and project outcomes are also examined on a regular basis. Blue loans were provided by the DBS Bank in 2022 to support AUO's investment in water recycling and purification equipment. The expansion of financing options will enable the development of even more blue initiatives. The project is still valid in 2023, without any new quota added.

Progress

During the expansion of capacity at the Kunshan fab, it faced the dilemma of insufficient processing capability in the pure wastewater treatment system, urgently needing system expansion. AUO utilized the Blue Loan supported by DBS Bank to invest in projects such as expanding the pure wastewater and recycling systems, and implementing headstream diversion improvements. Ultimately, upon completion of the expansion project and optimization of the recycling unit, an additional 8,100 CMD of water could be recovered for re-entry into the manufacturing process under full-capacity conditions, ensuring that the entire factory maintained a process water recycling rate of over 90%.

Green Deposits




Green deposits are special-purpose deposits collected by banks that will all be used for green financing projects and programs focused on topics such as the development of renewable and energy technologies, improving and energy efficiency and conservation, pollution prevention and control, water conservation or remediation, or recycling and reuse. Once the deposits are received, the bank must periodically report on how the special-purpose funds were used and have the reports verified by an independent third-party. The bank may offer a bonus interest rate on the deposit to encourage participation from corporate clients. For corporate clients, it represents a substantive way of demonstrating their positive effect and long-term benefits on the environment and society. Green deposits were made with DBS, Chang Hwa Bank, and KGI Bank in 2022, as well as the Land Bank in 2023. AUO has partnered with banks to promote green transformation and make sustainable operations a reality. In the future, AUO will continue to join forces with the banking sector by not only providing financial support for sustainable and environmentally-friendly project targets set by AUO, but also use innovative green financing products offered by banks to build a more appropriate financial portfolio. This will not only reduce costs and improve investment returns but also provide a sustainable environment for eco-friendly development projects.

1.2.2 Tax Governance

Tax Management Policy

To ensure effective operation of the tax management mechanism of AUO and its subsidiaries, we have established Tax Policy to make sure we can effectively manage all tax related matters and fulfill our corporate responsibilities.



For more about AUO Tax policy, see [AUO ESG website](#) ▶

In response to international trends of tax governance, AUO has strict management of taxation administration for effective control of taxation risks and implementation of corporate sustainable development. AUO has a tax management department. The daily taxation administration and management is carried out by the accounting director and the professional and experienced tax specialist assists the accounting director in fulfilling the company's taxation duties. The chief financial officer bears the ultimate responsibility for tax management. Faced with ever changing tax regulations in Taiwan and overseas, we have adopted appropriate response measures and adjusted the strategies accordingly, as well as reinforcing our professional knowledge through the professional services provided by external tax advisory agencies.

Tax Risk Management

AUO pays close attention to any taxation policy changes in countries to evaluate taxation risks that may arise from developing the business locally.

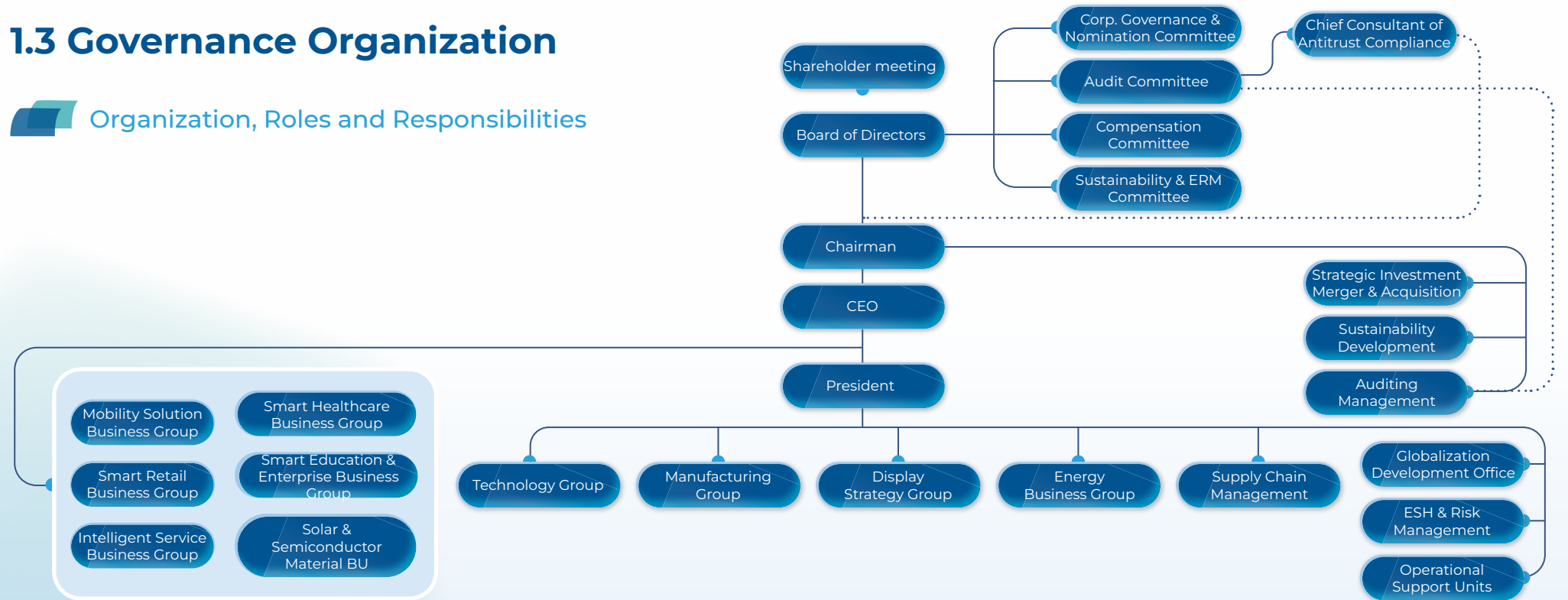
Region	Tax Type	Risk Content
Taiwan China and Asia Europe United States	Income tax Indirect tax Others	<p>Taxation disputes arising from uncertainties in tax legislation</p> <ul style="list-style-type: none"> • Each country has a varied implementation schedule regarding the Base Erosion and Profit Shifting (BEPS) policy interpretation and legislation procedures as promoted by Organization for Economic Cooperation and Development (OECD). This has resulted in increasing cost of tax compliance. • Changes in tax regulations or incentive measures may affect the Company's original tax planning. • Cost of taxation incurred by failure to implement tax management policies, failure to give timely evaluation in response to changes in tax regulations or trading methods.

Compliant with the Income Tax Act Article 39 requirements, AUO currently uses the amount of loss deduction for the previous ten years to offset the amount of the profit-seeking enterprise income in the current year, and applies for other taxable amounts of relevant investment deductions and exemptions in accordance with the Statute for Industrial Innovation. The remaining subsidiaries also apply for suitable tax waivers, incentives and subsidies based on their mode of business.

Note: The Base Erosion and Profit Shifting scheme is an international tax reform led by the OECD aiming to establish an international tax system beneficial to the growth of the global economy.

1.3 Governance Organization

Organization, Roles and Responsibilities



Department Name	Business
Chief Consultant 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 risk.
Strategic Investment, Merger & Acquisition	Value transformation strategy investment layout.
Sustainability Development	Consolidated management of corporate sustainability policies and strategic directions and establish a strategic corporate sustainable development plan that is in line with international trends. With net-zero carbon emissions as our core goal, we will develop proactive mitigation and adaptation actions to meet stakeholders' expectations for corporate governance, environmental protection and social care.
Auditing Management	The management and supervision of internal audit and operating procedures.
Mobility Solution Business Group	Technical upgrades and comprehensive development of automotive display solutions.
Smart Retail Business Group	With display technology as the core advantage, assisting businesses in creating customer-centric immersive consumption experiences.
Intelligent Service Business Group	Providing comprehensive industrial automation solution services for cross-regional and multi-venue management.
Smart Healthcare Business Group	Focusing on fields such as smart operating rooms, diagnosis detection, and integrated medical information management, providing intelligent healthcare solutions.
Smart Education & Enterprise Business Group	Integrating diverse display technologies to create diversified display solutions for enriching the educational and corporate environments.

Department Name	Business
Solar & Semiconductor Material Business Unit	Vertical integration of the solar energy value chain, managing solar energy, semiconductor materials research and development, and processing services.
Technology Group	The R&D of advanced display technologies, design, and development of new products.
Manufacturing Group	The planning and management of display manufacturing process, raw materials and finished products.
Display Strategy Business Group	The management of TV, information, mobile devices, automotive and other display business departments, including product planning, marketing, businesses and customer service, and provision of a full range of smart solutions.
Energy Business Group	The provision of high-efficiency solar modules, all-round solar power plant service, and highly integrated service platform concerning energy management & service.
Supply Chain Management	The management of procurement, export and import affairs.
Globalization Development Office	The management of the regional market development, customer development and technical services of and for the display business of overseas companies.
ESH & Risk Management	Planning for environmental safety, health and operating risk management.
Operational Support Units	Finance, Legal, Human Resource, Digital Technology, Quality Management, Corporate Strategic Planning, etc.

1.3.1 Board of Directors

Board Operation

The AUO Board of Directors is responsible for advising company strategies, supervising the managements and overseeing all operations and arrangement of corporate governance systems. The Board reports to the Company and shareholders and exercises its powers under the law, the Articles of Incorporation and resolutions passed by the shareholder meetings.

The election of the 10th AUO Board of Directors was held at the Annual General Shareholders' Meeting in 2022. 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 directors on the current Board of Directors have extensive and diverse industry experience in commerce, finance, accounting, law and business administration, as well as corporate social responsibilities. The AUO Board of Directors meets at least once every quarter and 7 meetings were convened in 2023.

ESG-related Resolutions at Meetings in 2023

Meeting date	Meeting type	Contents of report and resolutions
February 7	Board of Directors meeting	Progress report on green electricity procurement
February 8	Board of Directors	<ul style="list-style-type: none"> 2022 report on the implementation of CSR Principles and Business Integrity Principles 2022 report on the implementation of Corporate Governance Principles and Directors and Managers' Ethical Code of Conduct 2022 risk management report
February 13	Strategy meeting of Directors	<ul style="list-style-type: none"> AUO's Corporate Social Responsibility Principles Results of CSR EPS 2025 Goals Achievement status of material topics
April 27	Board of Directors	<ul style="list-style-type: none"> Report on sustainable development action plans Progress report on greenhouse gas inventory
July 26	Board of Directors	Progress report on greenhouse gas inventory
August 31	Strategy meeting of Directors	<ul style="list-style-type: none"> Mid-year report of the ESG and Climate Committee Report on Biodiversity Policy Progress report on Plastic neutralization goal
October 31	Board of Directors	Progress report on greenhouse gas inventory

Board of Directors Performance Evaluation


"The Regulations for Evaluating the Performance of the Board of Directors" were passed by the AUO Board of Directors on January 25, 2017. An internal performance evaluation is conducted in the fourth quarter of each year. An evaluation by external independent bodies or a team of external experts and academics is also conducted at least once every three years.

Internal Performance Evaluation

The Board of Directors, functional committees, and Board secretariat conducted a performance evaluation for the Board of Directors, Board members, Audit Committee, Remuneration Committee, and "Corporate Governance Committee" in 2023. The evaluation encompassed the 5 dimensions includes social, environment, corporate governance, and the outcome was divided into three levels: Above Average, Acceptable, and Improvement Needed. The outcomes of the 2023 AUO self-assessment was Above Average with no major improvements required. The evaluation outcomes were reported to the Board in the first quarter of 2024 and will be used as a reference for determining the performance, remuneration, and re-appointment of Board and functional committees.

External Performance Evaluation

The Taiwan Corporate Governance Association (TCGA) was commissioned to conduct an independent external performance evaluation of the Board of Directors in 2021. The evaluation was conducted using online self-assessment questionnaires and on-site visits. The eight areas assessed were Board composition, leadership, delegation, supervision, communication, internal control and risk management, self-discipline and support system. The outcomes of the evaluation were reported to the Board in February 2022. The recommendations of the TCGA will be used as a reference by the Board of Directors for continued improvements to its functions including amendment of the whistleblower system and channels.

 For external performance evaluation, please refer to the overall assessment of the Chinese Corporate Governance Association. ▶

Education and Training of Directors

The continuing education hours of the directors meets the requirements of the "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies".

Position	Name	Newly appointed or reappointed	Hours
Chairman	Shuang-Lang (Paul) Peng	Reappointed	9
Director	Frank Ko	Reappointed	6
Director	Tsai Juan-Juan	Reappointed	6
Director	Han-Chou (Joe) Huang	Reappointed	6

Position	Name	Newly appointed or reappointed	Hours
Independent director	Peng Chin-Bing	Reappointed	18
Independent director	Chen Jang-Lin	Reappointed	6
Independent director	Chiu-Ling Lu	Reappointed	6
Independent director	Cathy Han	Reappointed	15

Board Diversification

The current Board of Directors all have extensive and diverse industry and academic backgrounds. The AUO "Corporate Governance Principles" calls for diversity in the composition of the Board of Directors. In addition to capping the number of directors that is also company managers 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:

- Basic criteria and values including gender and age.
- Professional knowledge and skills, such as professional background, professional skills and industry experience.

Objectives and Progress of Board Diversity Policy

Two or more female directors have sat on the AUO Board of Directors for 15 consecutive years since 2007. The 9 candidates nominated for the 10th Board of Directors included 5 independent directors and 4 female directors. After the Board re-election in 2022, more than half of the Board was now made up of independent directors and the ratio of female directors was also increased to 44%. The Board consisted of 8 directors between December 7, 2023, when Independent Director Yen-Hsueh Su resigned, and December 31, 2023. These included 4 ordinary directors and 4 independent directors. The ratio of female directors was therefore 37%.

Category	Objectives	Progress
Composition	There are 8 seats including 4 directors and 4 independent directors (Note)	✓
Gender	Women held at least 2 directorships	✓
Term	<ul style="list-style-type: none"> • If an independent director has also already served 3 terms, then the appointment may be extended for a 4th consecutive term with the approval of the Corporate Governance Committee • The majority of independent directors do not exceed 3 terms • Director's age at time of election must be under 74 	✓
Concurrent positions	<ul style="list-style-type: none"> • The number of directors that are also company officers should not exceed 1/3 of the Board • Independent directors are advised against being an independent director at more than 3 companies concurrently • Independent directors should not be a director (including independent director) or supervisor at more 5 TWSE/TPEX-listed companies concurrently 	✓
Diverse professional skills	Including technology industry, technology R&D, industry innovation, financial accounting, financial investment, Corporate sustainability, Risk management	✓

Note: On June 17, 2022, our company elected 9 directors (including 5 independent directors) at the annual shareholder meeting. Independent Director Yen-Hsueh Su resigned on December 8, 2023.

Member of Board Directors (as of Dec 31, 2023)

Name	Position	Gender	Age	Nationality	Term of Office			Professional Knowledge and Skills							Independence status	Number of other Taiwanese public companies concurrently serving as an independent director	Employee position	
					Under 3 years	3-9 years	Over 9 years	Technology industry	Technical research	Industrial innovation	Financial accounting	Financial investment	Corporate sustainability	Risk management				
Shuang-Lang (Paul) Peng	Chairman	Male	60-69	ROC			☑	☑		☑				☑	☑	Not applicable	0	☑
Frank Ko	Director	Male	50-59	ROC		☑		☑	☑	☑					☑	Not applicable	0	☑
Chuang-Chuang Tsai	Director	Female	70-79	ROC	☑			☑	☑						☑	Not applicable	0	
Han-Chou (Joe) Huang	Director	Male	60-69	ROC	☑			☑		☑						Not applicable	0	
Chin-Bing (Philip) Peng	Independent Director	Male	70-79	ROC			☑	☑				☑	☑			Note	1	
Jang-Lin (John) Chen	Independent Director	Male	70-79	ROC		☑		☑	☑	☑						Note	0	
Chiu-Ling Lu	Independent Director	Female	60-69	ROC	☑							☑	☑	☑		Note	1	
Cathy Han	Independent Director	Female	50-59	ROC	☑			☑				☑	☑	☑	☑	Note	3	

Note: Currently, there are a total of 8 seats on the 10th incumbent board of directors, with independent directors occupying 4 seats, accounting for half of the total number of seats on the board. This complies with Article 30 of the Company Act.



The introduction of Board Members, see [AUO website - Investor Relations](#)



Director Liability Insurance

AUO has filed for liability insurance for the Directors and managers and reports to the Board of Directors after the insurance has been renewed. The insurance amount is regularly evaluated every year.

Mechanism to Prevent Conflicts of Interest

AUO has set down conflict of interest prevention provisions of the Board of Directors in the Management Guidelines for Board of Director Meetings and the Audit Committee Charter that if a director member of the audit committee has a personal interest in any agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting and shall recuse himself or herself from the discussion and voting and also may not exercise voting rights as a proxy for any other independent director member. AUO has independent directors who will take an objective and fair position and make suggestions based on their professional capacity and experience. When discussing any proposals, the Board of Directors should fully consider the opinions of independent directors and include their opinions or reasons of consent or objection in the minutes of the meeting, while complying with the interest recusal principles to effectively protect the interests of the Company. Additionally, none of the board members hold cross-shareholdings with main suppliers.



For more about directors' recusal practice, see [2023 Annual Report chapter 3](#)



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. Meanwhile, the Company's internal auditors will regularly submit audit summary reports to the Audit Committee in accordance with the annual audit plan, together with the Audit Committee's mailbox submission report. The Audit Committee will also regularly evaluate the Company's internal control system, internal auditors, and their performance. The Company's entire Audit Committee comprises independent directors (including 4 financial specialists), and all 5 independent directors meet the criteria as stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding profession, work experience, independence and the number of independent director positions held concurrently.



For more about Audit Committee, see **2023 Annual Report Chapter 3** ▶

1.3.3 Corporate Governance Committee

To strengthen corporate governance and enhance the efficacy of the Board of Directors, AUO established a Corporate Governance Committee in 2019, which is convened by the Chairman of the Board of Directors and entirely consists of independent directors. In accordance with the Company's Corporate Governance Code, the Board of Directors should convene at least once a year and whenever there is a need. Its primary duties are as follows:

- 1 Stipulate the criteria for the background diversity and independence of Board directors, such as expertise, skills, experience, and gender and seek, review and nominate the board director candidates, accordingly
- 2 Establish and develop the organization structure of the Board of Directors and all committees, conduct performance appraisal on the Board of Director, committees and board directors
- 3 Stipulate and regularly review the Board directors' continuing education and succession plan
- 4 Inspection of the successor plan for the senior executives above the grade of president (or equivalent)
- 5 Provide newly appointed directors with appropriate introduction to their role in order to familiarize them with their responsibilities as well as the Company's operations and environment
- 6 Stipulate AUO's Practical Corporate Governance Guidelines
- 7 Supervision of risk management and formulation of Risk Management Policy and Procedure



Introduction to the Functional Committee, see **AUO website - Investor Relations** ▶

Corporate Governance Manager

The corporate governance manager in charge of the supervision and planning of the corporate governance meets the qualifications outlined in the Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies governing the corporate governance personnel. Their duties and power include providing the latest regulatory developments concerning the Company's operations along with the information required by the Directors and the Audit Committee in their business execution; assisting the Directors and the Audit Committee in complying with laws and regulations; regularly reporting the corporate governance practice to the Corporate Governance Committee and the Board of Directors every year; organizing matters related to the Board of Directors meetings and shareholders' meetings in accordance with the law; preparing the minutes of the Board of Directors meetings and shareholders meetings; assisting with the appointment and continuing education of the Directors and Audit Committee members. The execution of the above is handled by the secretarial department of the Board of Directors.

Implement Governance

To ensure transparency and complete handling procedures of the corporate governance, AUO continues to participate in the corporate governance appraisal conducted by the TWSE and ranks among the top 5% for 7 times, a tremendous mark of recognition. The outcomes of AUO integrity initiatives were also overseen through the HR department, the Board of Directors and the risk management sub-committee of the ESG& Climate committee. The principle of full of disclosure was upheld by having dedicated units file reports with the TWSE Market Observation Post System in accordance with the "Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities," "Procedures for Press Conferences Concerning Material Information of Listed Companies," "Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities," "Regulations Governing Establishment of Internal Control Systems by Public Companies," "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies," the four major company laws and other regulations.



Shareholders' Meeting ▶

1.3.4 Remuneration Committee

AUO set up the Remuneration Committee in 2011 in accordance with 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, with the appointment of its committee members determined by the Board of Directors. After the re-election of the Committee members in 2022, the independent directors, Peng Chin-Bing, Yen-Hsueh Su and Chen Jang-Lin served as the committee members and the independent director, Peng Chin-Bing served as the remuneration committee convener. A total of 4 regular meetings were held in 2023.

Remuneration Committee primary duties are as follows:

- 1 Stipulate and periodically review compensation policies, systems, standards and structures and performance of directors and managers.
- 2 Periodically review and stipulate compensation packages of directors and managers.
- 3 Selection and appointment of managers; periodical review of the managing teams' cultivation and development plan.

Remuneration Policy of the Board of Directors and Senior Management

Directors' Remuneration

AUO regulations on directors' remuneration adhere to the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." Recommendations are made by the Remuneration Committee to the Board for approval prior to 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 past years however then funds should be set aside for their repayment first.

Material Topics

The Board's performance Included in the annual target review of the Remuneration Committee

Remuneration Policy of Senior Managers

The standard of compensation for senior AUO managers are based on the "Management Remuneration Policy" set by the Remuneration Committee and Board of Directors. Proposed compensation reviewed by the Remuneration Committee for each year before being submitted to the Board for confirmation. We also work with professional outside remuneration consultants to ensure competitive remuneration for senior managers and to improve the linkage between remuneration policy, market trends, and environmental developments. The remuneration of AUO senior managers (includes CEO) is linked to the business performance of the Company. The compensation package is made up of salary, long/short-term variable bonuses, and employee bonuses from distributed surpluses. Variable bonuses are determined by operation performance. Depending on the role and performance, it may account for between 70% and 90% of their total remuneration. For the long-term incentives plan of AUO senior managers (includes CEO), the Remuneration Committee sets financial and ESG performance indicators based on the Company's long-term development strategy. Performances are assessed on a 3-year cycle. Over 50% of the incentives take the form of shares and includes claw back provisions that strengthen the link with shareholder interests and enforce commitment to sustainable management.

Executive Stock Ownership Requirements

The company remunerates its executives partly through stock options and has established the "Executive Stock Ownership Guidelines". These regulations stipulate that the value of stocks held by executives should be a certain multiple of their annual salary: for the chairman serving as the executive and the CEO, it should be 10 times; for other executives, it should be 5 times. Executives are required to meet the stock holding target within five years of their appointment and maintain the above-mentioned stock value during their tenure, to strengthen company governance and fulfill the commitment to sustainable business operation.

Senior Management (including the CEO) Performance-based indicators



Financial
performance
indicators



ESG
performance
indicators

- Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)
- Strategic Product Revenue

- AUO CSR EPS Sustainable Development Goals
- Management target/matrix of material issue



For information on the salary of non-management and the compensation policy of the board of directors, see **the Fact Sheet section in this report.**

1.3.5 Sustainability and Enterprise Risk Management (ERM) Committee

Functional Upgrade of Sustainable Governance Organization

AUO is committed to responding to stakeholder concerns in the environmental, social and corporate governance dimensions as well as the promotion of globalized business risk management and response strategies for realizing sustainability goals. A motion to upgrade the existing “ESG and Climate Committee” to the “Sustainability and ERM Committee” was therefore passed by the Board of Directors on March 1, 2024. The new committee reports directly to the Board. The committee charter provides for 3 committee members made up of the Chairperson (convener) and 2 independent directors. The committee is also to meet at least 2 times a year. The main roles and responsibilities of the Sustainability and Risk Management Committee include:



1. Sustainable development

- 1 Formulating the Sustainable Development Principles, supervising its implementation, reviewing and tracking its performance, making amendments, and reporting to the Board of Directors on a regular basis
- 2 Supervising the proposal and outcomes of sustainable development policies, systems, or related management approaches and substantive action plans; presiding over material Company decisions on sustainability issues including technology applications, product value, energy development, green manufacturing, value chain management, citizenship (including people and human rights), risk management, circular economy, and carbon energy operations
- 3 Strengthening engagement with all stakeholders and monitoring issues of stakeholder concern
- 4 Ensuring the timeliness and accuracy of disclosures relating to sustainable development
- 5 Supervising other tasks related to sustainable development approved by the Board of Directors



2. Risk Governance

- 1 Review of risk management policy, procedure, and framework, and to examine the effectiveness of the risk strategy
- 2 Determining qualitative and quantitative risk capacity as well as optimizing the allocation of resources
- 3 Implementing the Board’s risk management decisions, supervising the risk management mechanism of the Company, and review of risk management priorities
- 4 Review the implementation of risk management, make recommendations on necessary improvements, and making annual reports to the Board of Directors

The “Sustainability and ERM Committee” oversees the “Sustainability and ERM Executive Committee” The implementation committee is headed by the first level supervisor and is convened on a quarterly basis to enforce the implementation of ESG activities as well as the disclosure of important ESG performance information.



For more information on the Sustainability & ERM Executive Committee, please refer to **2.1 of this Report**. ➔

1.4 Business Integrity

1.4.1 Integrity Culture

Rooted in a culture of integrity, AUO actively implements values of credibility and fairness and complies with the guidelines of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”. Targeting the Board Directors, all employees, suppliers, contractors and other stakeholders, AUO strengthens the advocacy to prevent the seven major behaviors such as bribery and corruption, giving unlawful political donations, inappropriate charity donations or sponsorships, inappropriate gifts/hospitality or other illegitimate profits, violating intellectual property rights, engaging in unfair competitions and products or services damaging the rights and interests of stakeholders. The sustainable development division will be in charge of the stipulation, execution and supervision of the integrity management policies and will report to the Board of Directors once a year regarding the implementation of the integrity management policies. AUO builds and implements a corporate spirit of integrity management through four major dimensions including including disseminate, detection, prevention and tracking.

Disseminate

Build Integrity Policies and Guidelines

AUO provides employees with a code of conduct and guidelines for adherence, encompassing four major aspects: integrity policy, integrity governance, integrity communication, and integrity values. AUO also sets assessment indicators to ensure that employees understand and consistently implement integrity.



1

Corporate Integrity Principles

Establish a business integrity section on the company's internal platform to remind supervisors and colleagues to implement honest behaviors.

2

Intellectual Property Protection Measures

Carry out intellectual property management training, partner with employees to advocate duties and obligations to protect intellectual property and protect intellectual property through confidentiality agreements.

3

Information Security Management Measures

Ensure the security of the Company's information system and available software/hardware warranties.

4

Compliance with Insider Trading Laws

To maintain the fairness of market transactions, insider trading that provides specific investors with unethical and illegal advantages is strictly prohibited. Prevention measures against insider trading have also been established.

5

Anti-Money Laundering

The company complies with all laws prohibiting money laundering or financing for illegal or improper purposes.

6

Antitrust Compliance Principles

The Company is committed to ensuring that all business activities comply with antitrust regulations.

7

Code of Ethical Conduct for Employees

Establish the Company's internal ethical guidelines to reduce risks of unethical behavior occurrences.

In an effort to promote the concept of integrity, all new employees at AUO must complete an integrity training course upon employment and sign a declaration of integrity. Honesty and integrity are the core values of AUO and the DNA of a business, and are listed as one of the necessary assessment criteria in the performance evaluation of employees. In the fiscal year of 2023, a total of 905 new colleagues completed the training and the completion and signing rate reached 100%. In addition, AUO also carries out annual integrity compliance training courses for directors and employees through an educational training mechanism. The completion rate of director training in 2023 reached 100%; Employee education training for more than 35,000 colleagues worldwide, with a completion rate of 99.03%. Moreover, for all colleagues and suppliers, integrity case studies are promoted at least three times a year through internal announcements and emails; For contractors, monthly meetings are used as a platform to promote these ideas, reminding colleagues and stakeholders of the company's commitment to integrity in business operations.

Detection

Each year, a designated department will be in charge of conducting conflicts of interest declaration and internal audit, as well as external audit for suppliers to examine possible integrity risks. In 2023, AUO opened up the requirement to the company management and all colleagues who can make their own declarations. A total of 2,466 people completed the declaration. Regarding suppliers, we advocate a commitment to fair trade with integrity at the annual supplier conference and comply with the external audit system of the RBA to affirm that our key manufacturers adhere to the guidelines.

Prevention

Integrity Job Management

AUO regularly inspects the integrity department and defines the list of integrity positions for the departments with decisive influence on the import/export, product prices, investment targets and departments with frequent contact with suppliers, customers and contractors. AUO implements regular job rotation and business substitution through systematic management to prevent corruption. In 2023, we inspected 456 employees holding integrity positions and conducted 2 trainings for colleagues holding integrity positions, including training for seven major prevention behaviors and case studies and prevention advice programs. There were 9 people on the rotation list, and the rotation implementation rate in 2024 has reached 100%.

Whistleblowers and No-Retaliation

Under the whistleblower system, if ethical violations are discovered during the course of their duties, a whistleblower complaint can be made through internal and external channels.

Internal channels

Direct superior, CEO mailbox, Audit Committee's mailbox

External channels

Supplier's Report Hotline



An investigation is launched once a complaint has been raised. The investigation is conducted by dedicated personnel including the audit unit or a committee established in accordance with the "Management Regulations Governing Investigative Committee for Serious Disciplinary Cases." The "Procedures for Handling Complaints Relating to Accounting, Internal Controls, and Audits" and "Complaint Procedure" were also formulated to define the complaints procedure, the competent unit for handling cases and incident procedures. Personal information is kept confidential and retribution against employees strictly prohibited. If an employee can provide advance warning, report, or prevent illegal, corrupt, or other actions harmful to the interests of the Company, the rules on commendations and disciplinary action at AUO's Taiwan Head Office stipulates an appropriate reward if their complaint is found to be true and helped prevent loss to the Company. If an employee has against corporate integrity principles, inappropriate financial transactions with a company's business partners or violates AUO's "Anti-Trust Compliance Policy", upon verification, appropriate punishment will be given. Such events will also be reflected in employee performance evaluations and the appraisal. This also serve as an important factor to be considered for remuneration raises or promotions.

Internal Controls

Internal Control System

Relevant control mechanisms have been implemented by AUO in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies” while also taking our overall business activities and other industry-specific legislation into account. Enforcement rules for internal audits based on the internal control system have been formulated and implemented by audit units as well. The effectiveness and level of compliance with the existing control systems and procedures are being assessed on a continuous basis; all AUO operations and subsidiaries fall within the scope of audits.

Organizational Function and Implementation Strategy

- Independence

Internal Auditing is an independent unit that reports directly to the Board of Directors. The unit consists of a dedicated Chief Auditor and a number of qualified full-time internal auditors. Auditing personnel continue to hone their professional knowledge and skills by attending audit-related courses conducted by professional training bodies every year.

- Risk Assessment

Risk assessments are conducted every year and an audit plan drawn up based on identified risks. Once the plan is approved by the Board it is put into action. Special audits are also conducted as necessary.

- Audits and Follow-up of Defects and Improvements

General and special audits are carried out with recommendations or improvements suggested for all defects or anomalies found during the audits. An e-audit system is used to track progress and audit improvements to identified deficiencies until the improvement is complete. The system also provides the management with a picture of internal controls as well as timely warning on existing deficiencies or potential risks.

- Self-assessment of internal controls

A self-assessment of internal controls is conducted every year. Internal Auditing reviews the outcomes of self-assessments conducted by each unit and subsidiary. The review looks at whether the assessment was carried out, and examines the documentation for quality assurance. The results of the self-assessment are compiled and reported to the Audit Committee and Board of Directors to provide a basis for assessing the overall effectiveness of the internal control system, and for issuing the Statement on Internal Control.

Improvements and Follow-ups

Whistleblower Cases

A total of 20 whistleblower complaints were received by AUO in 2023. AUO’s internal control systems have been established in accordance with laws. An audit unit conducts annual risk assessments and devises audit plans. Audits are carried out in line with the plan, and the outcomes are reported quarterly to the Audit Committee and the Board of Directors for management purposes. AUO remains committed to its integrity principles and take measures to prevent corrupt behavior.

	Cases Received	Cases Closed	Confirmed Cases of Corruption or Ethical Violations
Business integrity violation reporting system	14	14	1 (Note)
Audit Committee’s mailbox	4	4	0
Compliance email hotline	2	2	0

Note: The employee involved exploited their position to receive gifts from suppliers. The value of the gifts exceeded the upper limit set in the Employee Code of Ethics. The employee was sanctioned with a major demerit and the supplier blacklisted.

Violations

There were no sanctions involving violations of anti-money laundering regulations in 2023.

Refinements for Continuous Improvement

AUO embarked on an assessment of external audits at the end of 2023 to further refine our structure and management mechanisms for integrity management and privacy protection. Agreed-Upon Procedures expected to be carried out in 2024.

1.4.2 Regulation Compliance

Fair Competition

AUO commits to follow the laws and regulations of the countries where we conduct business, stipulate a “Integrity Handbook” to serve as a basic code of conduct for our colleagues and formulate policies to comply with various laws.

Policy

Since 2015, AUO has established the “Anti-Trust Compliance Policy” and the “Anti-Trust Law Compliance Manual”, which were updated and revised in 2023. AUO also strengthened its compliance measures on other legal issues by formulating the “Export Compliance Policy”, “Anti-Corruption Compliance Manual”, “Copyright & Software Privacy Policy”, “Anti-Espionage and Trade Secret Theft Policy”, “Conflict Minerals Policy”, “Anti-Dumping Policy”, and “AUO Policy on Data Protection Privacy of Personal Data”. In response to the General Data Protection Regulation (GDPR) officially implemented by the European Union on May 25, 2018, AUO established the “General Data Protection Policy” in the same year, which includes the General Data Protection, Data Breach Management Policy, Data Protection Impact Assessment Policy, and Personal Data Inventory Implementation Policy. Applicable privacy statement notifications were also developed for various operational circumstances. In 2019, AUO subsequently updated the “Anti-Corruption Compliance Manual”. Responding to the Personal Information Protection Law implemented in China on November 1, 2021, AUO revised the privacy notice and data processing consent form by the end of 2021. In response to the U.S. implementation of the “Uyghur Forced Labor Prevention Act (UFLPA)”, AUO formulated “Statement of Labor and Human Rights Policy” and revised the “Supplier/ Subcontractor Code of Conduct” in 2022, illustrating AUO’s commitment to protecting human rights and prohibiting forced labor. All the aforementioned documents are announced on the company’s internal website under the legal compliance section for employees to follow.

Violation Cases

AUO involved in unresolved anti-trust lawsuits in 2023 include a civil lawsuit with LG Electronics and its related affiliates. The details of these lawsuits are disclosed in the AUO’s annual report.



For other cases, see

2023 Annual Report Chapter 7 ▶

Management, Supervision and Prevention Systems

AUO promises to comply with antitrust law of Taiwan and foreign countries, establish a compliance program with effective implementation and has set up the Chief of Antitrust Compliance, who regularly reports directly to the Audit Committee with tasks covering the affirming of incentives and system, advocacy, risk assessment mechanisms, education and effect verification and timely response. Through the year-end risk assessment mechanism, we identify areas with potentially higher risks and modify the corresponding supervision and prevention mechanism accordingly. AUO’s frontline business divisions and related subsidiaries have appointed representatives to comprise the compliance committee which quarterly convenes to discuss legal compliance issues including antitrust law, and review and implement compliance measures. In addition, the Chairman issues compliance messages twice a year, basing them on real-life cases in the workplace to remind colleagues of situations that may raise legal risks.

Education and Training

AUO has established a multi-tier law compliance education and training system, including mix of online exams, classroom courses and cross-departmental large-scale training, plus advanced bespoke courses for certain departments. In 2023, educational training will be held, including newcomer anti-trust compliance training and advanced courses customized for specific departments.

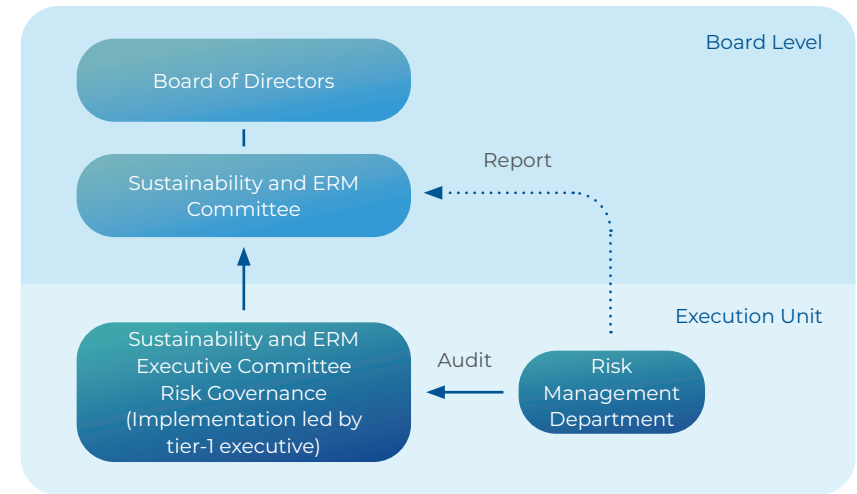
- Antitrust Compliance training for new employees: all new worldwide recruits, except for production line workers, are required to undergo antitrust compliance training within 30 days of commencing their employment.
- Customized advanced courses for specific departments: Online workshops are held for the manufacturing units, with course content covering conflicts of interest, integrity policies, code of integrity, and confidentiality obligations. Colleagues are encouraged to think about possible scenarios in practice and strengthen their compliance awareness. The total number of trainees was 271, with the same number of trainees completed, making the completion rate 100%.
- All employees worldwide (except production line workers,) are required to sign the Antitrust Compliance Declaration to fully understand the company’s compliance policy with the Antitrust Law, thereby establishing unanimous legal compliance awareness within the organization. In 2023, the total number of signatories reached 10,843, with a signing rate of 100%.

1.5 Risk Governance

The global environment is changing at a rapid pace. The challenges faced by businesses are now more complex and diverse as well. The COVID-19 pandemic, changes in the political-economic situation, climate and energy crisis, as well as emerging risks all introduce new variables that test the flexibility and adaptability of business strategies. AUO uses our sound risk governance organization and management mechanism to identify trends and risks. Proactive action is taken to control risks that may impact on the Company so that we cannot only adapt to the changing circumstances but also seek out potential business opportunities.

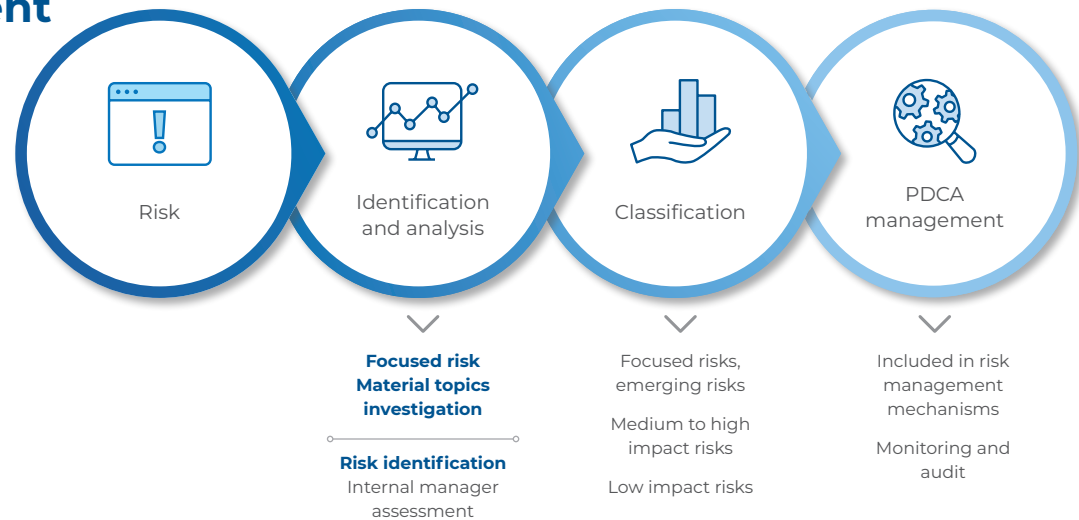
Risk Governance Policy and Organizational Function

The "AUO Risk Management Policy and Procedure" was formulated by AUO based on international risk management guidelines. The document serves as the Company's top guidance principles on risk governance and culture to ensure the proper implementation of strategic goals and risk control. The Sustainability and ERM Committee(Note) serves as the top management and decision-making unit within the risk governance organization. Risk management activities are carried out by the Risk Governance under the Sustainability and ERM Executive Committee. The identification and assessment of internal and external risks are carried out every year. These include strategic, business, financial, hazardous and emerging risks. Response strategies are also formulated to enhance the Company's risk capacity and resilience. In addition, we also regularly convene meetings to examine each risk monitoring indicator, confirm organizational control over risk response, and share information on internal/overseas risk events in order to enhance the risk sensitivity of our management team. The Risk Management Department is responsible for risk management audits. Regular monitoring and auditing activities are also carried out to ensure the effective implementation and continuous improvement of risk management operations. Outcomes are periodically reported to the Board of Directors and the Sustainability and ERM Committee. In terms of cultural promotion, we hold risk identification training for division-level managers every year to equip all employees with a certain level of understanding on risk. As of 2023, we also began training local and international employees on basic risk management concepts.

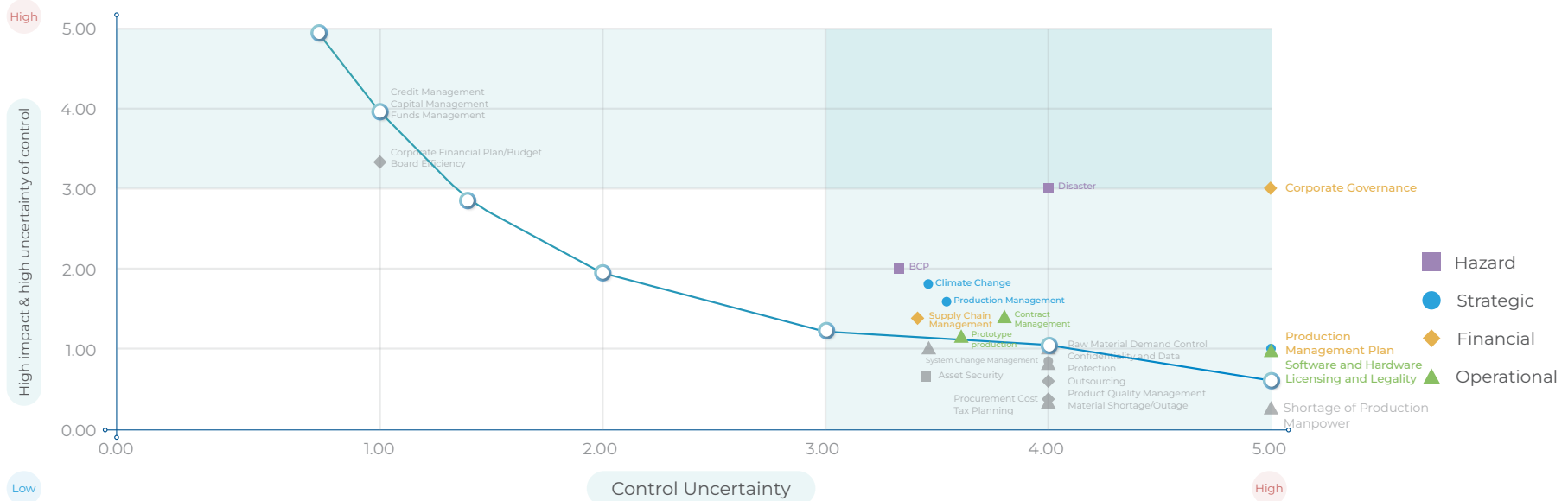


1.5.1 Risk Identification and Management

AUO has built up extensive experience in risk identification and management after many years of hands-on practice. We use general education, basic, and advanced training mechanisms to enhance the risk awareness of all employees. The risk identification process is carried out by AUO in the first quarter of each year. Relevant knowledge such as the Global Risks Report published by the World Economic Forum and the World Ahead from the Economist is provided in advance to more than 100 division-level factory managements at AUO units around the world to help them identify 75 types of risk (e.g. financial, human resources, sustainability, information, manufacturing, R&D, sales, supply chain, and legal affairs). The managers can use their authority to examine all of the derivative concrete risk scenarios. We then use the identification outcomes provided by the managers to conduct a qualitative and quantitative assessment along the three axes of likelihood, magnitude of impact, and magnitude of control. Risk matrix analysis is also used to sort the risks by priority and ultimately pick out 10 risks of high concern. These risks are then tracked or reviewed by the Sustainability and ERM Executive Committee. They may also be monitored to ensure their proper control and to turn crisis into opportunity.



Annual Risk Identification Matrix



Response Strategies for Focused and Emerging Risk Topics

AUO is responding actively to constantly-shifting risks by reviewing focused and emerging risks every year (Note). Risk analyses by other professional bodies as well as internal risk identification information are all taken into account to ensure that risks are considered in a more substantive and comprehensive manner. Focused risks for AUO in 2023 included impact on end-user market from inflation and economic recession, supply chain disruption or shortages, operational disruptions due to electricity and water shortages, and the diverse impacts of climate change; emerging risks encompasses the uncertain future of De-globalization and Protectionism, personnel shortages or turnover, generative AI raises concerns about misuse and errors. The potential impact of these risks on our operations is carefully assessed by AUO. Response strategies are then devised so that their impact is minimized through prediction and advance response.

Note: Focused risks are important and short-term risk topics; emerging risks are emerging, medium/long-term and external risk topics.

Focused Risks

Category	Risk Description	Impact or Potential Impact	Mitigating Actions
Strategic and financial	<p>General economic and industry trends</p> <p>Decline in end demand due to inflation and recession risks</p> <ul style="list-style-type: none"> General economic weakness: Systemic financial risk triggered by central banks raising their rates to curb inflation and general economic weakness across the world. Industry trend weakness: General economic weakness leading to decline in end demand. 	<ul style="list-style-type: none"> Decline in end demand that impacts on company revenue and profits. Decline in demand resulting in capacity adjustments that impacts on production cost. 	<ul style="list-style-type: none"> Diversification of business to expand scope of market and reduce the impact of individual markets. Adhere to the goals of dual-axis transformation through greater vertical integration of the market. Leverage our extensive expertise in display technology to integrate software, hardware, cloud and service platforms to satisfy the requirements of diversified applications in smart mobility, smart education and entertainment, smart healthcare, and smart retail. p.13 > Dynamic strategic adjustment of material preparation and production plans. Monitor prices while maintaining strict control over costs and inventory levels. Continue to monitor inflation and global economic changes.

Category		Risk Description	Impact or Potential Impact	Mitigating Actions
Business	Supply chain	<p>Supply chain shortages</p> <ul style="list-style-type: none"> The effects and interference from external environmental changes such as COVID-19 pandemic developments in China, global politico-economic situation, natural disasters, state of global logistics, and strikes cause supply chain shortages that result in volatility and instability. 	<ul style="list-style-type: none"> Production delays due to raw material shortages or transportation problems. Delayed delivery of products that impact on customer satisfaction. Supply chain or product delivery delays caused by transportation difficulties that also lead to higher transportation costs. 	<ul style="list-style-type: none"> Formulation of concrete supplier sustainability management regulations and goals. p.63 > Monitor the supply situation and changes in inventory levels of critical materials. Monitor changes in international sea and air freight. Take risk appetite and risk tolerance into account by using sea/air shipping times as a key indicator. Set up risk traffic lights to facilitate rapid assessment and response.
	Business continuity	<p>Power and water shortages</p> <ul style="list-style-type: none"> Power or water shortages at the factory due to factors beyond human control that impact on production operations. <p>China: Regional power shortages due to fluctuations in raw materials used for power generation, the impact of extreme climate, and power dispatching</p> <p>Taiwan: Power shortages due to increased demand and inadequate reserve capacity; or regional water restrictions at the factory due to weather factors or poor water distribution</p>	<ul style="list-style-type: none"> Impact of energy shortage on production planning and progress. Increase in production costs due to unreliable energy. Industry chain will be impacted if the affected region hosts the supply chain or an important customer production site. 	<ul style="list-style-type: none"> Strengthen the emergency backup power capacity and load times to improve equipment performance. p.78 > Set up smart platform for hydrology center for systematic tracking of water consumption. p.92 > Monitor power fluctuations while also taking risk appetite and risk tolerance into account. Set up risk traffic lights and prepare response plans for different scenarios using Taipower's reserve capacity, regional power supply frequency and other key indicators.
	Climate change	<p>Climate change</p> <ul style="list-style-type: none"> Frequent extreme weather events, rising temperatures, and changes in precipitation patterns that lead to production disruptions, supply chain disruptions or resource shortages that in turn impact on product supply and service delivery. 	<ul style="list-style-type: none"> Instability in the supply of energy, resources, and materials caused by climate change that impacts on the production operations of the Company and industry chain. Fluctuations in energy prices and the implementation of national carbon reduction quotas that increase operating costs for the Company and industry chain. Major disasters caused by severe climate change that affects the shipping priorities of the global supply chain. Customer demands on carbon reduction and use of renewable energy. Support of international initiatives. 	<ul style="list-style-type: none"> AUO adopts a flexible sales strategy in order to satisfy the green requirements of the market. Progressive realization of renewable energy and carbon reduction targets through regular engagement with customers and integration of Company resources. Promotion of climate-related financial disclosure operations to prepare for the financial risks caused by each scenario. p.74 > Construct a climate-resilient supply chain by actively engaging with suppliers (e.g. high-level conferences, seminars, and courses) to build consensus and share resources.

Emerging Risk

Category	Risk Description	Impact or Potential Impact	Mitigating Actions
Geopolitical	<p>The uncertain future of De-globalization and Protectionism</p> <ul style="list-style-type: none"> Regional conflicts such as the Russian-Ukrainian War and the Middle-East that show no signs of easing. High degree of uncertainty in the global politico-economic situation. Global politico-economic uncertainty due to US-China relations, rise of emerging powers, and protectionism. 	<ul style="list-style-type: none"> Changes in the global politico-economic situation that impact on the strategic and operational planning of the industry and the Company. Conflicts and geopolitical competition are causing a shift from globalization to regionalization (splitting and restructuring of supply chains) that is forcing businesses to engage in globalized and distributed management. Escalation of geopolitics into regional conflict impacting on operations and causing confusion in the supply chain. 	<ul style="list-style-type: none"> Transition to the Company's biaxial transformation and strategy to distribute production sites and investments over different regions. Activation of geopolitical response programs to dynamically assess and track changes in global geopolitical risks. For regions with high operational importance, assess and devise response strategies for geopolitical risks that may impact on the Company's business and operations.
Societal	<p>Human resources and talent shortage crisis</p> <ul style="list-style-type: none"> Low birth rates, intense competition, and rapid changes in technical requirements all make the recruitment, retention, and cultivation of talent by the Company more challenging. 	<ul style="list-style-type: none"> Unfilled positions in technical or management fields impact on business operations and competitiveness. Increase in operating costs from recruitment and training. 	<ul style="list-style-type: none"> Continued promotion of the "ESG-TALENT" strategy and rethinking of the talent selection, training, employment and retention system to ensure the sustainability of organizational talent. p.119 >
Technological	<p>Generative AI raises concerns about misuse and errors</p> <ul style="list-style-type: none"> With the advancement and utilization of digitalization and emerging technologies, the risk of cyber crime and information security is increasing. These risks include but are not limited to malicious third-party attacks, data leaks, malware attacks, identity fraud, and social engineering. Such attacks may lead to disruption of company operations, loss of data, compromising of customer data, damage to brand reputation, as well as legal and compliance challenges. 	<ul style="list-style-type: none"> Production disruption: Information security incidents may lead to system shutdowns or production disruptions with serious repercussions for business operations. Financial loss: Cybercrime may result in serious financial losses such as the cost of ransom payments or system recovery. Damage to customer trust and reputation: Data leaks may damage customer trust in the Company and impact on brand reputation. 	<ul style="list-style-type: none"> Information security management is promoted and enforced through the Information Security Committee to protect Company IP, customer data, and enhance employee awareness on information security in response to evolving cybercrime and growing information insecurity threats. p.33 >

1.5.2 Examples of Risk Response

Example 1

Response to the water situation in Taiwan

There were still water shortages in some parts of Taiwan in 2023. AUO had already set up a complete response mechanism based on our experience with water shortages in 2021 and our sound water resource management. The smart platform at the AUO hydrology center provided plants in Taiwan with full, real-time information on the internal and external water situation (weather forecasts, water news, reservoir inflow and water level estimates, plant water consumption, water conservation plans and water-efficiency indicators, water tanker and water well information, supply chain water situation). The water situation traffic light system was then used to direct advance preparations and ensure timely response. AUO also partnered with outside weather risk management consultants, and referred to the short, medium, and long-term climate analysis/precipitation forecasts provided by meteorologists to help the water situation team develop and prepare appropriate water response strategies. As a result, AUO operations were not impacted by the water situation in Taiwan in 2023.



For water resource risk management, see **Chapter 3.3 of this Report** ▶

Example 2

Inspection and verification of enterprise risk management operations

AUO began refining our enterprise management operations in 2022. Our existing risk identification, tracking and response capability was enhanced through the introduction of Key Risk Indicators (KRI) for focused risks of concern to the Company. Risk control measures are now activated as necessary based on the outcomes of risk monitoring. To further enhance our risk management ability, we partnered with external consultants to conduct a thorough review of our risk management policies, rules, systems, and organizational functions based on the TWSE Risk Management Best Practices for TWSE/TPEX Listed Companies, the Enterprise Risk Management framework issued by the U.S. Committee of Sponsoring Organizations (COSO) and other standards. We discovered through in-depth discussion with our partner that there were gaps between our current risk governance operations and the relevant standards. Improvement proposals were devised in turn for each of the 33 findings based on the degree of risk. The latest review ensured that our risk management measures were aligned with both domestic and international standards. Blind spots in management were also rectified. We now plan to conduct similar external audits every two years to ensure continued promotion of risk improvement activities.

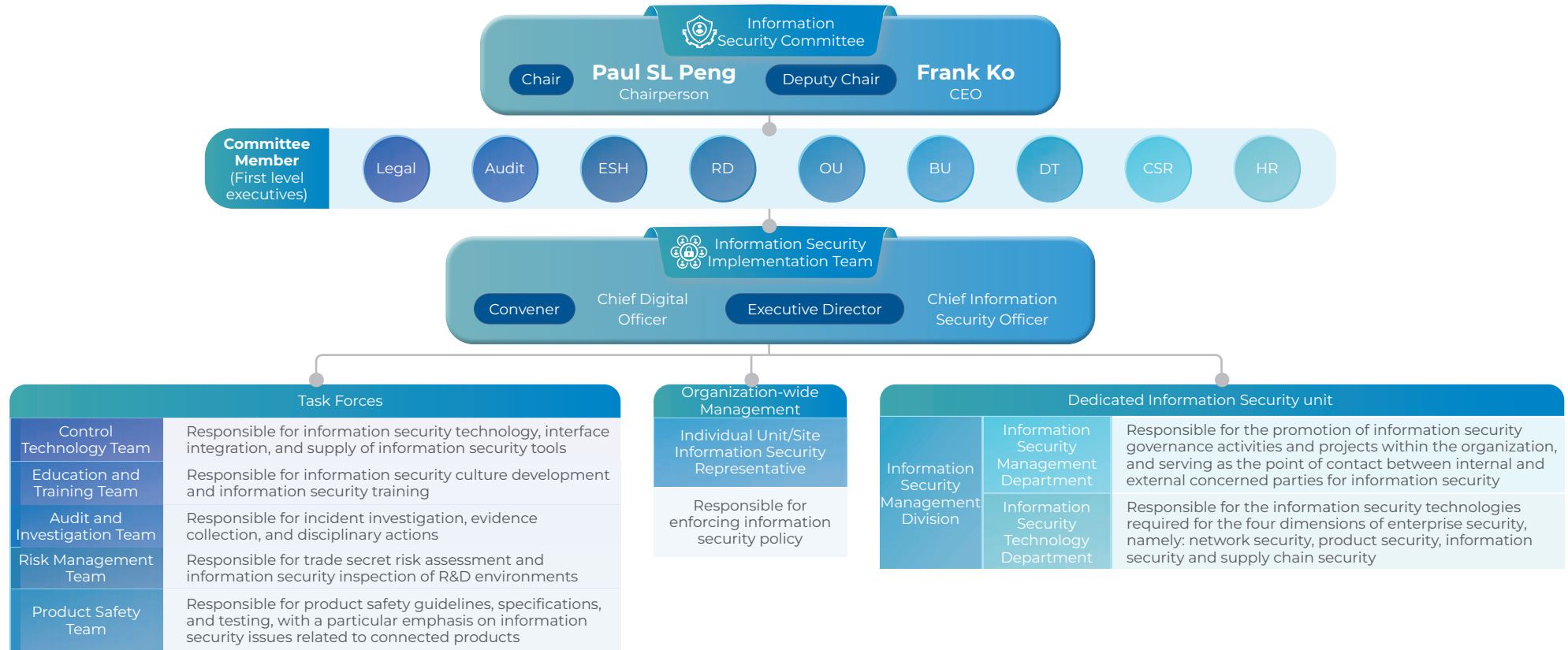
Note: Committee of Sponsoring Organizations

1.5.3 Information Security and Privacy Protection

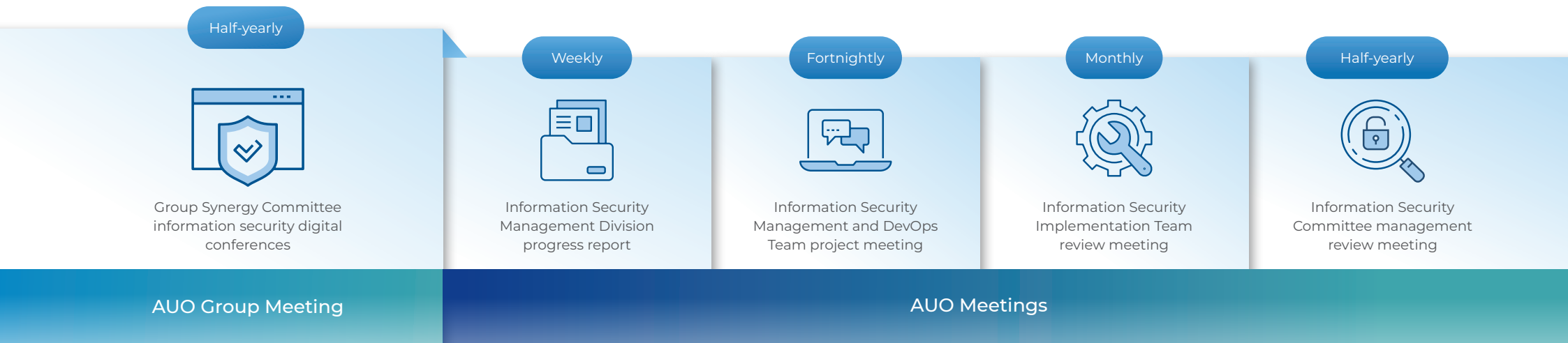
The security of our employees and partners' information assets is important to AUO. Information security management is therefore promoted and enforced through our information security management organization to protect company IP, customer data, and enhance the information security awareness of employees. We are continuing to refine our risk control mechanisms and upgrade our protective measures to strengthen the information security of the Company.

Organizational Function

The Information Security Committee is the top information security management organization at AUO and reports to the Chairperson. The Information Security Implementation Team under the Information Security Committee is responsible for implementing all Committee resolutions. As part of our continued efforts to build a lean yet fully-fledged information security team, the "Information Security Management Department" and "Information Security Technology Department" were established under the Information Security Management Division in 2023. Continued investments are also being made to strengthen the core information security capabilities of our team. Professional information security qualifications currently held by team members include ISO/IEC 27001:2022 LA (Information Security Management System Lead Auditor), CISSP (Certified Information Systems Security Professional), CEH (Certified Ethical Hacker), CHFI (Computer Hacking Forensic Investigator), CPENT (Certified Penetration Tester), LPT Master (Licensed Penetration Tester Master), OSCP (Offensive Security Certified Professional), CRTP (Certified Red Team Professional), OSWE (Offensive Security Web Expert), and ECSA (EC-Council Certified Security Analyst).



In addition, AUO also established the Group Synergy Office and the Group Synergy Committee in 2023. The subordinate Information Security and Digital Sub-committee is composed of the heads of IT and information security from Group companies. The sub-committee facilitates liaising on information security strategies, coordination and cooperation, and integration of Group resources for joint management of information security risks.

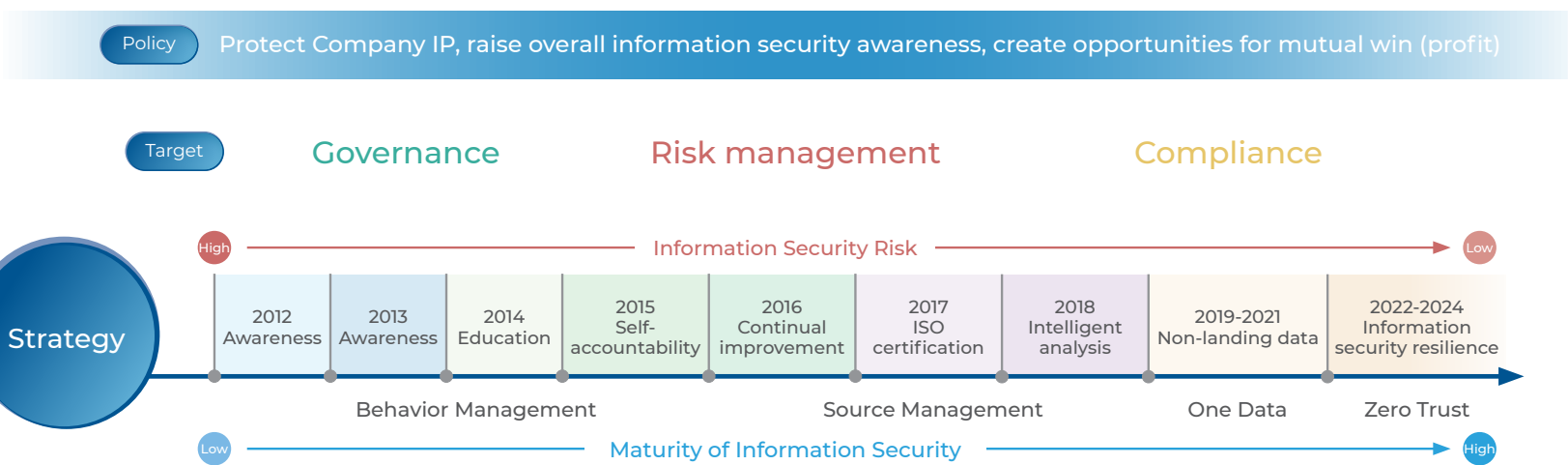


Material Topics Information Security Maturity

Strategy and Targets

An information security strategy and action plan is defined by AUO every year. 2023 marked the second year of the “Zero-Trust Architecture for Strengthening Information Security Resilience” 3-year program. Through ongoing projects as well as internal and external issues of concern, AUO launched all new actions throughout the company to achieve conformity with ISO 27001 information security management system standards. Key indicators were also used to monitor improvements under the PDCA cycle to reduce information security risks and enhance the Company’s information security maturity each year. AUO achieved an information security maturity score of 90.7 and met the annual target of scoring over 85.

ISO 27001 Information Security Management System



Material Topics Major information security incidents that impacted on operations

Risk Assessment and Response

Product-related information security risk is important to customers. The information security risk assessment process for product projects was established by AUO in 2023 to respond to customer expectations on protection of information during our collaboration. In terms of information security risk management by the Company as a whole, Red Team and Blue Team exercises (Note) were launched by AUO in 2023 to examine the overall information security defenses and response capabilities of the Company. Services and tools such as third-party vulnerability scans, black box testing, white box testing, and source code review are also employed in monthly scans with continuous follow-up of improvements. Up to 134 vulnerabilities were rectified at internal/external websites/platforms in 2023. In terms of business continuity management, a total of 55 drills including emergency response drills, business continuity drills, information security response drills, backup recovery drills were conducted at different levels to ensure that AUO is fully prepared to respond to any risks. There were no major information security incidents that impacted on our operations in 2023.

Note: In Red Team exercises, an outside information security company is retained to play the role of hackers attacking AUO. In Blue Team exercises, AUO information departments play the role of the defender during Red Team exercises to verify the effectiveness of information security measures at AUO.

Purchase of Information Security Insurance for Enhanced Protection

AUO plans to continue purchasing information security insurance to transfer information security risk, reduce potential losses from information security incidents, and ensure that losses from information security incidents are adequately covered.



Third-party information security management platform

A third-party risk management platform was used by AUO to examine our overall information security risk. Our score of 91 was higher than the industry average of 79.



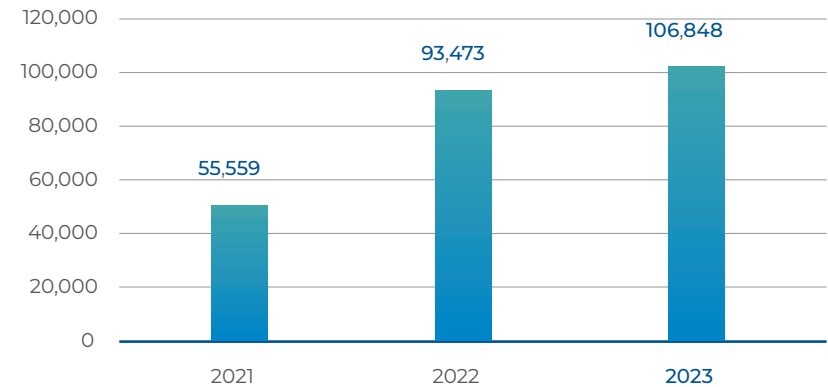
2023 AUO information security rating trend



Social Engineering Exercise

To strengthen the information security awareness of employees, social engineering exercises and training are conducted by AUO on a continuous basis to prevent against e-mail fraud with company-wide exercises are held every six months. The concept of collective responsibility on information security was also introduced. Departments that did not meet the exercise goals or require improvement must strengthen their own internal education and training as well as voluntarily take part in next month's exercise to establish a cycle for continuous improvement. A total of 12 social engineering exercises were conducted in 2023 with a cumulative participation of 106,848. Due to the frequent exercises, the fail rate of our employees was just 1.45%.

Participation in social engineering exercises



Strengthening Information Security Awareness and Protection



Protection of Core Secrets

To protect our industry-leading core assets and maintain our competitive advantage, AUO strengthened document classification measures, implemented e-mail classification reviews, hard disk encryption, remote connection watermarking, and two-factor authentication for key internal systems in 2023. We also strengthened routine management of confidential information in all units and set up a tracking/auditing mechanism for confidential information.



Information Security Education and Trainin

AUO implemented company-wide information security awareness, general education, and specialist training courses based on our expectation of "Security is not complete without you" for employees. A total of 5 information security bulletins and e-newsletters were issued during the year with a total reach of 82,832 people. We also conducted 32 physical and online information security classes that were attended by 12,584 people.

Ensuring the Information Security of Customers

Information Security Management for Automotive Products

AUO is working actively to expand into the automotive products market. To meet the expectations of our customers in the automotive market, AUO made adjustments to our information security management practices in 2023. In addition to maintaining our ISO 27001 (Information Security Management System) certification, we also conducted an information security assessment in accordance with the "Information Security Assessment (ISA) process of the German Vehicle Manufacturers Association (VDA) and passed a third-party assessment by TISAX (Trusted Information Security Assessment Exchange) with a rating of AL3 (very high level of protection). The scope of assessments encompassed AUO Head Office, Xiamen site, Slovakia site, and German office to ensure that AUO conforms to customer expectations on automotive information security management capability in the global automotive market.

Software Supply Chain Safety

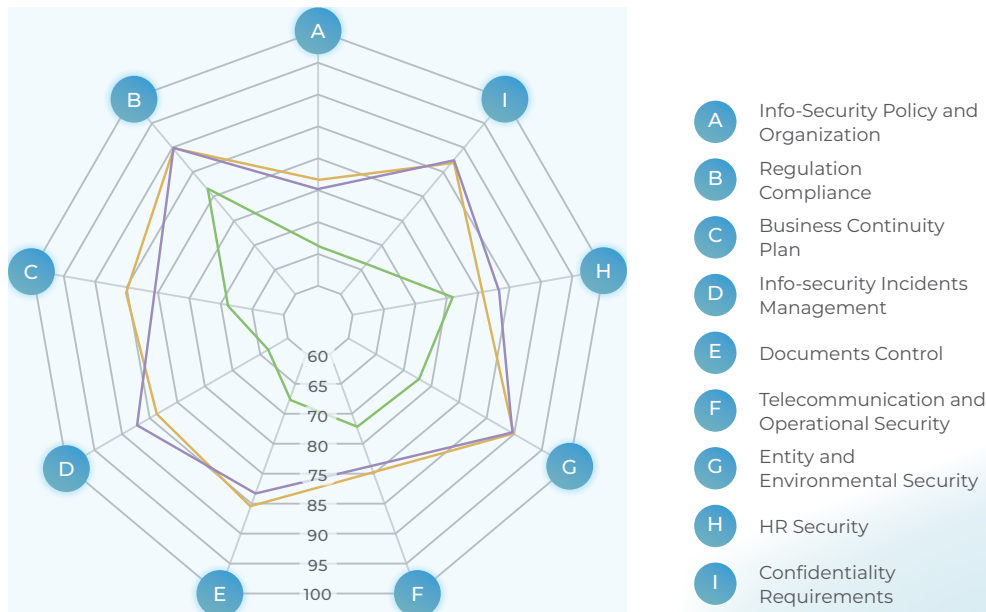
Software development projects for AUO products all comply with the Secure Software Development Framework (SSDF) issued by the U.S. National Institute of Standards and Technology (NIST) in terms of regulatory standards as well as the processes for customer requirement analysis, risk assessment, security design and development, verification and commissioning, and incident response. The Information Security Management Division also provides product security testing tools and risk consultation services for designated software development projects.

Supply Chain Information Security

Supply chain information security chain is one of the key issues of customer concern. To strengthen information security management in the supply chain, the Supply Chain Information Security Policy was formulated by AUO in 2023 and published in the Supplier section of the AUO website. A set of Supplier Information Security Guidelines were also established and written into supplier order documents to ensure supplier awareness and compliance with AUO regulations when orders are signed. AUO began using questionnaire surveys and in-person visits to engage in sustained information security exchanges with suppliers in 2020. We strive to apply the AUO experience to helping supplier partners refine their information security management organization and system.

Average scores of info-security self-assessment

● 2021 ● 2022 ● 2023



Expanded Influence

Group Information Security Zone Defense

Outside information security experts are invited by AUO to provide their guidance through in inter-company collaboration on information security within the Group. We also set up system platforms for automated monitoring of information security risks, establish reporting processes for information security incidents, and share professional learning resources on information security. A total of 2 events were hosted in 2023 with outside information security experts invited to share their insights on topics such as enterprise information security pain points and response strategies, supply chain and boundary security from the perspective of Red Teams and real-world investigations, and adjusting information security strategies through Red Team exercises. Group companies exchanged their own real-world experiences on information security as well. In 2023, 18 AUO affiliated companies were incorporated into the AUO Group risk monitoring platform. The average score of indicators were 85.44 overall. In 2023, the AUO Group conducted an ISO 27001:2022 Lead Auditor education training in a package course format, with a total of 16 trainees successfully completing the training and passing the examination to receive the original completion certificates issued by the CQI/IRCA certified training institution of the Royal Society for Quality in the UK.

Enhancing Information Security Resilience in the Industry

AUO is a co-founder of the "Taiwan Chief Information Officer Alliance" (CISO). We are also member of its Development Committee and play an ongoing role in CISO activities. We hope to enhance the information security resilience of the Taiwanese industry and promote sustainable corporate development. As the head of the opto-electronics industry team for development of supplier information security management regulations in 2023, AUO helped establish supply chain information security resilience in the opto-electronics industry.

Promotion of Industry-University Collaboration

AUO is a long-term partner of "Girls in CyberSecurity (GiCS) (Note) and sponsored the 3rd GiCS competition for the third year in 2023. The goal of GiCS is to help students learn about information security, promote grassroots information security education, and encourage women to choose a career in information security. To fulfill our commitment to providing outstanding students with matchmaking opportunities for internships and job openings, students that excel during the competition can take part in our A+ Summer Internship Program. A wealth of learning content is provided by AUO over the summer break to help students learn about information security management practices within enterprises as well as cultivate their information skills and project management ability. The students settled into their new roles within the organization during their internships. At the end of the internship, the students were filled with anticipation on a future career in information security as well.

Note: GiCS is sponsored by the National Science and Technology Council and Ministry of Education, and organized by the Taipei Computer Association and the National Center for High-performance Computing of the NAR Labs. As the president of Taipei Computer Association, AUO Chairman Paul SL Peng has long supported the cultivation of information security talent through this event.

Privacy Protection

Privacy protection is enforced by AUO for customers, suppliers, employees and all stakeholders as a key component in maintaining the trust of our stakeholders. We adhere to all laws and regulatory requirements on privacy and information security during our collection, storage, processing, dissemination, and sharing of personal information. In terms of information security, the Information Security Policy was formulated to protect stakeholder information. Information security management is promoted and enforced through the information security management system and the Information Security Committee. AUO has integrated and strengthened our information security management system to establish a standardized, documented, and systematic management mechanism for enforcing information security policy, protecting customer data, protecting customer IP, strengthening our information security environment and information security incident response capability, and meeting the target metrics and indicators of our information security policy.

Protection and management of personal information at AUO is governed by the "Personal Information Protection and Management Regulations" and "Privacy Statement" that serve our top guiding principles on protection of customers' personal information. We also set up an EU GDPR (General Data Protection Regulation) and China PIPL (Personal Information Protection Law) on our internal website to provide employees with references to related policies and official documents so they can actively respond to the regulatory requirements. New employees must complete the GDPR course within 30 days of starting at AUO to establish a basic understanding of personal information protection and how it applies during business operations, such as the collection, processing, and use of customers' personal information required for business or other necessary interactions.

Audit unit will conduct random audits of personal information management. If personal information is leaked, the head of the department involved should immediately notify the Personal Information Committee for the executive director of the committee to set up a single point of contact. The emergency response center must also be convened and set up. For serious incidents, the Legal Affairs unit will notify the competent authority for an investigation to be launched. Once the incident has been investigated by the Committee, the department involved should use appropriate means to notify the people affected as soon as possible. Once the incident has been resolved, and incident prevention review conference is to be convened to discuss the emergency response measures related to the incident.



External Acknowledgments

2023 SGS IT Awards - Automotive Information Security Management Excellence Award

AUO has been actively investing in information security for many years. Information security planning and controls have been carried in accordance with the guiding principles of the Cyber Security Framework (CSF) established by the U.S. National Institute of Standards and Technology (NIST). Protective activities are integrated into throughout our routine operations so that everyone at AUO plays a part in ensuring information security. AUO has integrated and adopted international standards from each field to manage information security risks in our business processes in a more systematic and comprehensive manner. AUO has so far obtained ISO 27001 information security management system certification and is now expanding into a variety of other fields including smart transportation and smart healthcare. Other international information security standards or assessments completed by AUO included TISADX AL3, ASPICE PAM 3.1, ITAF 16949, ISO 26262, and ISO 123485 (Note).

Note: TISAX AL3 (the highest rating for information security management systems in the automotive industry); ASPICE PAM 3.1 (test standard for software process improvement and capability in the automotive industry); ITAF 16949 (automotive quality management system); ISO 26262 (autotronic functional safety standard); and ISO 13485 (quality management standard for medical devices).

2 Sustainable Management

2.1 Sustainability Governance

2.2 Stakeholder Management

2.2.1 Stakeholder Cultivation

2.2.2 Material Topic Analysis

2.3 Customer Relations

2.3.1 Product Quality

2.3.2 Customer Service

2.4 Responsible Supply Chain

2.4.1 Management Strategy

2.4.2 Management Process

2.4.3 Low-carbon Supply Chain



Annual Highlights

Material Topics

◆ Stakeholder

◆ Technological innovation and market strategy

◆ Supply chain management

Continuing to implement our Stakeholder Engagement Plan with over **1,000** interactions were completed in 2023

Launching an **All PFAS Free project**, we pledge to completely phase out persistent chemical substances by 2026 to protect the environment and ensure health safety

Meeting our customers' demand for green products, shipments of recycled materials and low-energy consumption products exceed **22 million pieces**

Maintaining good negotiation with our value chain partners, we have achieved CDP Supplier Engagement Rating **Leader A-**

We update our Supplier/Contractor Code of Conduct, introducing the importance of **biodiversity, forest, soil protection, carbon reduction and energy conservation**, extending AUO's environmental protection philosophy to our supply chain






We expand the scope of conflict mineral management, in addition to the original tungsten, tin, tantalum, and gold, we add **cobalt and mica**, fulfilling our commitment to conflict-free minerals

Our Vision

AUO firmly believes that the company's sustainability requires balanced development in economies, environments, and societies. By offering mutual benefit and achieving common progress with stakeholders through multiple channels, we realize our vision of "Go beyond CSR and create shared values."


Target and Progress







Achieved Not Achieved

Material topic	2023 Target	2023 Our actions	2024 Target	2025 Target	2026 Target	Responses
 Shipment volume of products using recycled materials	1.4 million pcs	<input checked="" type="checkbox"/> performance: 4.22 million pcs We have introduced recycled materials for product components such as plastic frames and metal backplates, and offers solutions with different recycling rates for customers to choose from. 4.22 million pieces were shipped in 2023.	1.8 million pcs	2.4 million pcs	3 million pcs	2.3.2 Customer Service
 Shipment volume of special-specification products of energy-conservation	13.5 million pcs	<input checked="" type="checkbox"/> performance: 18.55 million pcs We continually develop new technologies and materials to reduce the energy consumption of their products. In 2023, 18.55 million units of energy-saving special-specification products were shipped.	15 million pcs	16 million pcs	17 million pcs	2.3.2 Customer Service
 The number of products that provide green information, mainly monitors and notebooks	15	<input checked="" type="checkbox"/> performance: 111 Through various channels such as high-level meetings, project meetings, and irregular meetings, we deeply understand the needs and objectives of our customers, provides customized solutions, and conducts professional discussions and technical exchanges in the process. In 2023, we provided customers with 111 products covering green technologies.	20	30	40	Foreword – CSR EPS 2025 Goals
 The products of designated customer, the productivity of promising to use renewable energy	Communication	<input checked="" type="checkbox"/> performance: Continuously discussing with specific clients AUO is striving to achieve RE100 by 2050, continuously seeking renewable energy through various channels. In 2023, our total green electricity usage approached 100 million kWh, accounting for 2.2% of the RE ratio. We will continue to discuss cooperation plans with specific customers to meet their expectations for using renewable energy products.	Meet customer requirements			2.3.2 Customer Service
 Customer rating satisfaction ratio	91%	<input checked="" type="checkbox"/> performance: 98.14% We continually maintain a close working relationship with our customers. An annual customer satisfaction survey is conducted. The issues to be improved will be personally examined by senior executives in management review meetings, and subsequent improvement strategies will be proposed and implemented by the responsible departments.	92%	93%	94%	2.3.2 Customer Service

Material topic	2023 Target	2023 Our actions			2024 Target	2025 Target	2026 Target	Responses
 LCD local purchase ratio	82%	✘ performance: 81%	Due to some material supply constraints, non-local supplier materials are used. 81% of the LCD displays are procured from the area where the production base is located. We will continue to develop local suppliers to increase the proportion of local purchases.	82.7%	82.7%	82.7%	2.4.2 Management Process	
 LCM local purchase ratio	75%	✔ performance: 75%	75% of the LCD displays are procured from the area where the production base is located. We hold meetings each month to review the local procurement situation and will continue to develop local supplier materials to increase the proportion of local purchases.	75%	75%	75%	2.4.2 Management Process	
 Ratio of key direct materials with diverse source development plans	91%	✘ performance: 79%	Committed to diversifying its sources of supplies, we proactively develop diverse sources for key direct materials, carrying out continuous verifications to avoid supply disruptions and enhance the resilience of our supply chain. As some materials are still under verification and have not met the required standard, we plan to expedite the verification of alternative materials and improve the rate of material optimization.	97%	97%	97%	-	
 The number of key suppliers implementing risk management (accumulative)	18	✔ performance: 18	We regularly audit our key suppliers based on ISO certification, operational continuity plans, and other management processes. We have conducted audits on 18 suppliers cumulative in 2023.	36	54	60	2.4.2 Management Process	
 The average score of the key supplier ESG scorecard has increased every year (Base year: 2023)	Inventory	✔ performance: Inventory completion	We have designed ESG Scorecard, which includes 15 themes related to the environment, society, and governance, to evaluate our suppliers, thereby encouraging the realization of sustainable management in the supply chain and further reducing operation risks. The first year of implementation is set to be 2023, with an average supplier score of 60.9.	Increase by 3%	Increase by 5%	Increase by 8%	2.4.2 Management Process	
 Ratio of suppliers with high electricity consumption who have obtained ISO 50001 certificates for energy management systems	50%	✔ performance: 54.54%	Based on their electricity usage and emissions, there will be 33 high electricity-consuming suppliers in 2023, of which 18 have already obtained the ISO 50001 Energy Management System, accounting for 54.54% of the total.	75%	97%	-	2.4.2 Management Process	
 Carbon reduction ratio of key suppliers (Base year: 2021)	2%	✔ performance: 27.6%	Affected by the overall market demand, our key suppliers reduced carbon emissions by 27.6% in 2023, far exceeding the target of reducing carbon by 2%. We will continue our efforts to follow the carbon reduction path of key suppliers.	4%	8%	12%	2.4.3 Low-carbon Supply Chain	

✔ Achieved
 ✘ Not Achieved

Material topic	2023 Target	2023 Our actions	2024 Target	2025 Target	2026 Target	Responses
 Number of suppliers working together on ESG	60	✔ performance: 60 AOU and key suppliers jointly commit to the carbon reduction target, and key suppliers must disclose carbon emission information audited by third parties. 60 key suppliers have completed the greenhouse gas inventory certification.	70	80	90	2.4.3 Low-carbon Supply Chain
 The number of key suppliers who have completed the CDP climate change questionnaire has increased every year (accumulative/ base year: 2019)	15	✔ performance: 17 AOU and key suppliers jointly commit to the carbon reduction target and require key suppliers to participate in the CDP climate change questionnaire, continuously improving through the evaluation system. By 2023, 17 key suppliers have completed it.	20	25	35	2.4.3 Low-carbon Supply Chain

Material topic	2023 Our actions	2024 Target	2025 Target	2026 Target
 The number of international exhibition participations	This is a newly established goal, the results of which will be disclosed in the 2024 AOU Sustainability Report.	6 sessions	6 sessions	6 sessions
 Annual growth rate of LinkedIn followers		20%	20%	20%
 The number of featured articles		4 articles	5 articles	6 articles
 Implementation of compliant information disclosure processes (Note 1)		Implementation		
 Obtain representative management system certification categories (Note 2)		10 items	11 items	12 items
 Supplier Growth Courses (accumulative/base year: 2019)		24 sessions	28 sessions	32 sessions

Note 1: This refers to the process of ensuring appropriate and accurate information is provided through internal communication, review and publication.

Note 2: Representative management systems include ISO 9001, IATF 16949, QC080000, ANSI/ESD S20.20, ISO 17025, ISO 27001, ISO 14001, ISO 46001, ISO 50001, ISO 45001.

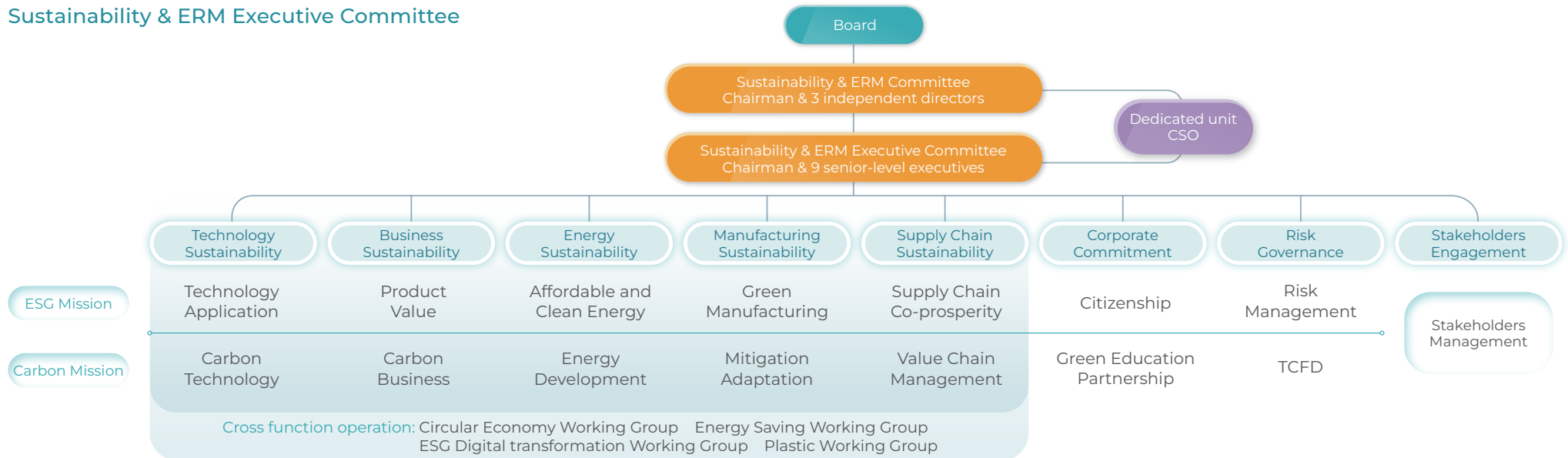
2.1 Sustainability Management Operations

Sustainability Organization & Operations

The Sustainability Committee was established by AUO at the end of 2013 as the top governance body for sustainable development. In 2018, the Sustainable Development Office was created on the strong foundations built up by AUO over the past decade to oversee sustainability policy. In response to global climate issues and the trend towards net zero carbon emissions, the AUO Sustainability Committee was reorganized and promoted to become the ESG and Climate Committee at the end of 2021. The new Committee is not only responsible for realizing the AUO CSR EPS 2025 Goals but also for carbon missions in the environmental, social, and governance aspects with achieving Net Zero by 2050 as the core objective. AUO seeks to respond to stakeholder concerns on the environmental, social, and corporate governance aspects in a proactive manner as well as promote globalized business risk management and response strategies in order to realize the goal of sustainable management. The Board of Directors has now passed the upgrading of the "ESG & Climate Committee" to "Sustainability & ERM Committee." A "Sustainability & ERM Executive Committee" that reports to the "Sustainability & ERM Committee" has now been set up as well.

Please see 1.3.5 Sustainability and ERM Committee

Sustainability & ERM Executive Committee



Organizational Operation

- Providing reports or making crucial decisions during biannual board or strategic meetings. In 2023, a total of 7 board and strategic meeting reports were delivered.
- The chairman serves as the Chairman, and senior-level executives act as chairs of various subcommittee groups. They collaborate across departments to integrate strategic policies and resources, with overall coordination and promotion led by the CSO.
- Setting up cross-functional operating working group: Circular Economy Working Group, Energy Saving Working Group, ESG Digital Transformation Working Group, Plastic Working Group.

Goal and Vision

- Practicing the 2025 CSR EPS Goals aligned with the SDGs
- Monitor and govern operational risks, gain insight into business opportunities, and accelerate biaxial transformation
- Invest in climate adaptation and mitigation actions, build a low-carbon value chain, and move towards net zero emissions

Implementation

- Sustainability & ERM Executive Committee convenes quarterly meetings to discuss the long-term vision and policy, review the progress of the goals, promote and implement the Company's sustainable development.
- Monthly dialogue between sub-committees to discuss all ESG program plans, establish short- and medium-term goals, and regularly track implementation results.

2.2 Stakeholder Management

2.2.1 Stakeholder Cultivation

Nine key stakeholders have been identified by AUO in accordance with AA10000 SES and GRI Standards based on the elements of dependence, responsibility, impact, diverse perspective, and tension. Through the Stakeholder Sub-Committee under the Sustainability & ERM Committee, the six functional teams led by the CEO promotes stakeholder cultivation programs and engages in inter-department exchanges on an ongoing basis. The status of stakeholder engagement is constantly reviewed by AUO and internal resources rapidly marshaled to provide a targeted response. Material topics as well as the implementation of sustainability goals and targets are dynamically examined as well in an effort to meet stakeholder expectations.

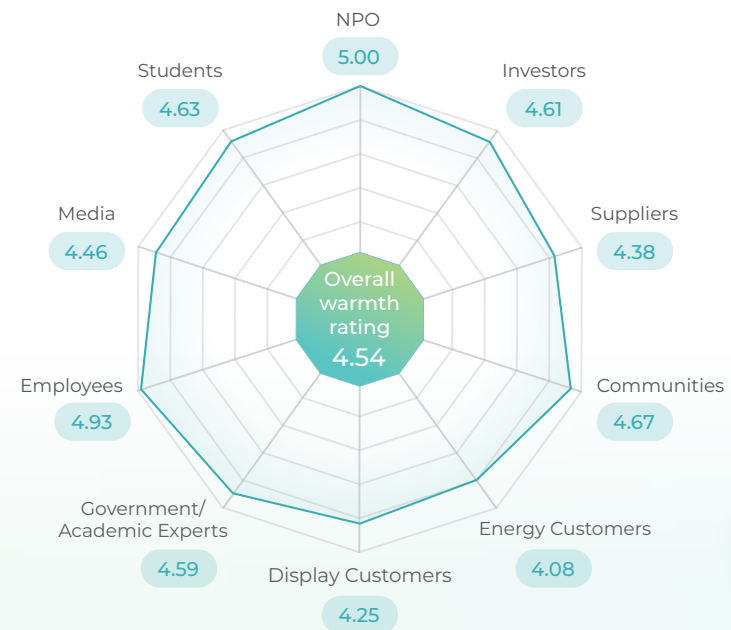
Customized stakeholder cultivation programs are promoted by AUO in accordance with the three principles of augmentation, cooperation, and co-creation. Internally, we are continuing to cultivate front-line spokespersons for corporate sustainability. Externally, the Sustainability and Risk Implementation Committee and spokesperson are used to convey key information on AUO through a variety of interactive methods including online, offline, formal and information. We maintain a positive two-way relationship with stakeholders, listen to outside voices, and convert them into impetus for continuous progress at AUO.






Stakeholder Engagement Outcomes





Maintaining constructive communication and interaction with stakeholders is important to AUO. We listen to stakeholder concerns, opinions, and respond when appropriate. AUO used the nine key stakeholders to define 10 stakeholder types (customers are split into the Display and Energy BG) and a total of 136 targets for cultivation. An engagement warmth radar map was also generated based on the interaction warmth rating to assess the outcomes of stakeholder communication plans. More than 1,000 interaction sessions were accumulated in 2023. Overall warmth rating was rated as 4.54, falling between friendly and positive & proactive.



Stakeholder Engagement Warmth Rating



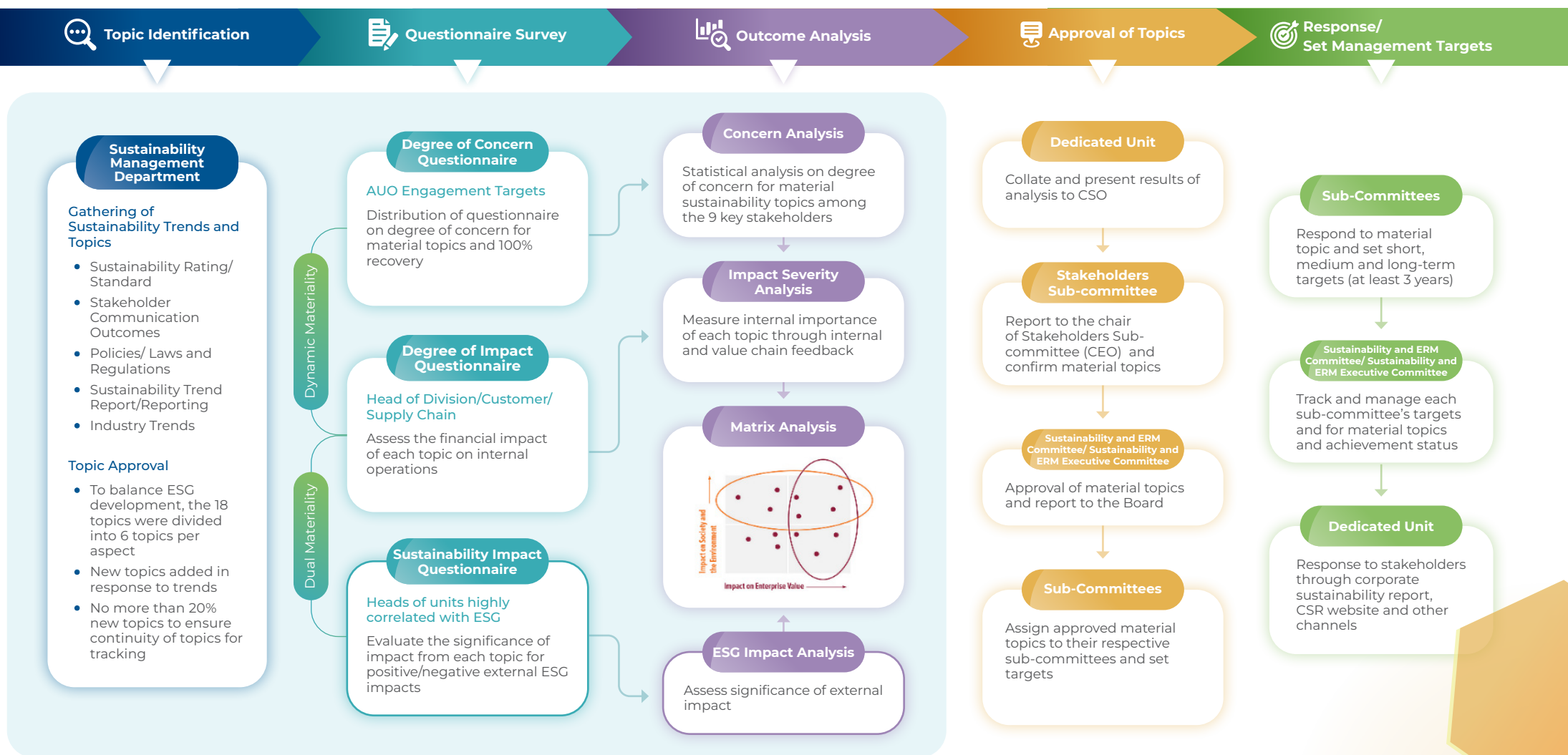
	Engagement focus	Communication channel	Topic of communication	Key achievements in 2023
 <p>Investor</p>	Proactively communicating with investors following the principle of openness and transparency, demonstrating the capacity for transformation and sustainable performance. By actively engaging in dialogue with investors and promptly updating them on operating conditions, concerns can be effectively reduced.	<ul style="list-style-type: none"> Annual shareholders' meeting (yearly) ESG Roadshow (yearly) Investor briefings (quarterly) AUO website investor relations (irregularly) Mailbox (irregularly) 	Biaxial s transformation strategy, Green finance, ESG strategy and achievements, Energy business strategy, Risk issues communication	<ul style="list-style-type: none"> Ranked in the top 5% of the Taiwan Stock Exchange Company Governance Evaluation Secured long-term sustainable performance-linked finance partnerships with 12 banks, including Bank of Taiwan Continuously communicating biaxial transformation strategy (including BHTC acquisition) to investors to expand energy business investment Held an ESG Roadshow to discuss ESG issues and performance with institutional investors
 <p>Customer</p>	Under the biaxial transformation strategy, we continue to provide customers with high-value-added products and solutions, meeting their needs and expectations through communication meetings and satisfaction surveys.	<ul style="list-style-type: none"> Project meeting (yearly) Customer satisfaction survey (monthly) Customer service website system (irregularly) Customer audits (irregularly) 	Sustainable product, Circular economy, Renewable energy business opportunities	<ul style="list-style-type: none"> Continuously cooperate with clients on products containing recycled materials, two display panels have obtained UL 2809 certification Promote energy-saving product solutions Conduct approximately 30 meetings, discussing with clients about recycled materials, product footprint, and product carbon reduction strategies.
 <p>Supplier</p>	Uphold the spirit of growing together with suppliers, promote several cooperation projects, and share AUO experience through audits and group learning courses; grasp the states of suppliers with platforms and create a stable supply chain.	<ul style="list-style-type: none"> Co-prosperity course (irregularly) Project meeting (irregularly) Supplier audits (irregularly) Supplier CSR Portal (irregularly) Complaint mailbox (irregularly) 	Circular economy, Net zero carbon, Emissions, Operating risk, Stable supply chain	<ul style="list-style-type: none"> Hosting the 2023 CSR Coprosperity Conference, advocating with supplier partners towards plastic neutralization. Completed carbon reduction briefing meetings with 60 key suppliers. Expanded 42 circular economy supply chains, with 98% completion of third-party certification of recycled materials. Conducted 94 sessions of supplier meetings for seamless communication with suppliers.
 <p>Media</p>	Actively communicate the biaxial transformation and the progress of sustainable development with relevant stakeholders.	<ul style="list-style-type: none"> Exhibitions (irregularly) Press conference (irregularly) Press release (irregularly) Social media (irregularly) 	Operating performance, Biaxial transformation strategy, ESG Brand	<ul style="list-style-type: none"> 60 ESG-related news exposures Attend at least 8 exhibitions
 <p>Academic/Experts</p>	Inject R&D energy through exchanges between industry, government and academia. When dealing with all kinds of issues, the expert opinions are actively consulted, and relying on the external professional viewpoints to quickly grasp the trend of the topic, and accurately respond to external needs.	<ul style="list-style-type: none"> Expert meeting (irregularly) Conferences (irregularly) Mailbox (irregularly) 	Technology R&D, Product health and safety, Environmental safety and health practice, Industry-academia cooperation	<ul style="list-style-type: none"> More than 150 instances of industry-government-academia exchanges Establishing research and development centers at NTU, NTUT, NYTU, and NCKU to promote talent exchange and cooperation between industry and academia. Each site separately communicates with government units on fire safety, environmental protection, health and safety, and emergency response, and shares experiences.

	Engagement focus	Communication channel	Topic of communication	Key achievements in 2023
 NGO	Proactively collaborate with NGOs and social enterprises to promote projects, combining their expertise and enthusiasm to expand the project's impact.	<ul style="list-style-type: none"> Project meeting (irregularly) External seminar (irregularly) AUO Foundation (irregularly) Mailbox (irregularly) 	Environmental education promotion, General science education promotion, Social welfare practice	<ul style="list-style-type: none"> Promote sustainability literacy scholarships, applications were received from 1,600 junior high school students and 787 elementary school students Sustainability training program completed and executed 15 sets of special topics DADA's Magic Science Camp online course allows students to receive popular science education anywhere Collaborate in remote township development projects, conducted 5 environmental education courses in Taichung and 5 DADA Elementary School courses
 Employee	Caring for employees' physical and mental wellbeing and focusing on their welfare contributes to shaping a friendly workplace. Create a sustainable internal environment to foster a culture of sustainability within the company.	<ul style="list-style-type: none"> Internal publication (half-yearly) Welfare committee (quarterly) Business briefings (quarterly) Labor-management conference (monthly) Internal mailbox/Complaints and consultation hotlines (irregularly) Club activities (irregularly) Questionnaire survey (irregularly) 	Business operations, Charitable activities	<ul style="list-style-type: none"> Convene 4 labor-management meetings Convene 4 Welfare Committee meetings Invite the Company's internal clubs to engage in public welfare activities that include the Wish Program, mountain cleaning, and beach cleaning
 Student	Help students experience the workplace early through the GOLF Alliance and Summer Internship Program; actively recruit outstanding talents through campus recruitment.	<ul style="list-style-type: none"> A+ Summer Internship Program (yearly) Campus Recruitment (yearly) GOLF Platform (irregularly) 	Industrial Internship, Employment and Benefits, Brand Image	<ul style="list-style-type: none"> Organize or participate in 5 or more campus recruitment briefings and campus expos 20th A+ Summer Internship Continue to promote the GOLF program to help interns keep up with the industry
 Community	Actively communicate with neighbors in the community, shorten the distance, and visit community representatives regularly; and build an educational field within the factory area to promote environmental and cultural learning in cooperation with neighboring campuses.	<ul style="list-style-type: none"> Project meeting (yearly) On-site visits and care (irregularly) Good-neighbor activities (irregularly) Factory complaints hotline (irregularly) Mailbox (irregularly) 	Cultural education promotion, Popular science and environmental education promotion, Optoelectronics project communication, Plant environment maintenance communication	<ul style="list-style-type: none"> Over 60 community neighborhood collaboration and communication sessions have been conducted Environmental education courses developed in collaboration with neighborhood teachers, disseminating knowledge about water resources and zero carbon emissions Collaboration with the Samgabsui Water Environment Education Center to promote environment education Continuous communication with the neighborhood in photovoltaic case fields

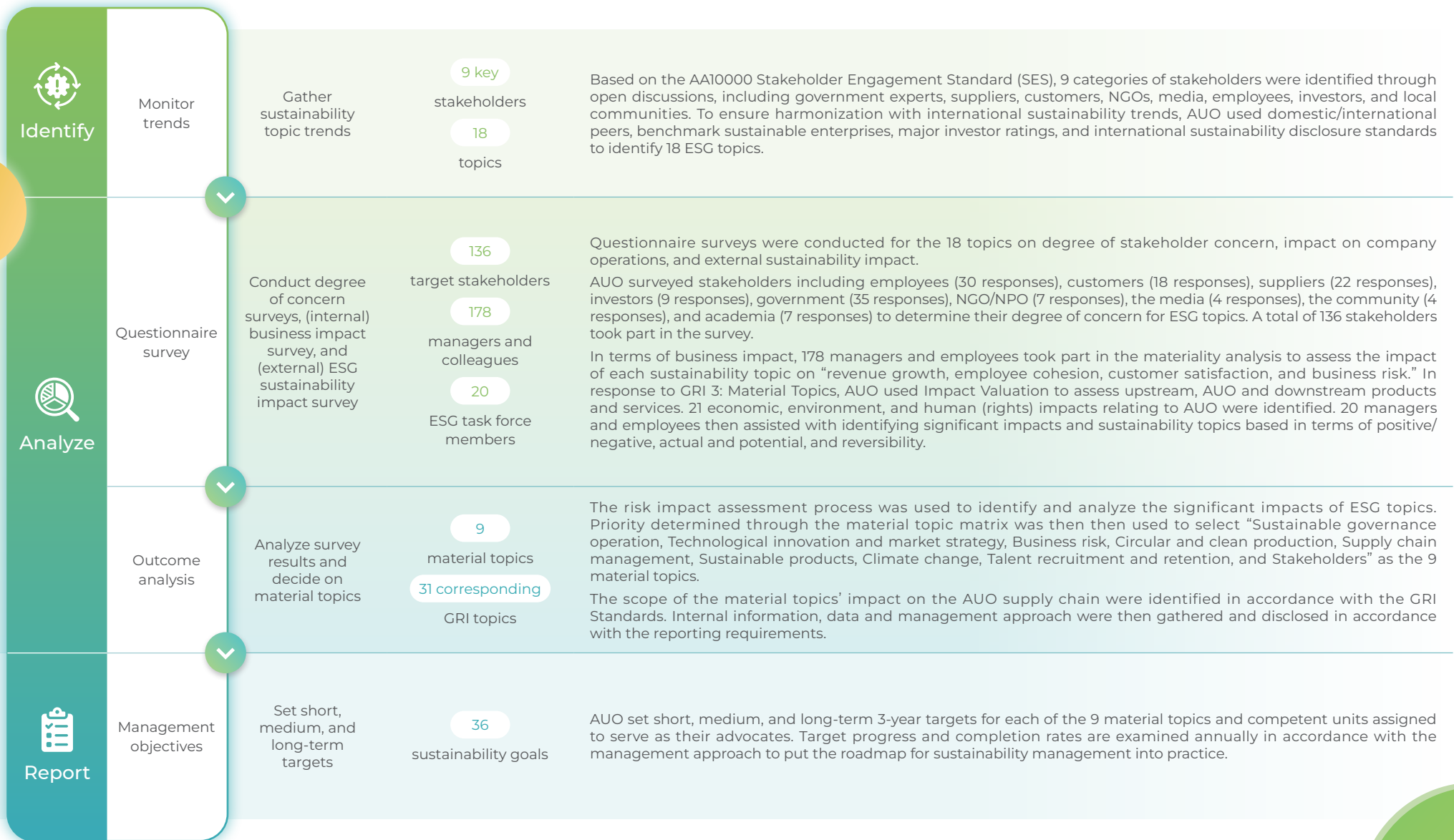
2.2.2 Material Topic Analysis

Materiality Assessment Process

Materiality analysis is conducted by AUO every year. The appropriateness of issues are examined against global sustainability trends and the GRI Guidelines. Surveys are used to understand stakeholder concerns on the Company's performance in the environment, social (including human rights), and corporate governance aspects. At the same time, a double materiality assessment method was developed for assessing the business impact of ESG issues on the Company through AUO managers and key supply value chain partners. For external ESG impacts on sustainability, we also used the ESG impact assessment methods developed by the GRI 3: Material Topics from the GRI Universal Standards 2021, the Value Balance Alliance (VBA), the "Impact-Weighted Accounts" of Harvard Business School, and other organizations to construct an impact-based materiality analysis process for identify material topics.



The outcomes of the 2023 materiality analysis led to the identification of 9 key sustainability topics that were confirmed by the CEO and approved by the Sustainability & ERM Committee. The setting of related targets and implementation outcomes were also reported to the Board of Directors. The outcomes of the analysis were incorporated into Enterprise Risk Management (ERM) to become the core topics in AUO's promotion of the sustainability roadmap and setting of short, medium, and long-term goals.



Risk Impact Assessment Process



Defining Positive and Negative Impacts

21 Impacts

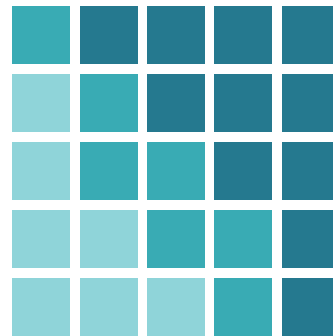
Impact	Economic Environment	People/ Human rights
Positive	4 items	7 items
Negative	1 item	3 items

Impact assessment source

- VBA Value Balance
- Alliance Harvard Business School Impact Weighted
- London Benchmarking Group, LBG

Significant Impact Analysis

Probability



Severity

Severity=

$$1 \text{ Degree} + 2 \text{ Scope} + 3 \text{ Irremediable}$$

9 Significant Impacts

Positive

Economic:
Industrial technology development
Creating upstream value
Enhancing investor's financial capital

Environment:
Product environmental benefits
Renewable energy

People/Human rights:
Improving employee's welfare

Negative

Environment:
Resource consumption
Extreme climate
Procurement causing environmental impact

Sustainability Issues Affecting Significant Impact Analysis

Impact degree: extremely high

- Sustainable governance operation
- Business risk
- Circular and clean production
- Climate change

Impact degree: high

- Supply chain management
- Technological innovation and market strategy
- Stakeholder
- Sustainable products
- Biodiversity
- Water resources management
- Talent recruitment and retention

Impact degree: significant

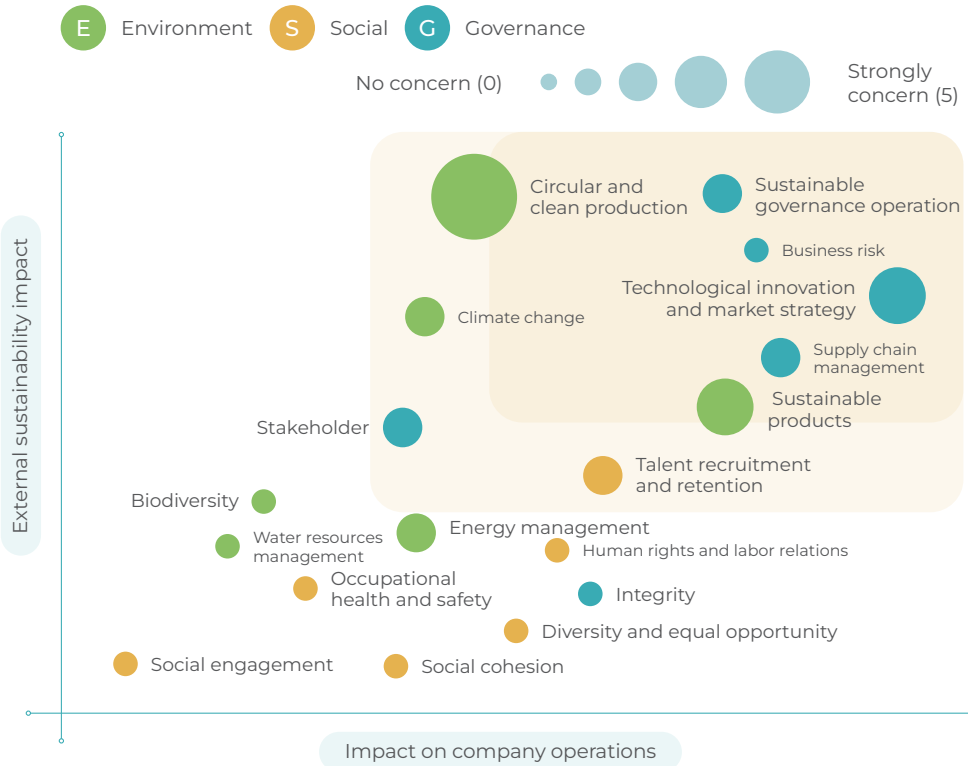
- Integrity
- Energy management
- Human rights and labor relations

Impact degree: not relevant

- Diversity and equal opportunity
- Occupational health and safety
- Social cohesion
- Social engagement

Material Topic Matrix

The materiality analysis process is used by AUO to sort each topic by priority based on degree of stakeholder concern for ESG topics, degree of impact from each ESG topic on organization operations, and degree of impact on external sustainable developments in the economy, environment, and human (rights).



Stakeholder Concern for ESG Topics					
Ranking	2023 Material Topic	Impact on company operations	Degree of stakeholder concern	External sustainability impact	Change (vs 2022) (Note)
1	Sustainable governance operation	●●●○	●●●○	●●●●	↑
2	Technological innovation and market strategy	●●●●	●●●●	●●●○	↑
3	Business risk	●●●●	●●●○	●●●●	new
4	Circular and clean production	●○○○	●●●●	●●●●	↓
5	Supply chain management	●●●●	●●●○	●●●○	↑
6	Sustainable products	●●●○	●●●●	●●●○	↓
7	Climate change	●○○○	●●●○	●●●●	↓
8	Talent recruitment and retention	●●○○	●●●○	●●●○	↔
9	Stakeholders	●○○○	●●●○	●●●○	new

Note: "Occupational health and safety" was a material topic in 2022 but was not listed as a material topic this time due to decreased concern and impact; "Energy management" was a material topic in 2022 and while it was not listed as a material topic by the 2023 materiality analysis, it remained a significant topic so was consolidated with "Climate change" for management by AUO.

Material Topic Boundaries and Implications for AUO

Confirmation of Material Topics and Disclosure

Each material topic's scope of impact on the upstream, company operations, and downstream components of the AUO value chain were examined against the outcomes of the materiality analysis. Internal information, data and management approach were gathered in and disclosed in accordance with the reporting requirements of the GRI Standards to ensure the transparency of the value chain, and its extended influence. Given the fact that multiple indicators exist for specific issues each covering different scopes and boundaries, this report has taken the approach of presenting the results using the maximum boundary.

Double Materiality at AUO

● Indicates that material topic has a significant effect on business impact or sustainability impact

2023 Materials issues	Significance of Business Operations	Business Impact (Company Values)				Sustainability Impact (External Impact)										Corresponding Chapter
		Revenue Growth	Customer Satisfaction	Operating Risk	Employee Cohesion	Industry Technology Development (Positive)	Creation of Upstream Value (Positive)	Investor Financial Capital (Positive)	Environmental Benefit of Product (Positive)	Increase in Renewable Energy (Positive)	Improvement of Employee Life and Welfare (Positive)	Consumption of Energy Resource (Negative)	Environmental Impact of Purchasing (Negative)	Extreme weather (Negative)		
Governance	Sustainability Governance Operations	●		●			●	●			●	●	●	●	●	1.3 Governance Organization 1.4 Business Integrity 1.5 Risk Governance
	Technological Innovation and Market Strategy	●	●	●		●	●	●	●							2.3.2 Customer Service 5.1 R&D Innovation
	Operating Risk	●	●	●		●	●	●			●		●	●	1.5 Risk Governance	
	Supply Chain Management	●	●	●		●	●		●					●	2.4 Responsible Supply Chain	
	Stakeholder					●		●			●				2.2 Stakeholder Management	

	2023 Materials issues	Significance of Business Operations	Business Impact (Company Values)				Sustainability Impact (External Impact)									Corresponding Chapter	
			Revenue Growth	Customer Satisfaction	Operating Risk	Employee Cohesion	Industry Technology Development (Positive)	Creation of Upstream Value (Positive)	Investor Financial Capital (Positive)	Environmental Benefit of Product (Positive)	Increase in Renewable Energy (Positive)	Improvement of Employee Life and Welfare (Positive)	Consumption of Energy Resource (Negative)	Environmental Impact of Purchasing (Negative)	Extreme weather (Negative)		
Environmental	Circular and Clean Production	The use of innovative technologies for waste reduction and recycling can help reduce the impact of production and open up new business opportunities															3.4 Circular & Clean Production
	Sustainable Product	Having the design and innovation capability to develop green products and services or rigorous green material certification and conflict mineral management mechanisms will help win customer trust and boost environmental friendliness	●	●			●	●			●				●		2.3.1 Product Quality 3.4.1 Circulation Management 5.1.3 Sustainable Product
	Climate Change	Faced with the diverse and complex effects of climate change, engage in suitable mitigation and adaptation behaviors, think about life cycle management, and identify risks and opportunities														●	Chapter 3. Environmental Sustainability
Social	Talent Recruitment and Retention	Providing employees with fair and comprehensive compensation, benefits, and competency training will reduce turnover, boost recruitment, and increase profitability														●	4.2 Talent Attraction & Development 4.3 Talent Development

2023 Material Topic Management Goals

NEW 2023 new goals **-** did not set goal **❖** Sub-committee of Sustainability & ERM Committee

Governance Aspect

Material topic	Item	Target	2024	2025	2026	Responsible unit	Business strategy
	Establish strategies for product operation, market strategy, and new business development	Shipment volume of products using recycled materials	1.8 million pcs	1.8 million pcs	3 million pcs		Collaborate with like-minded partners and continue to increase the sales of green products through the Company's R&D and sales teams.
		Shipment volume of special-specification products of energy- conservation (Note 1)	15 million pcs	15 million pcs	17 million pcs		
Technological innovation and market strategy	Apply core technologies, innovative practices	The products of designated customer, the productivity of promising to use renewable	Meet customer requirements	Meet customer requirements	Meet customer requirements	❖ Sustainable Business	Progressively increase the use of renewable energy with a long-term focus on customers with green core values. Their products are produced at AUO sites using renewable energy, and the progress of green power development is monitored through the management platform.
		NEW Management of product quality, customer satisfaction, and protection of confidential information (customer privacy, company secrets, etc.)	NEW Customer satisfaction rating ratio	92%	93%		
Sustainable governance operation	Sustainability goals and all employees culture promotion	Improve the participation of all employees and enrich the knowledge energy through multiple innovative techniques	24,000 person-times	25,000 person-times	28,000 person-times	Sustainable Development	Promote diverse activities through the College of ESG and encourage colleagues to participate in these activities to create an ambiance of sustainability and enrich the knowledge of all employees
Supply chain management		LCD local purchase ratio (Note 2)	82.7%	82.7%	82.7%	❖ Sustainable Supply Chain	Develop local supply sources, forge a priority cooperative relationship, and increase the ratio of local purchase.
		LCM local purchase ratio (Note 2)	75%	75%	75%		
	Supplier risk management mechanism	Ratio of key direct materials with diverse source development plans	97%	97%	97%		Comprehensive supply chain risk control and management lower potential risks and maintains supply chain stability.
		The number of key suppliers implementing risk management has increased every year	36	54	60		
	NEW Supplier consulting/ collaborate	NEW Cumulative number of sessions for supplier co-prosperity growth course (Note 3)	24	28	32	Continuously hosting diverse thematic courses and sharing experiences with supplier partners, collectively pursuing sustainability.	

Material topic	Item	Target	2024	2025	2026	Responsible unit	Business strategy
Supply chain management	NEW Promotion of supplier sustainability initiative and evaluation of sustainability competitiveness	The average score of the key supplier ESG scorecard has increased every year	Increase by 3%	Increase by 5%	Increase by 8%	❖ Sustainable Supply Chain	Publish the key supplier ESG scorecard and require the average score of all suppliers to increase every year.
		The number of key suppliers who have completed the CDP climate change questionnaire has increased every year (Note 3)	20	25	35		Facilitate carbon reduction actions by suppliers, require key suppliers to disclose climate information, as well as evaluate and review the development progress using international indicators.
Stakeholder	NEW The diversity of external interaction channels and brand management	The number of international exhibition participations	6 sessions	6 sessions	6 sessions	Sustainable Development	Combining international exhibitions with green exhibition practices to fulfill sustainable commitments, and creating ESG business opportunities through the participation and collaboration of diverse stakeholders.
		Annual growth rate of LinkedIn followers	20%	20%	20%		Continuously communicating the biaxial transformation achievements to foster community strength in sustainable growth and innovative low-carbon intelligent applications.
		The number of featured articles	4 articles	5 articles	6 articles		Proactively engaging with stakeholders to communicate and showcase sustainable development achievements, driving societal impact through case sharing reports.
	NEW The completeness, timeliness, and quality representation of information disclosure	Implementation of compliant information disclosure processes (Note 4)	Implementation	Implementation	Implementation		Implementing responsible information disclosure processes to ensure the validity of sustainability statements and maintain competitiveness in future green marketing.
		Obtain representative management system certification categories (Note 5)	10	11	12	Aligning with international standard trends to maintain and expand the effectiveness of management system verification, verifying the confidence in the company's sustainable actions.	
Business risk	NEW Manage business risk and establish a risk culture among all employee	NEW Increase the annual participation rate for activities and courses related to the enhancement of risk culture (Note6)	90%	91%	92%	❖ Risk Management	Continuously building a risk awareness culture among all employees through annual risk training courses.

Note 1: Pertaining to the product capacity of the R&D new energy-saving technology applications and Low-Temperature Polysilicon (LTPS) process.

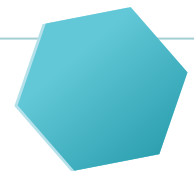
Note 2: Data for local purchases excludes the Vendor-Managed Inventory (VMI) system of supplier inventory management, ensuring that the actual amounts are not affected by inventory quantities.

Note 3: Accumulative event count since 2019.

Note 4: This refers to the process of ensuring appropriate and accurate information is provided through internal communication, review and publication.

Note 5: Representative management systems include ISO 9001, IATF 16949, QC080000, ANSI/ESD S20.20, ISO 17025, ISO 27001, ISO 14001, ISO 46001, ISO 50001, ISO 45001.

Note 6: To continuously establish a corporate risk culture, annual risk training for all employees will be conducted, with training rates for indirect staff set as the goal.



Environmental Aspect

Material topic	Item	Target	2024	2025	2026	Responsible unit	Business strategy	
Sustainable Product		Decrease energy consumption of IT products (Note 1) Base year: 2021	25%	30%	35%	❖ Sustainable Technology	Review and enhance the R&D capacity through the technology platform, so that the products can be more energy-efficient than before.	
		Decrease energy consumption of car products (Note 1) Base year: 2021	20%	30%	35%			
	Sustainable product innovation and design	Increase the penetration rate of TV LCD panels (Note 1) Base year: 2021	Technology developing	>10%	>10%		❖ Sustainable Technology ❖ Sustainable Business	Continue to improve the penetration technology of TV LCD panels to solve the problem of high energy consumption of large screens and high resolution through the technology platform.
		The weight proportion of recycled materials used in special-specification products Base year: 2021	30%	30%	30%			Continue to evaluate the high-quality application of different recycled materials through the operation of the Circular Economy Working Group to improve the comprehensive recycling of products and meet the requirements of green brand customers.
	Product green information Transparency and Communication	The number of products that provide green information, mainly monitors and notebook (Note 2)	20	30	40			Increase the application of green technology and recycled materials in new product modules, and provide related information for customers to increase the product's green performance and competitive differentiation.
Circular and clean production	Promote circular and clean production value chain engagement and management	Continue to expand the circular economy supply chain (number of suppliers)	58	64	86	❖ Circular Economy Working Group ❖ Sustainable Supply Chain	Facilitate close collaboration with the supply chain regarding the issue of circular economy through the supply chain platform.	
		Ratio of recycled materials certification for the circular economy supply chain	>90%	>90%	>95%			
	Market application and commercial value creation of circular and clean production technology	Financial benefits growth rate Base year: 2017	110%	135%	145%	❖ Circular Economy Working Group	The Circular Economy Working Group horizontally integrates resources across various units and generates circular economy growth through the reduction and recycling of raw materials, as well as waste reduction and the development of high-value, green product markets.	
	Management innovation of product life cycle	Re-establish product carbon footprint projects and systems in response to standards trends	System integration	Product carbon information service	Product carbon information service	❖ Circular Economy Working Group Sustainable Development	In response to product diversity and complexity, we have reformulated an appropriate product carbon footprint calculation methodology that is applied to new product development through collaboration between different units.	
Climate change	Value chain climate change mitigation and adaptation as management, engagement and operation	Carbon reduction ratio of key suppliers Base year: 2021	4%	8%	12%	❖ Sustainable Supply Chain	Promote carbon reduction actions of suppliers, where key suppliers are required to obtain greenhouse gas (GHG) inventory verification and implement carbon reduction targets.	
		Number of suppliers working together on ESG	70	80	90		Foster a consensus and share resources through supplier-related meetings (high-level exchanges, seminars, and courses) to accomplish common action and growth.	

Material topic	Item	Target	2024	2025	2026	Responsible unit	Business strategy
Climate change	Management of climate change risks and financial impacts	Number of projects completed the risk assessment and management process	3	3	3	❖ Carbon-energy Working Group	Continue to implement TCFD operations through cross-functional collaboration, and prepare for financial risks caused by diverse climate scenarios.
	Carbon asset management and international initiatives	Sign the international initiatives-RE100	-	RE100 (executive annual goal)	-	❖ Sustainable Energy Sustainable Development	
		Sign the international initiatives-SBT	-	Absolute Carbon Reduction by 25% (Base year:2018)	Implementation of the new SBT Path	Sustainable Development	Integration of company resources and regular communication, gradually achieving set renewable energy use and carbon reduction goals.
		Manage carbon credits/ acquiring a qualified total amount of carbon credits (Note 3)	>200,000 tonnes (carbon offset credit)	>500,000 tonnes (carbon offset credit)	>500,000 tonnes (carbon offset credit)		

Note 1: In order to align more specifically with customer products, the goal disclosed for this issue in 2023 has been redefined and set, now aiming at benchmark products of new mass production each year.

Note 2: Mainly monitor and notebook.

Social Aspect

Material topic	Item	Target	2024	2025	2026	Responsible unit	Business strategy
Talent attraction and retention	Competitive rewards and diversity of employee welfare policies content	Percentage of employees who experience happiness and are willing to recommend others to participate	78%	79%	79%	Human resources center	Conduct post-experience happiness questionnaire survey through digital communication platforms to create a smooth and friendly communication channel with employees
		Overall salary level compared to the industry standard (Note 1)	Top 25%	Top 25%	Top 25%		Participating in annual international market salary surveys to ensure market competitiveness.
	Enhance employee satisfaction and of employer brand image	Q12 annual questionnaire communication channels survey on employees' recognition of the company and work (Note 2)	80%	80%	80%		Conduct the Q12 employee survey every year to gain employees' feedback and design countermeasures to enhance employees' recognition and sense of belonging to the Company.
		Q12 Annual Employee Survey Coverage Rate	81%	82%	85%		

Note 1: In the Taiwan Stock Exchange's public information observatory, the median salary of full-time employees who do not hold managerial positions is in the top 25% of the same industry.

Note 2: To avoid inconsistencies in the definition of recognition rate and CSR EPS, the original target for this issue disclosed in 2023 has been redefined and reset as the Q12 annual employee survey, average recognition degree of employees in four aspects (basic needs, management support, team cooperation, learning growth), and a new target for response coverage rate has been added.

2.3 Customer Relations

AUO strives to become the best long-term partner for our customers. We work actively to meet customer requirements through innovative technologies and services, and provide our key customers in different fields worldwide with high value-added green products and solutions. AUO has accumulated a wealth of technical expertise through many years of investment in the display industry. Our display technology now forms the backbone of our efforts to integrate system-side software and hardware solutions that create new display value and boost vertical market applications. The resources and smart productivity at global locations have been harnessed to build high quality, highly flexible customer services. Annual satisfaction surveys are also employed to support continuous review and improvement.

2.3.1 Product Quality

Quality Management Approach

AUO has constructed a rigorous quality management system to not only supply products with quality products and services but also become their trusted long-term partner.

The Three Key Quality Management Strategies

Improvement of quality ability

Improve customer satisfaction with the introduction of new technologies and products, quality, service, and delivery time.



Introduction of smart management

Promotion of digital and smart management to ensure the stability of production processes.

Cultivation of quality culture

Promote continuous improvement initiatives and strengthen the internal quality culture.

In smart management, digital technology is combined with operating processes to optimize the smart management system. An information and material governance management process that includes design data management structure, definition and organization of data sources, and improvement of trans-system data quality was also built to establish the Company's key data assets. Data is extensively used to support decision-making in order to improve the speed, precision, and completeness of decisions.

In quality management, AUO is focusing on differentiated technology strategies for different fields. We also conform with and integrate different the requirements of different international standards to establish quality management processes for medical devices and automotive functional safety that satisfy customer requirements. Both Automotive Software Process Improvement and Capability Determination (ASPICE) Level 2 and Trusted Information Security Assessment Exchange (TISAX) certification. were obtained by AUO in 2023.

Promoting a Culture of Continuous Improvement

AUO embarked on the Continuous Improvement Program (CIP) in 2002 to cultivate the employees' problem-solving skills and strengthen the Company's quality capability. Improvements are systematically carried out in logical steps to establish a common language through the Company for realizing the performance targets of the Company or individual departments. CIP has now been active for more than two decades with more than 500 cases closed annually in the last three years. The Quality Control Circle (QCC) for production line workers and the Systematic Improvement Program (SIP) competitions for engineers for example see senior executives present awards for outstanding projects and the best promotion teams. Public events are also held for learning from each other and benchmarks to cultivate a culture of continuous improvement at the Company.

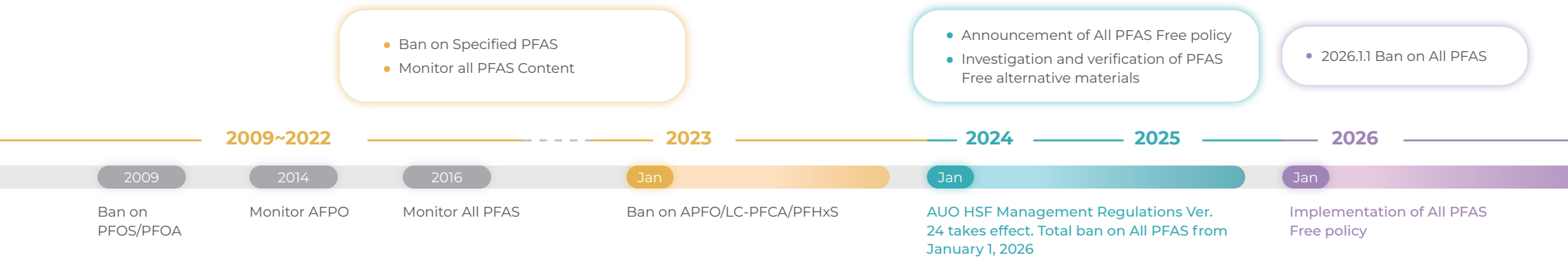
Hazardous Substances Management

Hazardous Substances Management Policy

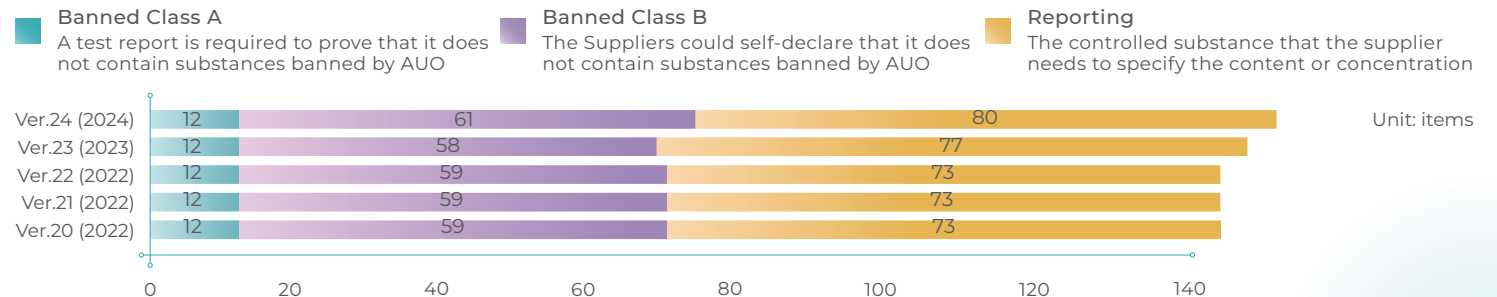
The “Green Product Hazardous Substances Management Policy” was formulated by AUO to enforce our Hazardous Substances Free (HSF) management policy in order to alleviate any impact on the environment and ecology, as well as fulfill our corporate responsibility on environmental sustainability. Effective management is practiced through the HSF Process Management System (IECQ QC 080000) to ensure that materials comply with international regulations and customer requirements. The 24th revision of the management regulations was completed by AUO in accordance with international regulations and the specifications of key customers in 2023. The updated regulations took effect in 2024 and now lists up to 153 substances for control. It not only encompasses all declarable substances listed in the Material Declaration for Products of and for the Electrotechnical Industry (IEC 62474) but the specifications of all key customers as well.

PFAS Reduction Plan

Per- and Polyfluorinated Substances (PFAS) is a synthetic chemical substance whose properties include non-stick, water-resistance, oil-resistance, friction, stability and durability. These “forever chemicals” are used extensively in kitchenware, leather, waterproof clothing, and electronic products. The stability of PFAS also means it is not easily metabolized by the human body. Excessive build-ups of PFAS may lead to cancer, immune system diseases, reproductive anomalies, and fetal development problems. Restrictions or bans on the use of PFAS is now an international trend. Many countries have started introducing laws on PFAS restrictions as well. New restrictions have been proposed by the European Chemicals Agency (ECHA) in 2023 to gradually phase out products containing PFAS. PFAS is a huge family with tens of thousands of known substances. AUO began banning the use of certain more harmful PFAS in 2009 and continued to monitor their usage. AUO’s policy on PFAS ban and its implementation schedule was announced through the HSF Management Regulations in 2024. The “All PFAS Free” program on the investigation and validation of alternative materials was also launched at the same time. A total ban on All PFAS is expected to take effect on January 1, 2026, in an effort to make a contribution to the environment as well as human health and safety.



AUO Hazardous Substance Management Regulation Revision History





The AUO Green Product HSF Management Regulations is based on international regulations, customer requirements, and environmental trends. The HSF management policy is also reviewed every year and the contents of the Green Product HSF Management Regulations adjusted if necessary.

Implement Conflict-Free Minerals

AUO is committed to the fulfillment of social responsibility as well as the respect and protection and human rights. A conflict-free minerals policy has been defined in accordance with the OECD Due Diligence Guidance for Supply Chains of Minerals from Conflict-Affected and High-Risk Areas that suppliers are asked to respect and enforce. To uphold the principle of full disclosure on all substances, AUO provides disclosure on the composition of parts and components through our system platform. We can also supply conflict minerals due diligence documentation such as Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) for customers with such requirements to fulfill our obligations on due diligence and full disclosure. Improvements are carried out in accordance with customer requirements on conflict minerals management.



The minerals Cobalt and Mica are now attracting international attention due to international trends and business demand. As a critical material in battery manufacture, Cobalt is now also a key material in the global energy transformation to fight global warming. Most of the world's Cobalt production is located in Congo so there is the risk of armed conflict and illegal operations. Cobalt was therefore listed by the Responsible Minerals Initiative (RMI) as the fifth conflict minerals in 2019. Mica has extensive application in different industries due to its various optical properties, functions and electrical/thermal insulation properties; it is also a main ingredient in exterior coatings found on electronic products. Serious problems with child labor, illegal operation, as well as unsafe health and safety practices during the mining and processing of Mica in recent years led to, it being listed for management by RMI as well. On the whole, AUO remains committed to the principles of environmental friendliness and human rights protection through the promotion of responsible sourcing and by expanding the scope of due diligence investigations.

Enhanced Due Diligence on Conflict Minerals



Expanding the Scope of Conflict Minerals Management

- Due diligence area expanded from “Congo and neighboring conflict zones” to Conflict-affected and high-risk areas”
- Due diligence on minerals expanded from Tungsten, Tin, Tantalum and Gold to include “Cobalt, Mica, or their related minerals”

- Updated the AUO Conflict Minerals Policy



Optimization of GPARS Investigation Platform

To perform due diligence on Cobalt and Mica, AUO not only added the lists of smelters/refiners for Cobalt and Mica to our system database but also included Cobalt and Mica to our conflict minerals investigation forms. The optimization and continued operation of the Green Parts Aggregation and Reporting System (GPARS) was completed on January 1, 2024.

Investigation Process

Investigation Findings

To ensure that the AUO supply is free of conflict minerals, a comprehensive conflict minerals management process was established by AUO that consists of three main operating modes:



Data verification process:

Products are analyzed and the materials screened to pick out part numbers that contain metal for critical raw material risk management. If a part number is determined as requiring investigation, a conflict minerals investigation e-form is automatically opened by the system. The supplier must conduct an inventory of the conflict minerals supply chain for this product when they receive the form. Once they have filled out the form the data is reviewed by AUO.



Anomaly management process:

The country disclosed by the supplier as the source of the mineral is assessed after the review of the conflict minerals information is completed. If mineral is sourced from a country that is a high-risk area affected by conflict then the anomaly management process must be initiated. Response measures must be formulated to ensure that the conflict minerals source country for the material is not in a high-risk area.



Material management process:

Information such as the part numbers and suppliers for incoming materials in the current month are managed through the procurement system. Monitoring reports are generated periodically to track the verification progress of conflict minerals.

Tungsten, Tin, Tantalum, Gold:

In 2023, we investigated 59 suppliers and verified 1,745 part numbers to enforce our conflict-free minerals policy as well as uphold human rights and justice.

Cobalt, Mica:

Certain products were initially investigated in accordance with customer requirements. Product investigations have been completed for 35 suppliers as of 2023. Further due diligence investigations will be conducted in the future.

2.3.2 Customer Service

Comprehensive Customer Service Journey

AUO strives to provide customers with a comprehensive product and service experience. Systematic management has been used to build a total and precise customer service mechanism. A full product process management system was developed by AUO to effectively manage the needs of key customers worldwide and meet their expectations. Once sales personnel enter the basic profile, project name, and related information such as product applications, product format, specifications, and anticipated project unit price into the system platform, all of their colleagues worldwide can use, share, and update similar business opportunities from customers around the world at the same time. Any project changes due to customer discussions can be updated to the system at once to ensure that all colleagues involved are on the same page. The system can also collate all of the information for further analysis in multiple aspects including annualized revenue from customer project, trends in market technology requirements, and revenue and volume. The analyses help managers keep track of the latest developments and assist with their decision-making. At the same time, AUO can also use the customer demand management system and requirement satisfaction system to track short changes in near-term and future customer demand. Production capacity and material procurement can then be adjusted in a timely manner to avoid delivery issues due to part shortages or excess stock.

Material Topics

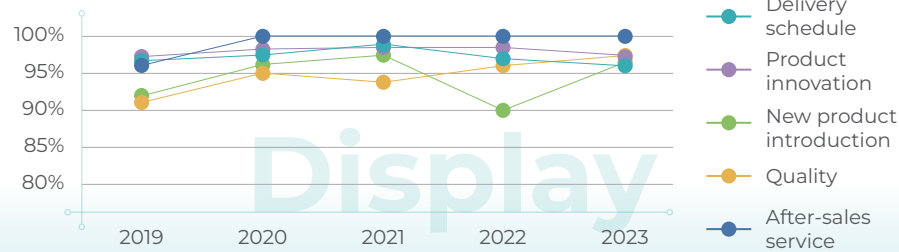
Ratio of Customer Satisfaction Ratings

Customer Satisfaction

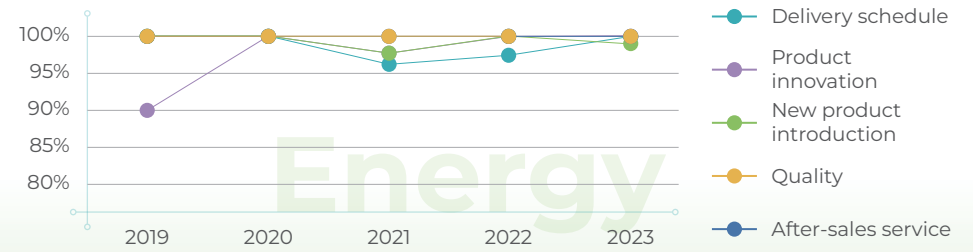
Customer satisfaction surveys are conducted by AUO every year. Areas requiring improvement are personally examined by senior executives during management review meetings before being assigned to the competent units for the proposal and implementation of improvement strategies. In addition to satisfaction surveys, AUO also seeks to make progress through three main aspects of product, business, and quality. Multiple channels are employed to maintain two-way communication with customers through weekly and monthly meetings, Quarterly Technical Reviews (QTR), Quarterly Business Reviews (QBR), Quarterly Quality Reviews, executive meetings, inviting customers to tour AUO product expos, and other ad hoc meetings. More than 50 communication meetings are on average conducted with key customers each year for example. Maintaining a close working relationship and building of customer trust embodies the AUO customer-centric philosophy.

The satisfaction trends of the two business groups of Display and Energy have remained consistently above 90% in recent years. Analysis of the 2023 findings also showed strong customer appreciation of AUO accomplishments in quality and smart management. The Display BG in particular took satisfaction with the introduction of new products, quality, and after-sales support to new levels by maintaining satisfaction at over 96%. Power plant project satisfaction surveys were introduced by the Energy BG in 2021 and in 2023 it maintained a customer satisfaction rating of over 99% for delivery, product innovation, introduction of new products, quality, and after-sales support.

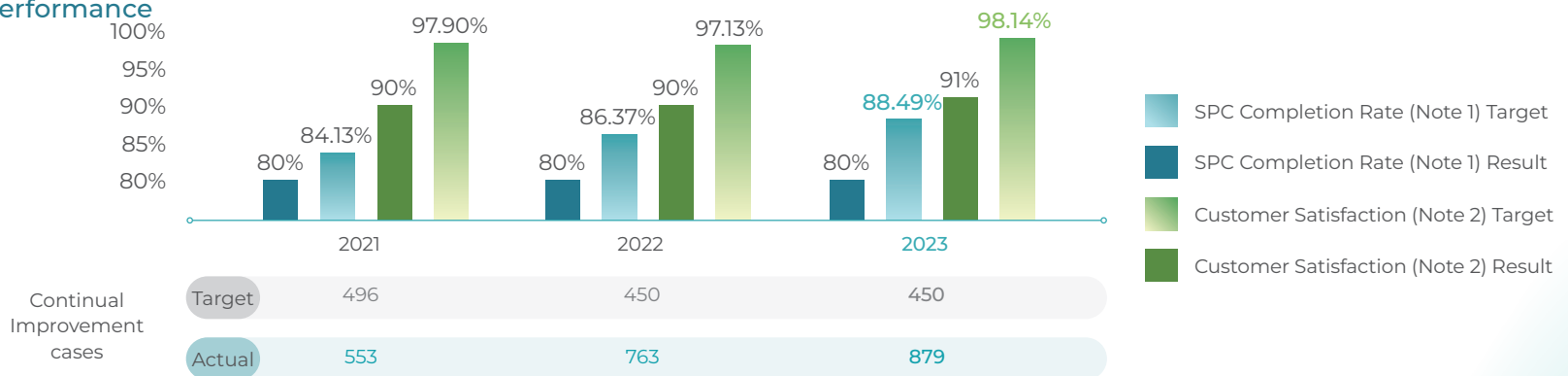
Display Business Group



Energy Business Group



Quality Targets and Performance



Note 1: SPC: Statistical Process Control SPC tools are used by AUO to improve ability to monitor anomalies and stabilize the production process. Calculated as “No. of targets completed/Total number of targets * 100%.”

Note 2: Calculated “No. of satisfied customers/Total number of customers in satisfaction survey * 100%” from the five main aspects of satisfaction. Data coverage for customer satisfaction was 100%.

Customer Return Policy

AUO is committed to “timely delivery of high-quality green products and services for a win-win outcome with our customers.” We provide transnational electronic quality and after-sales support services through our global service locations. Customers can use the AUO Customer Service System (CCS) to apply for RMA (Return Materials Authorization) service and arrange for the return, exchange, repair and delivery of products within their warranty period. Customers can also track their current progress through CCS. Even as supply chains rush to expand their global contract manufacturing operations, AUO works actively with brand customers to set up RMA service collection points and support suitable repair centers in keeping with our philosophy of putting customer service and quality first. Defective products throughout the region can then be aggregated by the customer and shipped to an AUO support center for sorting. Customer shortfalls can also be met in a timely manner from the inventory of good and refurbished products at local collection points. This not only ensures that there are no disruptions to the customer’s product lines or market services, but also reduces transportation costs and related carbon emissions for both parties.

Material Topics

Number of products with green information, percentage of customer products committed to the use of renewable energy during production, shipments of products using recycled materials, shipments of products specifically specified for energy efficiency

Satisfy Customer Demand for Green Products

Global demand for products with low carbon footprint is growing. AUO offers a one-stop total solution for low-carbon footprint products. By working closely with customers on circular materials, low energy consumption and product certification we help brand customers improve their market competitiveness and recognition. AUO is responding to a rapidly changing market by accelerating the use of recycled materials and energy-efficient products. We actively promote products from different fields for customers and their applications. In keeping with our customer-centric service philosophy, AUO studies customer requirements and targets to offer customized solutions, select the right mix of recycled materials and energy-efficiency technology, and engage in professional discussion and technical exchange during these processes. In 2023, we offered customers 111 products that incorporated green technology and delivered wins for the environment and the economy through advanced technology.



Circular Materials

AUO is now expanding the use of circular materials beyond IT panels. Current applications include automotive products and vertical solutions. Different levels of circulation are offered for recycled materials such as plastic frames and metal backplates used in our product components for customers to choose from. Shipments in 2023 amounted to 4.22 million pcs. AUO is partnered with value chain partners to expand the influence of the circular economy. We worked with suppliers of front-end processes to validate the introduction of recycled materials, and with brand customers to jointly develop and validate the introduction of renewable materials in optical materials with high quality requirements. [p.97 >](#)

Green Manufacturing

AUO was the first global display maker to commit to using only renewable energy by 2050. We are one of the leading benchmarks when it comes to the crafting of green displays. No effort has been spared by AUO when it comes energy-efficiency in manufacturing. [p.69 >](#)

Low Energy Technology

To satisfy the carbon reduction requirements through the life cycle of customers’ end products, AUO applied energy-efficiency technologies such as Low-temperature polycrystalline silicon (LTPS) and local dimming to products. The architecture for the next generation of panels is also designed to provide more diverse low-energy panel solutions. In 2023, 18.55 million pcs of energy-efficient products were shipped. [p.156 >](#)

Product Certification

In 2020, AUO released the first display in the world to use circular materials and also received the first UL3600 circularity coefficient certification in the world issued to the panel industry; in 2021, we extended our cooperation with a Taiwanese brand customer to release the first notebook computer to incorporate recycled materials. In 2023, two development projects were chosen for UL2809 recycled content validation. AUO also worked with customers to obtain the Electronic Product Environmental Assessment Tool (EPEAT) product eco-label to increase the competitiveness of brand customers’ green products.

2.4 Responsible Supply Chain

2.4.1 Management Strategy

In addition to setting strict supplier requirements on quality, cost, delivery time, environment, health and safety performance, AUO has also been explicit in expressing the strong importance we attach to a responsible supply chain. A practical supply chain sustainability management process has been established by AUO that incorporates comprehensive external standards and automated management. We also communicate key policies on carbon reduction and energy efficiency, legal mineral sources, and local/green procurement to supply chain partners. At the same time, we realize sustainable co-prosperity with supply chain partners through sharing and mutual assistance, audit counseling, and in-depth exchanges.

Supplier Screening

AUO supply chain partners come from across the world and 3,617 suppliers conducted business transactions with AUO in 2023. Suppliers are divided by AUO into seven categories based on type of procurement. These include raw material suppliers, process contractors, waste disposal contractors, equipment and component vendors, human resources contractors, service contractors, and transportation. Raw material suppliers include those that supply glass substrate, chemicals, polarizers, backlight modules, driver ICs, printed circuit boards, plastic parts, and metal parts. AUO also categorizes supplier by issue for targeted management. Categories include environmental action (water conservation, energy conservation, carbon reduction) and international comparison standards (RBA, DJSI). Key suppliers are identified through annual procurement value, single-source suppliers and other principles.

Supplier Category	Number	Definition
Number of suppliers in 2023	3,617	Number of suppliers that traded with AUO in 2023
Number of Tier-1 suppliers	617	Value of annual procurement exceeded NT\$10 million
Number of significant suppliers in Tier-1	123	Key vendors for direct materials, strategic indirect material suppliers and contractors where value of annual procurement exceeded NT\$100 million
Percentage of total spend on significant suppliers in Tier-1	68%	Value of procurement with Tier-1 critical suppliers / Value of procurement with Tier-1 suppliers x 100%
Number of significant suppliers in non Tier-1	5	Tier-2 Critical Material or Process Suppliers
Number of significant suppliers (Tier-1 and non Tier-1)	128	Tier-1 Critical Suppliers + Tier-2 Critical Suppliers



The 2023 CDP Supplier Engagement Rating Report saw AUO surpass the average global business rating (C level) with an A- rating Leadership.

Organizational Operations and Management Strategy

The global push on net zero and a fast-changing environment means the construction of a resilient supply chain is crucial to business transformation. The Sustainable Supply Chain Sub-Committee under the AUO Sustainability and ERM Committee (Note) is responsible for overseeing the planning and implementation of projects and activities related to supply chain sustainability, and for briefing the Board on key resolutions. Functional organizations under the Sustainable Supply Chain Sub-committee are also responsible for the expansion and promotion of related sustainability actions. They also collaborate with overseas branches (Suzhou Site, Kunshan Site, Xiamen Site) on the promotion of sustainable supply chains.

To enhance the professional knowledge and skills of our buyers on their roles in the supplier ESG program in supply chain departments, AUO conducted systemic courses on ethical management, corporate governance, and carbon management practices to communicate the importance of abiding by the code of ethics and to establish their competency in sustainability. In 2023, 380 hours of training were conducted for 2,374 people. We are also planning to develop themed courses tailored to employees in other business units such as Procurement, Logistics, and Supply Chain Management that can be applied throughout supply chain management.

On a strategic level, AUO follows the principle of balanced ESG development in defining concrete supplier sustainability management regulations and targets based on the three aspects of environmental sustainability, risk control, and partner exchange. In addition to establishing a complete supply chain management process, AUO also leveraged digital platforms to introduce comprehensive external standards and automated management to achieve benefits such as management automation, data standardization, and cost optimization.

Engage In Exchanges with Partners

AUO actively collaborates with suppliers to implement various sustainability actions. Furthermore, the Company consolidates diverse resources for suppliers to enhance sustainability and competitiveness with them.



Risk Control

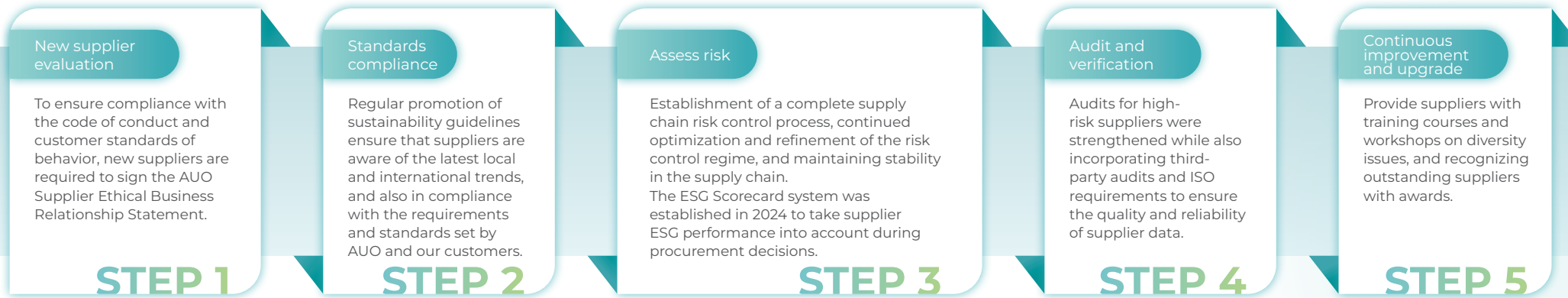
AUO has established a supply chain risk management mechanism and green purchasing standards. We also continuously engage in optimization and improvement to create a resilient, sustainable supply chain.

Environmental Sustainability

AUO strives to fulfill its commitments to environmental sustainability with upstream partners to create environmentally friendly and socially responsible products and services.

2.4.2 Management Process

The AUO supply chain management process is a cycle made up of five stages, namely New Supplier Evaluation, Standards Compliance, Risk Assessment, Audit and Verification, and Continuous Improvement. Standard operating procedures have been established for each stage for effective management. Projects are set up for specific topics to ensure the continued optimization of the management regime. The SCM CSR Portal system was also introduced to digitize management data, record the sustainability performance of suppliers, and strengthen risk management. AUO continuously reviewed to ensure suppliers alignment with the Supplier Code of Conduct and to avoid potential conflicts with ESG requirements.



STEP 1 New Supplier Evaluation

New suppliers must undergo management system evaluations on production capacity, technological innovation capability, quality, service, financial indicators, and Hazardous Substances Free. An evaluation team is formed by the competent AUO units to audit supplier s' environmental, social, governance, and cybersecurity capabilities by using the ESG Scorecard capabilities and ensure the conformity of the supplier's capabilities and management systems meet the requirements. New suppliers are also required to sign the AUO Supplier Ethical Business Relationship Statement.

STEP 2 Standards Compliance

Sign Statement of Compliance with AUO Supplier/Subcontractor Code of Conduct

All AUO suppliers must sign the "Statement of Compliance with AUO Supplier/Subcontractor Code of Conduct" and commit to the abiding by the spirit of the Code. The Code itself is based around the Responsible Business Alliance (RBA) and encompasses the five aspects of Labor Rights, Health and Safety, Environmental Protection, Ethical Standards, and Management Systems. In response to international trends, bio-diversity, forest protection, soil conservation, carbon reduction and energy conservation, and supplier management were also incorporated into the Code in 2023 to provide a more comprehensive assessment of sustainability governance at suppliers. At the same time, AUO also made supplier compliance with the Code of Conduct one of key areas of assessment during procurement decisions to ensure that AUO and our supply chain adhere to a high standard on sustainability.



The AUO Supplier/Subcontractor Code of Conduct can be found on [the Sustainability website under - Policy and Principles](#)

Ethics Awareness

An ethics awareness letter is sent 3 times a year to suppliers that AUO has business dealings with within the past year to strengthen their ethics consciousness and remind them to follow the terms of the contract and business ethics. By ensuring the fairness, impartiality and transparency of transactions, a long-term relationship of trust can be built to reduce potential risks and disputes, and promote constructive cooperation.

STEP 3 Assess Risk

Risk Assessment Mechanism for Key Suppliers

AUO examines and investigates the country/region where the supplier is located, as well as potential industry and product risks. The necessity of imposing supplier controls is determined according to the amount of annual procurement. We then use annual self-evaluation questionnaires to learn about the degree of supplier’s ESG risk and control. Suppliers with high potential risk are then listed for management.

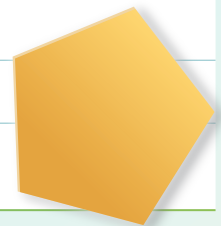
Aspect/Method	Evaluation Item
Country-specific Risk	<ul style="list-style-type: none"> Ban on use of materials from conflict minerals countries and U.S. entity list.
Sector-specific Risk	<ul style="list-style-type: none"> Raw material suppliers with energy-intensive, high-carbon production processes and special emission/pollution risks.
Commodity-specific Risk	<ul style="list-style-type: none"> Sort parts or materials to identify those that contain metals or hazardous substances with special controls.
Business Relevance	<ul style="list-style-type: none"> Sort by value of procurement and substitutability.

Aspect	Evaluation Item
Environmental Aspect	<ul style="list-style-type: none"> Past record of serious injury, death, or property loss due to industrial safety accident. Past penalties or shutdowns imposed by government units for violation of environmental protection laws and regulations. Introduction of fire protection, pollution treatment, and EHS systems at the supplier.
Social Aspect	<ul style="list-style-type: none"> Past penalties imposed by government units for violation of labor, human rights, labor health and safety laws and regulations. Past incidents of forced labor or employment of child labor. Level of supplier compliance on labor rights, privacy protection, and ethical standards.
Governance Aspect	<ul style="list-style-type: none"> Current status of compliance with RBA Code of Conduct, supplier financial indicators, and business continuity management.

Outcomes of Critical Supplier Assessment

A total of 112 critical suppliers (Desk assessment) were investigated in 2023. These include 2 high-risk vendors in the social responsibility aspect mainly due to the lack of management procedures and risk monitoring and control mechanisms; 8 high-risk vendors (12 sites) in the EHS aspect mainly due to multiple emission sources in these supplier’s routine operations. A total of 27 suppliers including high-risk suppliers from the previous year were chosen for additional on-site audits by AUO, though 3 suppliers were able to present the RBA VAP certificate as a substitute for on-site audits by AUO.

Supplier Assessment	Number	Remark
Total number of Critical Suppliers	128	Definition: Critical Tier-1 and Tier-2 Suppliers
Total number of suppliers assessed via desk assessments	112	
Percentage of critical suppliers assessed	87.50%	
Total number of suppliers assessed via on-site assessments	27	Definition: Number of suppliers investigated and found to be required on-site audit carried out by AUO (2nd party assessment)
Number of suppliers assessed with substantial actual/potential negative impacts	13	Improvement action: AUO requires suppliers with deficiencies to propose improvement plan
Percentage of suppliers with substantial actual/potential negative impacts with agreed corrective action/improvement plan	100%	
Percentage of suppliers with substantial actual/potential negative impacts that were terminated	0%	
Total number of suppliers supported in corrective action plan implementation	13	Improvement action: AUO requires suppliers with deficiencies to show proof of improvement in the current year
Percentage of suppliers assessed with substantial actual/potential negative impacts supported in corrective action plan implementation	100%	Improved results: All suppliers have provided evidence of improvement for the current year.



Material Topics

Percentage of local procurement for liquid crystal displays (LCD), percentage of local procurement for liquid crystal modules (LCM)

Local Procurement Management

AUO is supporting the spirit of SDG 12 by upholding the principles of local procurement and local production. Reducing management and operating costs through procurement at the right time and in the right place serves to create local employment opportunities and stimulate economic prosperity. Short and medium-term local procurement targets have been set by AUO for liquid crystal modules (LCM) and liquid crystal displays (LCD). In 2023, the ratio of local procurement for LCM was 75.1% and met the set target; the ratio of local procurement for LCD was 81.0% and did not meet the set target (82%). The main reason for this was use of non-local suppliers due to constraints on source of materials. A meeting is convened by AUO each month to examine the state of local procurement. We are also continuing to develop local suppliers to increase the ratio of local procurement.

Material Topics

Enforcing risk management at critical suppliers (cumulative number of suppliers)

Quarterly Business Review

A Quarterly Business Review (QBR) is conducted on suppliers by the competent units at AUO every quarter based on the three key aspects of Technology, Quality, and Procurement to ensure continuous improvement and refinement of supplier management. Suppliers that conducted the RBA audit during the year were given a total QBR score based on the audit findings. A mechanism for adding and deducting points was also applied. AUO hopes that this will ensure continuous improvement and compliance by suppliers with the requirements of the "AUO Supplier/Subcontractor Code of Conduct." Supplier performance in the current quarter and the last four quarters was used to identify suppliers that failed in a single category (procurement, quality management, technology) or their overall score (Grade C). In addition to convening a review meeting attended by senior executives from both parties, AUO weighs up other options such as suspending the development of new products, adjustment of procurement volume, or removal from list of approved suppliers. AUO will incorporate the ESG Scorecard into the QBR scoring mechanism in 2024 to meet all of environment, social, and governance requirements for sustainable supply chains. Suppliers with strong ESG performance will receive a higher QBR score so suppliers with better ESG performance are preferred. Suppliers may be excluded from contracting if they cannot achieve minimum ESG requirements. At the same time, AUO is also auditing the management processes of critical suppliers to proper risk management. The audit covering ISO certification, business continuity plan, BCP documentation, impact of geographic location, and alert mechanisms ensures that critical suppliers can respond and act in a timely manner to future operating risks. This will help prevent risk-related damage and improve the resilience of the AUO supply chain. 18 vendors have been audited as of 2023.

STEP 4 Audit and Verification

RBA Annual Audit

Based on survey results, the outcomes of audits in past years, the outcomes surveys in past years, whether RBA VAP certification has been obtained, as well as supplier type and transaction volume, AUO identified 27 suppliers and 31 sites as being required to under the RBA audit. Among these suppliers 3 had already carried out RBA VAP audit and certification. A total of 24 suppliers (28 sites) agreed to undergo second-party audit by AUO in accordance with RBA standards in 2023. AUO required suppliers to respond to any nonconformity and supervise the implementation of corrective action. All nonconformities were subsequently corrected so there was no need to terminate the relationship with any supplier.

ESG Scorecard

AUO hopes to encourage the supply chain to conform to the sustainability goals set by AUO through commercial initiatives. The ESG Scorecard was therefore established by AUO with the scores used as a reference for collaboration with suppliers. The ESG Scorecard requires suppliers to adhere to environment, social, and governance standards. Topics in the environmental aspect include carbon management, energy management, water management, and circular economy; topics in the social aspect include labor rights, occupational safety, ethics and compliance, and social welfare; topics in the governance aspect include quality and technology, sustainable procurement, and business continuity. AUO uses the ESG Scorecard to promote the practice of sustainability management and further reduction of operating risks in the supply chain. At the same time, annual reviews and improvement of supplier evaluation criteria are also employed to continue improving the sustainability performance of the supply chain as a whole. Achieving annual improvements in the average ESG Scorecard scores of suppliers has been set as a management target as well. In 2023, the first year and base year of the initiative, the average supplier score was 61.3. At the same time, the ability for suppliers to ESG benchmarks against with other peers in the system will serve as motivation for continued progress and growth.

	Environmental	Social
Audit conformity rate	85.96%	84.21%
Nonconformities	99 nonconformities were found with 3 classified as major and 96 classified as minor.	114 nonconformities were found with 13 classified as priority, 78 classified as major, and 23 classified as minor.
Outcome analysis	Health and Safety were the main nonconformities (86.86%), with Health and Safety - Emergency Preparations accounting for 27.21%, followed by Health and Safety - Occupational Safety.	Labor (49.10%), and Health and Safety (42.10%) were the main nonconformities. These included Labor - Work Hours accounting 25.40%, and Health and Safety - Food, Sanitation and Accommodation accounting for 36%.

Material Topics

Support for external initiatives or trending topics in conjunction with suppliers, ratio of energy-intensive suppliers that obtained ISO 50001 energy management system certification

Supplier Introduction and Certification of ISO 14064/ISO 50001

AUO requires critical suppliers to introduce and obtain certification for ISO 14064/ISO 50001 greenhouse gas inventory and energy management systems. Our goal is to ensure that suppliers can engage in practical and effective management based on international standards in order to reduce their environmental impact and lower their product carbon footprint. As of 2023, 60 critical suppliers have obtained ISO 14064 certification and disclosed their carbon emissions data (Note 1); 18 energy-intensive suppliers have obtained ISO 50001 energy management system (Note 2) certification, representing 54.54% of all energy-intensive AUO suppliers.

Note 1: Overseas suppliers can substitute with other third-party certification data.

Note 2: The government defines energy-intensive businesses as those that use more than 5,000 kW, the equivalent of 15,000 tons of carbon emissions. AUO defined energy-intensive suppliers as those with Scope 2 emissions of more than 7,500 tons to make it twice as rigorous as the statutory threshold. There were a total of 33 energy-intensive suppliers in 2023. Other third-party certified data can be substituted by overseas suppliers.

STEP 5 Continuous Improvement and Upgrade

Creating Shared Value Events

AUO hosted four CSR Creating Shared Value events in 2023 on themes such as government policy, product carbon footprint in practice, drill transformation strategy in practice, as well as energy conservation and carbon reduction in practice and observation tour. AUO shared our extensive experience with suppliers to build capacity and ESG performance in suppliers. A total of 1,083 people from 71 supply chain partners took part in these learning sessions during the year.

CSR Conference

AUO responded to the spirit of SDG 17 by reaching out to our upstream and downstream partners to create shared value. The CSR Conferences have been held four times since 2019. The events dedicated to continuous exchange and expanding the influence of the value chain has always attracted strong interest and positive feedback from supplier partners. In 2023, AUO invited 50 suppliers and over a hundred partners to take part in the 4th CSR Conference. Awards were presented to outstanding supplier partners. During the Conference, AUO also designated 2023 as Year Zero for plastic reduction and planned to realize the goal of plastic neutrality by 2030. Consultants, experts, and representatives of benchmark enterprises were invited to share their practical experience and global trends as well.

On-Site Exchange

The AUO Facilities team conduct in-depth technical support programs with suppliers to support carbon reduction initiatives in the supply chain. In 2023, AUO conducted on-site exchanges with raw material suppliers in 3 countries on range of topics such as environmental safety, energy-efficient factory, case studies, and management goals to improve the sustainability competitiveness of the supply chain and realize carbon reduction targets.

Large Leads Small Carbon Reduction Program

AUO strives to work with suppliers on promoting green transition to improve their competitiveness and realizing the goals of green transition. In 2023, AUO partnered with the Ministry of Economic Affairs to support the transformation and upgrade of 15 suppliers through the "MOEA Large Leads Small Low-Carbon and Smart Technology Upgrade and Transformation Grants Program for the Manufacturing Industry" so that they can meet the domestic/overseas regulatory and supply chain requirements. The program encompassed equipment upgrades, introduction of digital energy-efficiency and carbon management platforms, expert counseling, and personnel training. AUO's goal is to accelerate the development of low-carbon supply chains through leading by example as a large enterprise.



- The 4th CSR Conference is themed around plastic reduction and biodiversity.



2.4.3 Low-carbon Supply Chain

Material Topics

Ratio of carbon reductions at critical suppliers

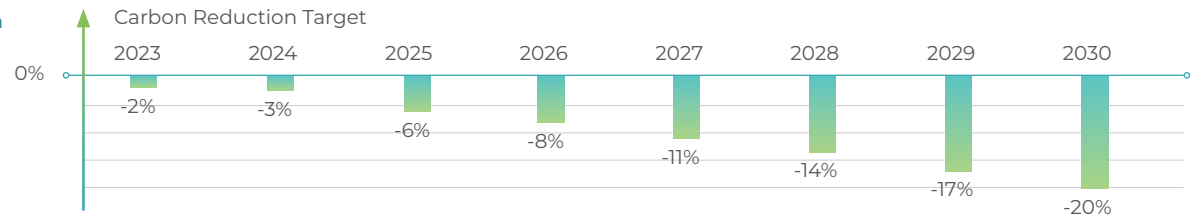
20% Carbon Reduction by 2030

As part of AUO Green Solutions, we not only continue to push our own standards but also hope to set an example for the rest of the industry by extending the influence of our environmental sustainability initiatives to our value chain as well. AUO and 66 critical suppliers have now jointly committed to a target of a 20% in absolute carbon emissions by 2030 with 2021 as the base year over four phases: Inventory, Target setting, Annual decrease, and Target accomplishment.

Critical subjects for carbon reduction management

- Accounts for top 80% of procurement by value
- Critical direct and indirect material suppliers
- Critical tier-2 direct materials

Critical supplier carbon reduction pathway



Schedule	Target	Key Task	Outcome
Phase 1 2020-2023	Carbon Inventory	<ul style="list-style-type: none"> • Complete ISO 14064 GHG inventory • Introduce ISO 50001 energy management system • Participate in CDP survey 	<ul style="list-style-type: none"> • GHG inventory verification completed by 60 critical suppliers • ISO 50001 energy management system introduced at 54.54% of energy-intensive suppliers • 17 critical suppliers took part in CDP survey
Phase 2 2023-2025	Set Target	<ul style="list-style-type: none"> • Establish carbon reduction targets • Strengthen power efficiency and participate in power conservation plans • Use sustainable raw materials and develop sustainable products 	<ul style="list-style-type: none"> • 66 critical suppliers made joint declaration on carbon reduction • 60 critical suppliers set carbon reduction targets and annual carbon reduction pathways • Design of ESG Scorecard used to encourage suppliers to invest in power conservation plans and develop sustainable products
Phase 3 2025-2029	Annual Decrease	<ul style="list-style-type: none"> • Reach carbon peak in 2025 • Strengthen carbon reduction targets and actions every year • Work with supply chain to identify commercial value of carbon reductions 	<p>Carbon emissions attributed to AUO as well as each industry's proportion of total emissions by AUO suppliers are calculated based on industry and each supplier production location's proportion of production capacity. Glass was the largest segment with 5 1.09% of AUO emissions, followed by backlight panel/contractors at 12.56%, polarizers at 8.47%, FPC at 5.77%, LED at 4.49%, PCB at 4.02%, and chemicals/LC/Gas at 3.48%. The 7 types of suppliers above accounted for over 90% of AUO supplier emissions and will be targeted for management by AUO.</p>
Phase 4 2030-	Target Accomplished	<ul style="list-style-type: none"> • 20% reduction in absolute carbon emissions by 2030 	<p>AUO required suppliers to set their own carbon reduction targets, base years, and carbon reduction pathways. Suppliers can go to the CSR Portal system and enter the annual carbon emissions data (verified by third-party), annual carbon reduction targets, and total target for 2030.</p>

3 Environmental Sustainability

3.1 Climate Action

- 3.1.1 Governance & Strategy
- 3.1.2 Climate Risk Management
- 3.1.3 Metrics & Targets

3.2 Carbon & Energy

- 3.2.1 Inventory & Mitigation
- 3.2.2 Improve Energy Efficiency
- 3.2.3 Use of Renewable Energy

3.3 Water Resource Management

- 3.3.1 Target & Performance
- 3.3.2 Management Framework
- 3.3.3 Refinement Projects

3.4 Circular & Clean Production

- 3.4.1 Circular Economy Performance
- 3.4.2 Wastewater Management
- 3.4.3 Air Pollution Management
- 3.4.4 Reuse of Waste

3.5 Biodiversity

- 3.5.1 Vision & Progress
- 3.5.2 Plastic Neutrality



Annual Highlights

Material Topics

◆ Climate change

◆ Circular & Clean Production

◆ Sustainable products

Passed the SBT with a **1.5-degree** scenario

Electricity usage per unit area of the manufacturing process has **decreased by 12%**

The usage of green energy is nearly **100 million kWh**, reaching RE 2.2%

Water intensity for production **decreased by 5%**

The benefits of a circular economy reached **NTD 14.39 billion**








Commit **plastic neutrality by 2030 and zero-deforestation by 2050**

Our Vision

AUO actively responds to external initiatives by setting science-based carbon reduction targets (SBT), reducing total carbon emissions year by year. We echoed global trends and pledges to achieve RE100 by 2050, and continually works towards a net-zero goal. Through drawing up strategic climate blueprints, we are committed to improving energy efficiency and implementing low carbon and circular production methods considering the entire lifecycle, as well as mitigating greenhouse gas emissions. At the same time, we continually strengthening operational resilience with value chain partners and exploring new business opportunities under climate change in order to meet future climate challenges.

Target & Progress

 Achieved  Not Achieved

Material topic	2023 Target	2023 Our actions	2024 Target	2025 Target	2026 Target	Responses
 Number of projects completed the climate risk assessment and management process	3	 performance: 5 Through the Energy-saving working group (includes TCFD platform), AUO conducts an annual inventory of potential climate risks. In 2023, 6 risk issues were identified, with one being physical risk, and the remaining five being transitional risks. The responsible units then estimate the potential financial impacts and develop management strategies based on these risk issues, preparing in advance to respond to any risks that may arise.	3	3	3	3.1.2 Climate Risk Management
 Manage carbon credits/ acquiring a qualified total amount of carbon credits	2023: >200,000 tons (carbon offset credit)	 performance: 226,000 tons In 2014, AUO achieved 100% implementation of localized destruction equipment for fluorinated gases, in response to the Environmental Protection Agency's early reduction project and obtained early carbon credits. In 2019, they continued to improve fluorinated gas reduction management and applied for a offset project, resulting in obtaining 226,000 metric tons of carbon credits in 2023.	>200,000 tons (carbon offset credit)	>500,000 tons (carbon offset credit)	>500,000 tons (carbon offset credit)	3.2.1 Inventory & Mitigation
 Sign the international initiatives-RE100	-	 performance: RE2.2 Based on the current legal system and market conditions, AUO's sites in Taiwan primarily adopts CPPA, amounting to a total usage of 13.7 million kwh of green energy in 2023. The Mainland China site expands its rooftop self-consumption solar power plant, generating 56.01 million kwh of self-consumed green energy in 2023. Additionally, they purchase 3,000 kwh of green energy certificates. Overall, in 2023, AUO's total green energy consumption amounts to nearly 100 million kwh, accounting for a 2.2% RE ratio.	-	RE 10 (executive annual goal)	-	3.2.3 Use of Renewable Energy
 Sign the international initiatives-SBT	-	By the first quarter of 2024, AUO has achieved the Science-Based Targets (SBT) with 1.5-degrss scenario.	-	Absolute Carbon Reduction by 25% (Base year:2018)	Implementation of the new SBT Path	3.1 Climate Action
 Number of proposals for annual energy-saving competition	48	 performance: 48 Since 2008, AUO has been organizing a proposal competition to encourage each plant to propose optimization solutions for energy-saving technologies, energy management, and water management. This initiative aims to stimulate continuous exploration and progress among employees. In 2023, a total of 16 fabs participated in the annual competition, with each plant selecting three representative proposals, resulting in a total of 48 proposals competing for the year.	48	-	-	3.2.2 Improve Energy Efficiency

Material topic	2023 Target	2023 Our actions	2024 Target	2025 Target	2026 Target	Responses
 Organize annual energy-saving and carbon-reduction event	2	✔ performance: 5 AOU organized various activities such as "Plastic Reduction Month" and events in response to Earth Day to promote environmental consciousness. We also organized material sharing activities to encourage colleagues to reduce carbon emissions and plastic waste. These soft activities serve to raise awareness and translate it into action among employees.	2	-	-	3.3.2 Management Framework
 Total water consumption by tap water	<65,000 CMD	✔ performance: 56,897CMD AOU continues to focus on three main directions, includes water reduction, water creation, and value chain water conservation, to reduce their reliance on tap water.	<64,000 CMD	-	-	3.3.1 Target & Performance
 Process water recycling efficiency	93%	✔ performance: 95.02% AOU applies AIoT technology in its process and facility water extraction systems to automate equipment and optimize processes. AOU also implement waste water classification and resource utilization measures, continuously improving the efficiency of process water recycling year by year.	93%	-	-	3.3.1 Target & Performance
 Proportion of water consumption in Taiwan managed through water network	85%	✔ performance: 100% In 2020, AOU developed the "POU (Point of Use) Water Network" which enables the integration of external water information, real-time monitoring of equipment operations, and the notification of abnormalities. The water consumption in the Taiwan sites has been 100% managed through the Water Protection Network, resulting in water savings of more than 1.7 million metric tons.	90%	-	-	3.3.2 Management Framework
 ISO 46001 certification compliance rate in Taiwan	60%	✔ performance: 60% In 2020, AOU initiated the implementation of ISO 46001 in Taichung fab. In 2021, AOU became the first in Taiwan to attain the ISO 46001 certification and have been continuously expanding the scope of verification. By aligning with international standards, AOU aims to establish a pragmatic and rigorous management mechanism while striving for continuous optimization.	100%	-	-	3.3.2 Management Framework
 Financial benefits growth rate (Base year: 2017)	68%	✔ performance: 234% In 2023, AOU achieved a total financial benefit of NTD 14.39 billion through initiatives such as designing and selling circular products, implementing process material recycling, waste reduction technologies, and green logistics.	110%	135%	145%	3.4.1 Circular Economy Performance
 The weight proportion of recycled materials used in special-specification products (Base year:2021)	-	✔ In 2023, AOU incorporated recycled materials into over 150 new product developments. This is part of our ongoing efforts to advance towards our goals for 2024.	30%	30%	30%	3.4.1 Circular Economy Performance
 Ratio of recycled materials certification for the circular economy supply chain	>90%	✔ performance: 98% AOU continues to establish a circular economy supply chain with 42 related suppliers. Among them, 41 suppliers have obtained third-party certification for recycled materials, accounting for approximately 98% of the total.	>90%	>90%	>95%	3.4.1 Circular Economy Performance
 Continue to expand the circular economy supply chain (number of suppliers)	43	✔ performance: 41	58	64	86	3.4.1 Circular Economy Performance

3.1 Climate Action

AUO Climate Action Milestone



World NO.1



Taiwan NO.1



Organization



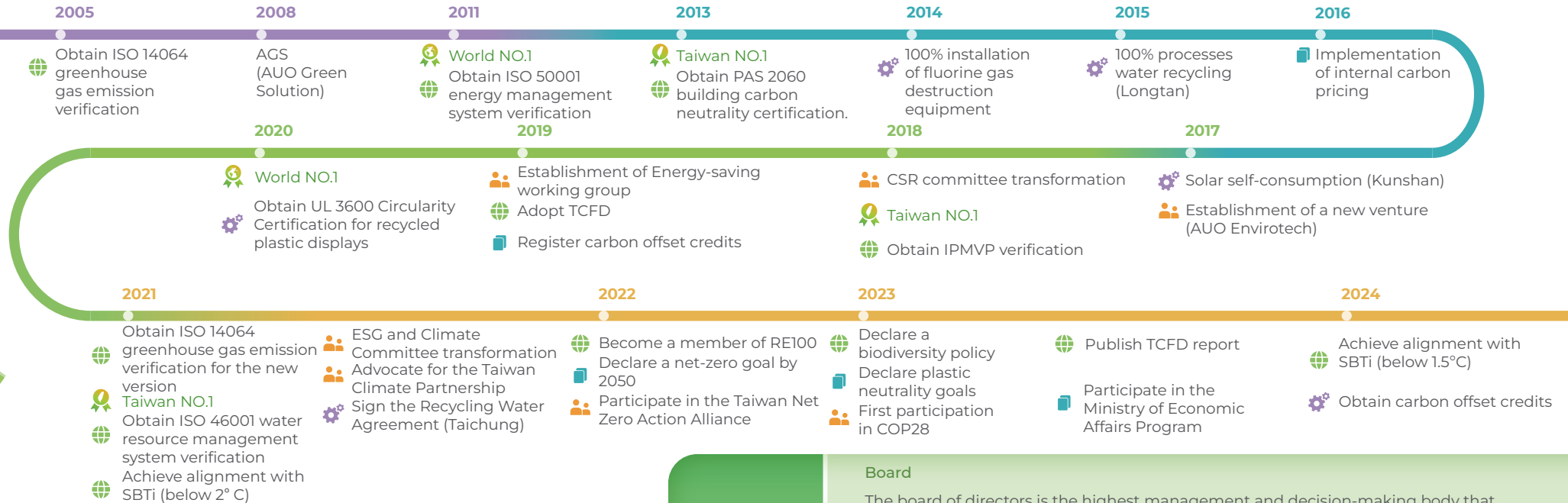
Tool & technology



International standard



Policy



3.1.1 Governance & Strategy

Governance Organization

AUO places importance on the governance functions of high-level management regarding climate change. The board of directors, being the highest management and decision-making unit of the company, formulates risk management under climate change based on the company's business strategy and industrial environment, and supervises the effective operation of the management mechanism. AUO includes all significant decision-making topics related to climate risk in the board of directors' report, enabling the organization's top management to effectively lead the company in dealing with the challenges brought about by climate change and ensuring legal compliance. The Sustainability and ERM Executive Committee is responsible for coordinating sustainability development and climate action, including setting and tracking goals, coordinating resources, and other tasks.



2023 Highlights

Policies and Goals

- Announcing the biodiversity policy
- Establishing and implementing the plastic neutrality goal and strategy

Accelerating Investments

- Continuing investments in the energy industry
- Accelerating the funding demand for renewable energy

Improving Carbon Management

- Developing a Carbon Digital Platform, promoting decision making and management of carbon assets
- Promoting more aggressive SBTi carbon reduction goals (to limit global warming to 1.5C)

Expanding the Ecosystem

The Chairman and CSO lead the team to the side event of the COP28.

Climate Strategy

In 2022, AUO constructed a strategic climate blueprint through six major task platforms, laying a solid foundation for a low-carbon transition. AUO continues to operate stably, paying close attention to trends, dynamically adjusting various tasks under the net zero goal, and closely linking the operations of each platform, guiding the company towards the vision of a low-carbon transition.

Target

Develop advanced technology for low-carbon operations and business opportunities

Mission

- Conduct an inventory of internal and external technical resources
- Exchange emerging technologies through industry academia and cross-disciplinary interactions
- Formulate carbon footprint evaluation methodology

2023 Achievements

Develop recycled materials and low energy consumption technology, and develop low carbon production process technology.

Technology

Supply Chain

2023 Achievements

Following the carbon reduction target, we call on suppliers to jointly respond to plastic reduction initiatives.

Target

Reinforce the operational resilience of the value chain's low-carbon transition

Mission

- Consolidate finance, renewable energy, public sector, and related auxiliary resources
- Monitor the suppliers' sustainability performance and risk management
- Supplier engagement, co-prosperity, and growth

Target

Create an ESG data stream integration and application mechanism

Mission

- Promote digital carbon management
- Establish an ESG database and communication and decision-making center

2023 Achievements

Collaborating with a consulting team and professional business software to develop a digitized carbon management system.

Digital

6 key missions

Knowledge

2023 Achievements Through the College of ESG, a total of 34 courses were held, reaching 29,980 participants.

Target

Establish the expertise and knowledge of all employees through diverse means

Mission

- Search for new business opportunities and niches
- Introduce the insights of experts, scholars, and consultancies

Target

Advanced deploy for climate and low-carbon business opportunities than trend of the laws and regulations

Mission

- Draw up the training blueprint of the College of ESG
- Launch learning courses and activities for all employees

2023 Achievements

Through AUO's digital green solutions, assist industries in transitioning to low carbon. AUO' overall renewable energy power plant installation capacity is over 500MW in scale.

Business opportunities

Brand

2023 Achievements

Participate in the side event of COP28, engage in dialogues with stakeholders who are globally concerned about climate issues, and convey key messages to colleagues worldwide.

Target

Enhancing diverse communication and showcasing company transformation achievements

Mission

- Strengthen AUO's biaxial transformation and green values
- Team up with ecosystem partners to generate new business opportunities

Material Topics Signing of RE100 global initiative

Responding to Climate Initiatives

In 2022, AUO officially became a member of the global renewable energy initiative RE100, and is also the first company in the global display manufacturing industry to commit to using renewable energy completely by 2050. After passing the Science-Based Targets (SBT) for a WB2C warming scenario in 2021, it has set more challenging carbon reduction goals, passing the SBT for a 1.5C warming scenario in 2024. AUO is also a founding member of the Taiwan Climate Alliance, and has joined the Taiwan Net Zero Action Alliance initiative, expressing its willingness to work with industry partners to promote carbon reduction actions.



Key Targets

Set in a scenario of limiting global temperature rise to 1.5°C, based on the year 2021, the target is to achieve an absolute carbon reduction of 42% by the year 2030.

Key Targets

30% use of renewable energy by 2030 and 100% use of renewable energy by 2050.

Key Targets

Create the TCFD operation management framework to reinforce climate risk and opportunity governance.

Key Targets

Unleash industrial impact and lead Taiwan's supply chain to comply with the international carbon reduction pathway.

Key Targets

Achieve the target of net zero for all AUO's office by 2030 and net zero for all AUO's operational boundaries by 2050.

Action Taken

AUO is continuing to move forward on our Phase 1 SBT carbon reduction targets. The targets are also being aligned with AUO commitment to a 30% absolute reduction in electricity consumption and RE30 targets in response to external stakeholder expectations on Scope 3 reductions. AUO remains committed to Phase 2 SBT carbon reduction targets based on the 1.5°C carbon reduction scenario.

Action Taken

AUO is actively developing renewable power plants for self-generation and self-uses. We are also negotiating Corporate Power Purchasing Contracts (CPPA) and investing in a range of green electricity solutions tailored to local conditions. Multilateral engagement is employed to promote renewable energy policies that support the vibrant growth of the supply-and-demand market and co-create an even more sustainable development environment together.

Action Taken

Climate-related financial disclosure reports were published to provide external stakeholders with a full picture of governance accomplishments and information relating to climate risk and opportunities at AUO.

The TCFD report can be found in the **Downloads section of the AUO website.**

Action Taken

Accelerated the promotion of carbon reduction initiatives in the value chain to enhance industry resilience together. The AUO Chairperson attended COP28 in person to bring AUO's experience on promoting digital transformation and green innovation to the international stage.

Action Taken

Focused on realizing net zero building at AUO head office. Experience with carbon reduction at Head Office will be replicated at other office locations in the future to realize progressive targets.

3.1.2 Climate Risk Adaption

In response to the issue of climate change, AUO has adopted strategies of adaption and mitigation. In terms of adaption, they use the TCFD framework to identify the climate risk scenarios across the entire company and implement PDCA cycle management.

Key Focus on Climate-related Opportunities & Risk



Opportunity

- Green manufacturing and innovation of low carbon products
- Development of renewable energy opportunities and expansion of the market
- Leveraging climate influence to reduce carbon with value chain
- Capturing green opportunities & deepen customer engagement




Risk

- The impact of carbon tax on operating costs
- Extreme climate affecting the continuity of operations
- The demand for low carbon production and technology
- Involvement in low carbon targets to improve operating costs

Climate-related Risk Cases Over the Years



Transformation Scenario
 IPCC SSP1-1.9 warming scenario, considering the net zero target

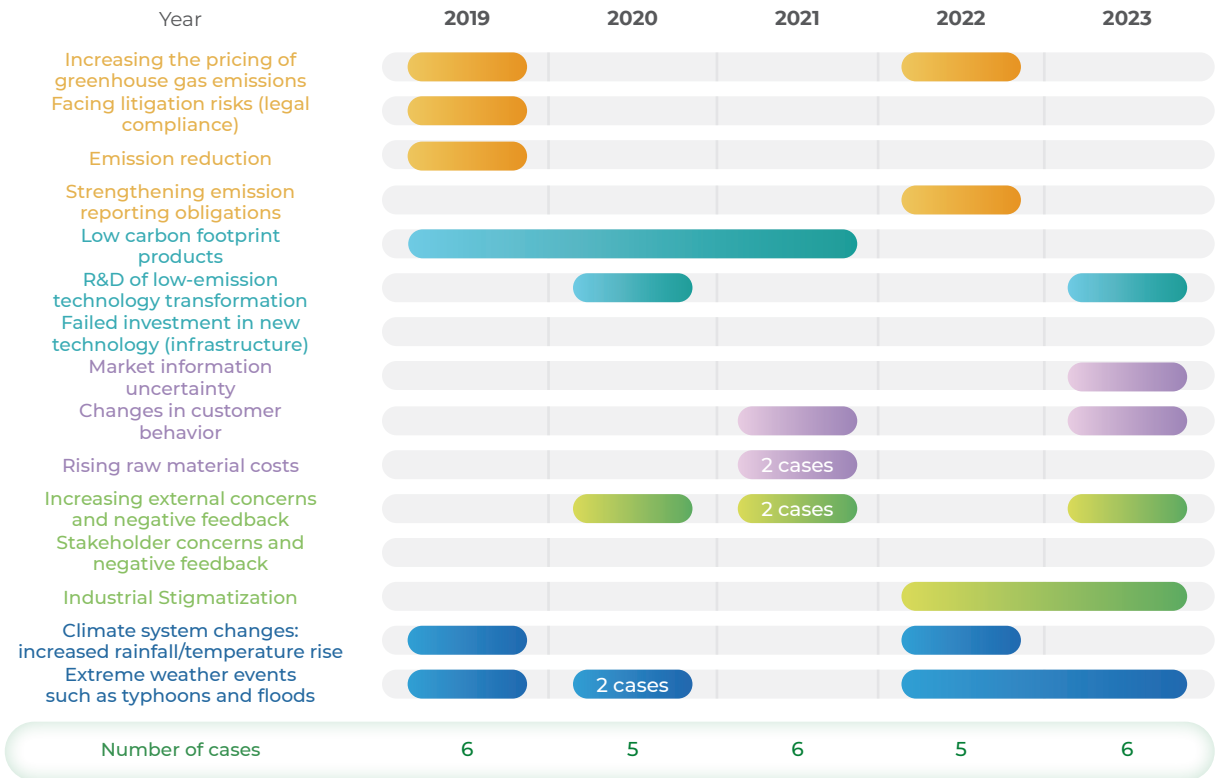


Physical Scenario
 IPCC SSP5-8.5 warming scenario, BCP management with the assumption of uncontrolled warming.

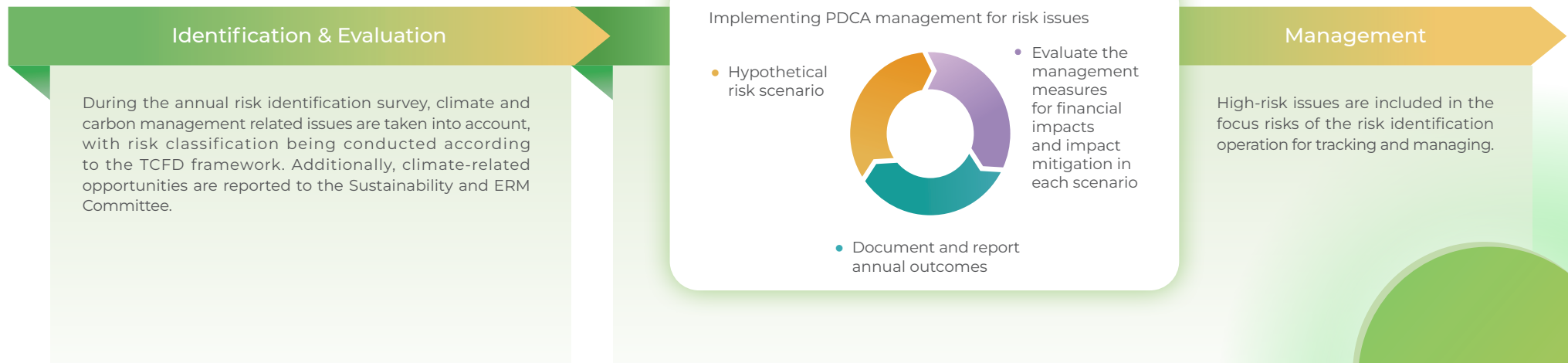
Climate regulations
 Operational external costs/ compliance risks

Technology **Market** **Reputation**
 Market/brand-driven
 Technology-driven market positioning

Climate emergency
 Disruption risk to operations



Management Process

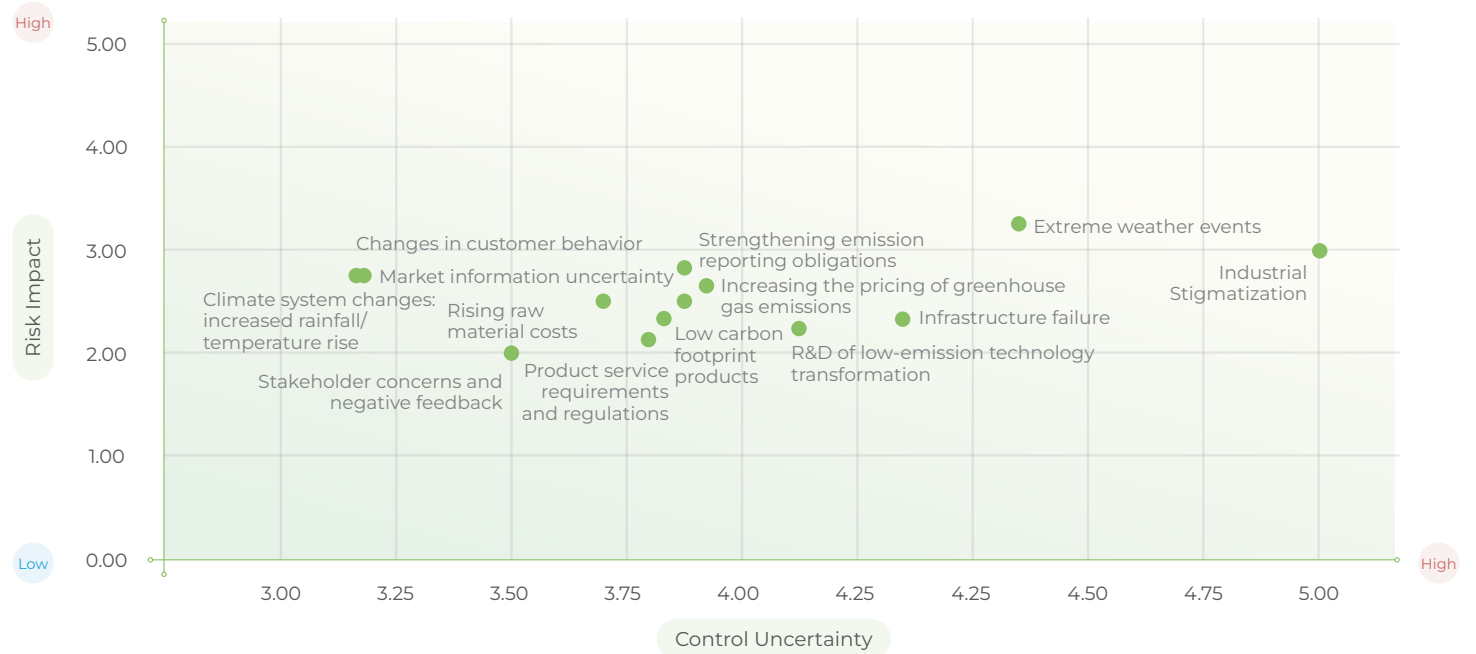


Climate-related Risk Matrix

AUO has completed a total of 165 climate risk identifications, among which there are 11 high-risk ones (accounting for 6.6%); 75 medium-risk ones (accounting for 45.6%); and 79 low-risk ones (accounting for 47.9%).

Note: Forms with the same category are plotted based on the average results.

Climate Risk Diagram



Climate-related Risk Management

AUO drew on the insights of both internal/external experts and academics to predict the potential business risks to the Company from climate change challenges. The financial impacts were assessed and response strategies drawn up. AUO has worked through the TCFD platform over the years to steadily expand our climate risk management in the corporate operations aspect. We also continued to track the latest developments in global climate issues so that we can prepare early for any risks and take advantage of potential opportunities.

Material Topics

Number of projects that have completed the risk assessment and management processes

Climate-related Risk Issue

Risk Assessment	Aspect	Topic Scenario	Stakeholder	Potential Risk	Impact Time Frame	Financial Impact	Management Approach
Physical Risk	Operations	China sites impacted by extreme weather events such as heavy rains and flooding	AUO, Customer, Supply Chain	<ul style="list-style-type: none"> Flooding of China sites in low-lying areas Transportation system disrupted by flooding in coastal region downstream of large rivers. 	Short-term (within 2 years)	Low	<ul style="list-style-type: none"> Review the adequacy of flood protection software and hardware facilities based on historical flood and meteorological data. Mentor suppliers in low-lying areas on having proper flood response measures in place.

Risk Assessment	Aspect	Topic Scenario	Stakeholder	Potential Risk	Impact Time Frame	Financial Impact	Management Approach
Transformation Risk	Market, Technology	More stringent targets set by international initiatives	AUO, Customer, Investor	<ul style="list-style-type: none"> Greater demand for climate accountability and tighter brand requirements may lead to loss of orders and revenue if targets are not met More rigorous SBTi targets that increase carbon reduction costs 	Short-term (within 2 years)	Medium	<ul style="list-style-type: none"> Improve carbon reduction in production processes and increase usage of low-carbon energy to reduce carbon emissions during product manufacturing Continue to monitor how SBTi advocacy is affecting the direction of standards development in the electronics industry
	Reputation	Improper development in the industry triggered by green energy project vendors	AUO	<ul style="list-style-type: none"> Impact on the environment, ecology and bio-diversity from land development by the industry Obstruction or public opinion on power plant development that negatively impacts on the brand 	Long Term (More than 5 years)	Low	<ul style="list-style-type: none"> Site selection and development based on environmental laws and regulations Select green construction techniques that are environmentally friendly and protect the ecological environment against damage before start of construction
	Market	Excessive requirements or expectations from brand customers on renewable energy	AUO, Customer	<ul style="list-style-type: none"> Loss of orders for not meeting customer requirements (carbon reduction or use of renewable energy) Conflict from co-opetition and business competition from the green electricity requirements of critical customers 	Short-term (within 2 years)	Medium	<ul style="list-style-type: none"> Strive to meet customer expectations by implementing energy efficiency and carbon reduction measures Maintain sound customer engagement and create opportunities for cooperation
	Market	Key supply chain lack the potential to meet the requirements of low-carbon transformation and climate resilience	AUO, Supply Chain	<ul style="list-style-type: none"> Lack of supplier consensus on climate crisis meant carbon reduction target is not met, resulting in loss of orders, carbon taxes and other impacts on cost 	Medium-term (2 ~ 5 years)	Low	<ul style="list-style-type: none"> Maintaining sound engagement with suppliers and use a rating management mechanism to boost supplier willingness and ability on carbon reduction, and lower the threshold for realizing carbon reduction targets
	Policies and Laws	Preparation for disclosure through the new type of climate-related financial reports that stakeholders are concerned about	AUO, Investor	<ul style="list-style-type: none"> The presentation and disclosures in the financial report may not meet stakeholder requirements Information and communication cap leading to doubts among shareholders, investors, financing or loans. 	Medium-term (2 ~ 5 years)	Low	<ul style="list-style-type: none"> Periodically monitor government regulations and legislative progress Optimization of data verification process and set up information platform to enhance the accuracy and transparency of data

Climate-related Opportunity Issue

Opportunity Type	Aspect	Topic Scenario	Stakeholder	Potential Benefit	Impact Time Frame	Financial Benefit	Management Approach
Energy Source	Operations, Market	Use of low-carbon energy during production and manufacturing, participate in renewable energy investment, operations, and sales	AUO, Energy Customer	<ul style="list-style-type: none"> Reduce the financial cost of carbon fees and taxes through low-carbon production Global green brand customers mandating the use of low-carbon energy in the supply chain Investment in renewable energy businesses to satisfy the imbalanced supply and demand in the current renewable energy market 	Short-term (within 2 years)	Medium	<ul style="list-style-type: none"> Join the RE100 global initiative and progressively increase the ratio of renewable energy usage every year Strengthen participation and engagement with green brand customers to create green business opportunities together Accumulate management experience in energy creation, storage, and EPC (Note) to prepare for the renewable energy market.
Enter Market	Technology, Market	Satisfy the needs of industrial transformation through smart management and low-carbon solutions	Supplier, Customer	<ul style="list-style-type: none"> Invest in smart production solutions, improve customers' energy efficiency, and create opportunities for carbon reduction Invest in carbon management, water, and circular economy ESG solutions to create new ESG business opportunities 	Short-term (within 2 years)	Low	<ul style="list-style-type: none"> Assist value chain partners such as suppliers and customers with their low-carbon and sustainability transition through Go Premium technology Integrate solutions through Go Vertical to create more competitive businesses groups for the Company

Note: EPC: Engineering, Procurement, Construction.

Risk Management Cases

AUO conducts an inventory of potential climate risks every year and defined 5 risk topics in 2022. In 2023, we began evaluating and managing risk topics including the impact of carbon fees and tariffs, stability of electricity supply, green washing or related disputes due to improper disclosure, natural disasters and the insurance market. Listed below are topics with transformation risks that have a significant effect on financial impact and business continuity.

Case 1

The effect of importing countries' CBAM trade tariffs on products exported by the ICT industry

- **Scenario:**
Increase in costs due to the Carbon Border Adjustment Mechanism (CBAM).
- **Financial impact:**
AUO is asked by customers to absorb CBAM costs and this may increase costs by approximately 1.23%.
- **Response strategy:**
AUO will continue to focus on process optimization, development of low-temperature processes, and improve the energy-efficiency of our equipment to reduce carbon emissions from the production process. For renewable energy, AUO plans to increase the amount of self-generated solar power in the short term; in the medium and long-term, AUO plans to purchase more solar and offshore wind power even as we continue to monitor supply-an-demand, technology, and developments in the renewable energy in the market in the medium and long-term in order to mitigate CBAM-related impacts.

Case 2

The effect of adjustments to the carbon fee/taxation mechanism in each country

- **Scenario:**
Countries that have already levied or will soon levy carbon taxes (fees) increasing their rates even further to push for carbon reduction by businesses leading to higher costs.
- **Financial impact:**
Singapore's carbon tax for example will cost NT\$7 million to NT\$8 million per year; if carbon taxes (fees) are imposed by more countries (regions) this will lead to higher costs and fees.
- **Response strategy:**
AUO's main base of production is located in Taiwan. Unlike other countries that imposed carbon taxation, Taiwan will soon begin levying carbon fees and this will be the main source of impact for AUO. AUO is working to reduce the impact of carbon fees on operations through a three-pronged strategy for evaluation, management, and reduction that includes reducing the consumption of energy resources during the production phase and product transition.

Case 3

Grid vulnerability due to electricity shortages and rising level of renewables in Taiwan

- **Scenario:**
A combination of factors including structural transformation of energy supply, aging power infrastructure, and growing power demand means that AUO sites may suffer loss of production due to power supply problems such as power restrictions and voltage drop.
- **Financial impact:**
Based on incidents of voltage drop between 2017 and 2023, total losses at our sites in Taiwan due to voltage drops amounted to approximately NT\$93 million a year.
- **Response strategy:**
Sudden voltage drops may lead to production disruptions, equipment damage and other anomalies in the electronics manufacturing industry. AUO undertook various measures targeted at the causes of such voltage drops including reviewing the capacity of voltage regulation equipment for machinery, assessing the introduction of energy storage equipment, improving the energy efficiency of equipment, and commissioning academic units to conduct research on power quality and improvements in an effort to reduce the potential financial losses from the risk of sudden voltage drops.

3.1.3 Metrics & Targets

Indicators	Base Year	Target	Management Approach	Corresponding Chapter		
Organizational Carbon Emissions (Scope 1 and Scope 2)	2021	2030 42% reduction in absolute carbon emissions	<ul style="list-style-type: none"> Improve energy efficiency: Continue to promote energy efficiency improvements through ISO 50001 as well as production automation, smart technology, upgrades, and light-assetization Use of renewable energy: Use wheeling from power plants established by AUO while continuing to add COOA and I-REC from diverse renewable energy sources 	3.2.2 Improve Energy Efficiency		
Indirect Emissions (Scope 3)	2021	2030 25% reduction in absolute carbon emissions	<ul style="list-style-type: none"> Carbon reduction for raw materials: Require suppliers to engage in carbon reduction. A target of 20% reduction in carbon emissions by 2030 is also set for critical suppliers Carbon reduction for raw combustibles: Reduce carbon emissions from the development stage of raw combustibles through reduced consumption of electricity and fuel Product energy consumption during use: Use improvements to materials and power consumption during the product design phase to help products conform to future Energy Star scenarios on energy-efficiency performance standards 	3.2.1 Inventory & Mitigation		
Improve energy efficiency	2021	2030 Reduce power consumption by 30%	Continue to promote energy efficiency improvements through ISO 50001 as well as production automation, smart technology, upgrades, and light-assetization	3.2.2 Improve Energy Efficiency		
Ratio of Renewable Energy	-	2025 10%	2030 30%	2050 100%	Use wheeling from power plants established by AUO while continuing to add COOA and I-REC from diverse renewable energy sources	3.2.2 Improve Energy Efficiency
Use of reclaimed water	-	2024 14,000 CMD (Note)	<ul style="list-style-type: none"> Reclaimed water from the development zone's wastewater treatment plant has been introduced at the Kunshan site to provide a reliable source of water supply for all production processes at the site A contract has been signed between AUO and Taichung City's Shuinan Water Recycling Center to begin supplying water from 2024 onwards 	3.3 Water Resource Management		
Use of reclaimed materials	-	2024 Use up to 30% recycled materials by weight in special products	Continue to refine the technology for recycled and reclaimed materials while also introducing third-party certification	3.4 Circular & Clean Production		
Plastic reduction	-	2030 Plastic neutrality	The goal of achieving plastic neutrality by 2030 has been announced by AUO. The 3R+1 strategy is used to set the implementation approach and targets for the two main categories of production process and employee office life. The strategy will be progressively implemented over multiple years	3.5 Biodiversity		
Carbon reduction in the value chain	2021	2030 Absolute reduction by 20%	AUO and 60 critical suppliers have now jointly committed to a target of a 20% in absolute carbon reduction by 2030. The goal will be progressively achieved by carrying different tasks during the Inventory, Target Setting and Implementation Phase	2.4 Responsible Supply Chain		

Note: This includes the Kunshan environment assessment requirements and reclaimed water from Shuinan in Taiwan. The target will be affected by the timing of the reclaimed water supply from Shuinan.

Net Zero Pathway

The SBTi Phase 1 carbon reduction target (25% reduction in absolute carbon emission by 2025 with 2018 as the base year) has already been met ahead of schedule in 2022. AUO is now following a vision of a more aggressive low-carbon transformation by proposing a 42% reduction in absolute organizational carbon emissions (Scope 1+2) by 2030 with 2021 as the base year based on the 1.5°C scenario; for indirect emissions (Scope 3), AUO is proposing to conform with the Well Below 2°C (WB2C) target of a 25% reduction in absolute carbon emissions.

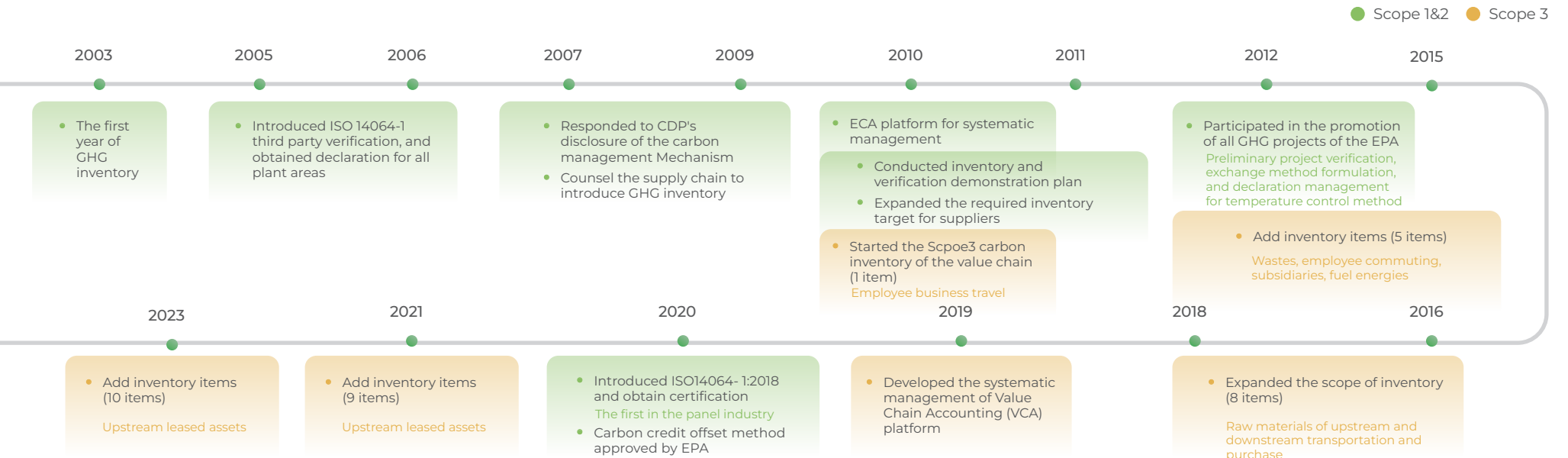
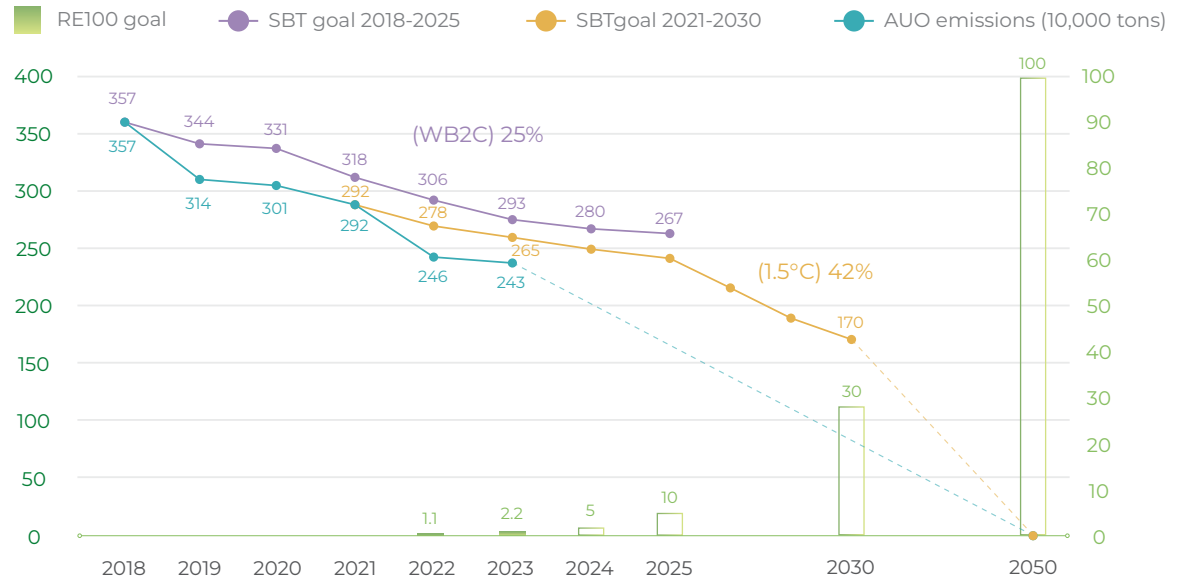
3.2 Carbon & Energy

3.2.1 Inventory & Mitigation

GHG Inventory

AUO began inventorying the GHG emissions of our global manufacturing sites in 2003, and introduced the ISO14064 standard 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 of managing long-term operational carbon reductions. In 2020, the latest ISO14064 standard was introduced to continue refining GHG inventory management.

Net Zero & RE100 Pathway



Emissions & Intensity (Scope 1&2)

AUO's global GHG emissions in 2023 totaled xxx million tons of CO₂e, mainly consisting of indirect power consumption emissions, accounting for of the Company's total xxx%. This is followed by direct emissions (2.85%) generated by the production processes using PFCs and fuel emissions from utility systems, accounting for. In 2022, the GHG emission per input sheet substrate area was xxx kgCO₂e/m². Due to the decrease of production capacity, there is an increase of xxx % compared to last year.

Other Indirect Emissions (Scope 3)

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 value chain standards published by the GHG protocol. In 2020, the latest ISO 14064 standards were introduced in conjunction with a third-party verification to further manage GHG emissions and other indirect emissions (scope 3). AUO has categorized other indirect emissions into 4 categories based on the current conditions and the new ISO 14064 materiality selection principle. A total of 11 items were calculated in 2023.

7 Materiality Selection 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 actions

Type

A

Applicable to AUO, and has been quantified

10 items

B

Applicable to AUO, and has not been quantified. AUO has plan or management methods

0 items

C

Applicable to AUO, but there is no quantitative plan

1 items

D

Not applicable to AUO

4 items

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

Unit: tons

Item	Type	2023	2022	2021
a. Purchased products and services	A	825,778.96	472,378.32	616,395.1
b. Fuel and energy related activities	A	447,726.93	402,996.91	479,272.0
c. Wastes generated during the production process	A	1,687.10	18,126.84	25,661.0
d. Capital goods	A	163,597.90	-	-
e. Upstream leased assets	D	(no upstream leased assets)	242.72	168.6
Total		1,438,790.89	893,744.79	1,121,496.7

- a. Using previous product carbon footprint inventory conducted by AUO as the basis to calculate the materials needed during production, main carbon emissions from the product raw materials 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.
- b. Calculate AUO's energy consumption including diesel, LPG, natural gas, and electricity, as well as calculate fuel energy related emissions using the energy resource cradle-to-gate coincident announced by the EPA.
- c. Calculate GHG emissions generated during the final waste shipping and treatment process including sludge waste, waste solvent, glass, acid, EAF dust, empty barrel and scrap metal. If the aforementioned items have not reached at least 80% of the total waste disposal volume, new items will be added to the calculation.
- d. AUO reviewed the process of property identification, evaluated the feasibility of collecting carbon emission calculation information, and calculated the assets to be included in the annual inventory with asset identification numbers. This project was included in Category 3 inventory scope by 2023.
- e. AUO calculates energy consumed by our leased offices in Taiwan and abroad including diesel, LPG, natural gas, and electricity, as well as calculates fuel energy-related emissions using the energy resource cradle-to-gate coefficient announced by the EPA.

Indirect GHG Emissions Generated by Transportation

Unit: tons

Item	Type	2023	2022	2021
f. Upstream transportation emissions	A	639,882.00	3,092.71	7,972.0
g. Downstream transportation emissions	A	25,539.61	31,004.97	67,284.9
h. Business travel	A	978.92	1,051.32	869.0
i. Employee commuting	A	13,342.18	21,764.02	38,732.7
Total		679,742.71	56,913.02	114,858.6

Indirect GHG Emissions from the Use of the Organization's Products (Downstream)

Unit: tons

Item	Type	2023	2022	2021
j. Investment process	A	37,174.04	53,828.04	49,729.2
k. Processing of products sold	C	-	-	-
l. Use of products sold	D	-	-	-
m. Final processing of products sold	D	-	-	-
n. Downstream leased assets	A	14,873.54	-	-
o. Franchise	D	-	-	-
Total		49,729.2	53,828.04	14,873.54

- f. AUO calculates the greenhouse gas emissions caused by transportation of direct materials purchased for production use from the supplier's shipment location (actual address or representative factory selected from the website) to the company's receiving plant, excluding transportation between company plants. For the scope three improvement calculation at AUO, there have been changes in the calculation scope this year. Compared to previous calculations that only included four major material numbers, all direct materials purchased are now included in the upstream transportation calculation.
- g. 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.
- h. Calculate the GHG 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, taxis, etc.
- i. Calculate the GHG emissions of all employees in the plant, including direct employees and indirect employees. Commutations to and from work and shuttle buses between plant areas, the shuttle bus for foreign employees commuting to and from work are also included in the calculation.
- j. AUO Crystal Corp. is a wholly-owned manufacturing subsidiary of AUO. Since it conducts GHG inventory every year, its emissions are included in the calculations
- k. This item applies to AUO; however, since there is no relevant methodology and information collection platform at present, therefore, it is excluded according to the criteria for the significance of indirect emissions
- l. AUO is a B2B company and we do not manufacture end products, therefore this item is not applicable
- m. AUO does not manufacture end products, therefore this item is not applicable
- n. Clarifying the assets leased by AUO, primarily office buildings, this project calculates the carbon emissions generated by tenants using AUO's assets.
- o. AUO has no franchise

Reduction Target & Achievement

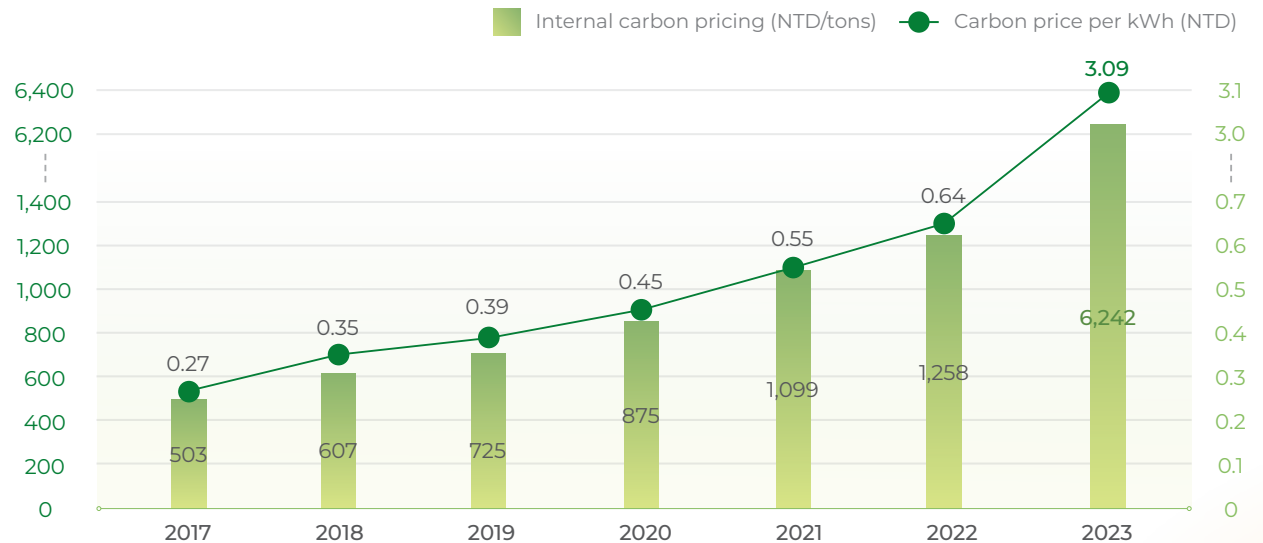
In response to SDG 13 Climate Action, AUO proposed a carbon reduction goal in 2018 of achieving a cumulative reduction of 6.5 million tons of carbon emissions based on the life cycle. As of 2023, the cumulative reduction of carbon emissions has reached 10.05 million metric tons, achieving and exceeding the target in advance.

	Organizational	Product	Supply Chain	Raw Materials
Approach	<p>Scope 1+2</p> <ul style="list-style-type: none"> Based on the SBT WB2C scenario set an absolute carbon reduction target 	<p>Scope 3</p> <ul style="list-style-type: none"> Evaluate the carbon emissions of the whole life cycle according to the PCR of various products Based on the carbon emission intensity during product use, 100% of the shipped products are converted into carbon reduction in the baseline year (2017) 	<p>Scope 3</p> <ul style="list-style-type: none"> Set the target to reduce carbon emissions by 20% by 2030 Regularly collect and monitor the suppliers' carbon reduction status through the SCM CSR Portal 	<p>Scope 3</p> <ul style="list-style-type: none"> Minimize the use of raw materials Increase the recycling rate of raw materials
2023 Achievements	<ul style="list-style-type: none"> Indirect energy carbon reduction by 0.52% Absolute reduction YoY 0.63%; intensity reduction YoY 14.38% Introduced renewable energy at 2.2% (mainly in China) 	<ul style="list-style-type: none"> Reduced carbon emissions by 1.83 million tons annually through product shipping combinations and energy-saving design 	<ul style="list-style-type: none"> Continuously expanding the supply chain to collectively participate in energy saving and carbon reduction, reducing carbon by 98,000 tons annually 	<ul style="list-style-type: none"> Improve manufacturing efficiency through smart material network Reduced carbon emissions by 170,000 tons compared to the base year through raw material

Note: Product Category Rules

Internal Carbon Pricing

Since the Paris Agreement came into effect in 2016, AUO has been promoting an internal carbon pricing mechanism, monetizing the carbon costs derived from external climate control policies into the company's internal carbon price. In order to be closer to the future development scenario of carbon reduction path in the manufacturing industry, AUO adjusted our internal carbon pricing methodology in 2023, incorporating the costs of the energy supply market and the impacts of public sector policies into its estimation factors. In 2023, we announced an internal carbon price of NTD6,242, 5 times that of the previous year, relative to an external carbon emission cost of NTD3.09 per kilowatt-hour. AUO continues to apply this carbon price for the benefit assessment of its green manufacturing energy-saving investment schemes, allowing us to more accurately consider the cost of carbon reduction under future net-zero manufacturing activities.



Material Topics

Carbon credit management

Carbon Neutrality & Carbon Asset Management

AUO has defined a carbon asset management strategy to promote further carbon reductions. Carbon assets are also obtained through pilot and credit programs for enhancing green competitiveness. The first batch of carbon credits were obtained by AUO through the “SF6 Destruction and Removal Equipment for Reducing Carbon Emissions by the Flat Panel Display Industry.” Now that the regulatory regime is based on carbon emissions pricing and carbon credit trading instead, AUO cannot only use carbon credits to reduce the risk from carbon fees and costs but also stimulate market activity through designated transfers. At the same time, AUO is also supporting the carbon neutrality philosophy by applying some of the carbon assets to internal initiatives such as organizational buildings, events, and promotion of carbon neutral activities (Note). Pro bono donations are also made towards carbon neutrality projects in society.

Income from carbon offset credit

- In 2023, AUO began installing equipment for partial destruction of fluorine gas. Advance carbon credits were obtained by participating in the EPA advanced reductions program
- In 2019, improvements were made to fluorine gas reduction management and another application made to the offset program to convert carbon reduction efforts into material carbon assets
- In 2023, AUO received income from carbon credits from phase 1 carbon offsets under the offset program

Expenditure from carbon offset credit

- In 2023, carbon credits were donated to the low-carbon tour event organized by the Foundation of Taiwan Industry Service to help the event achieve carbon neutrality
- In 2023, carbon credits were used to achieve carbon neutrality for internal events such as the Supplier Creating Shared Value Conference and AUO Sports Carnival

Between 2014 and 2023, carbon credits were donated to **21** external events and **13** internal events

Note: The scope and boundary of carbon neutrality for internal events is limited to individual event. It refers only to where carbon assets owned by the Company are used to neutralized the estimated carbon emissions of internal employee events, rather than carbon emissions from organizational operations and production defined by ISO 14064.

AUO Head Office Achieving Net Zero

AUO showed our support for Taiwan Alliance for Net Zero Emissions (ATNZE) by promoting net zero buildings through a two-phase “Commitment and Achievement” process with the following targets set for each phase: Achieve net zero at Head Office in 203, achieve net zero at 40% of office locations in 2025, and achieve net zero at 100% of office locations in 2030. The Net Zero Buildings Team was set up by AUO in October 2021 to start inventorying net zero tasks. The net zero buildings initiative was launched at the AUO Head Office in 2022 through using a four-step process of inventory, reduction, energy creation, and offsets. In 2023, we continued to promote and implement net zero buildings at Head Office through the same four-step process:

Inventory

Annual inventory of GHG emissions was conducted using the defined scope and boundaries of offices. The data was verified by a third-party (DNV) and used as the baseline for net zero reductions.

Reduction

Implementation of carbon reduction measures such as optimization of power use, cultivation of sustainability character, environmentally friendly facilities, smart building management, and energy-saving IT equipment. Energy-intensive equipment such as water chillers and cooling towers were equipped. AUO also collaborated with group companies to improve power utilization and energy efficiency through intelligent management of smart building and smart offices; participation in sustainability initiatives such as Earth Month and Earth Day brought people together to enhance and cultivate the sustainability awareness of employees; establishment of net zero parking spaces and electric vehicle charging pillars fostered an eco-friendly atmosphere for employees to put net zero into practice; construction of energy-efficient data centers, hibernation of computer equipment, as well as the replacement and upgrading of computers helped to increase carbon reductions.

Energy Creation

A rooftop power plant with an installed capacity of 111.52kW was built at the Head Office. The target annual power output of up to 145,338 kWh maximizes energy creation through self-generation and consumption of renewable energy.

Offsets

The maximization of voluntary reductions and energy creation was combined with T-REC and carbon credits to realize the goal of net zero carbon emissions.

2023 was set as the implementation year for net zero at AUO Head Office. In 2024, we continued to monitor and record the implementation of net zero buildings at the Head through ISO14064-1 GHG inventory, ISO 14068:2023 carbon neutrality standards, ATNZE review, and other measures. Net Zero at AUO Head Office will be used as a demonstration and benchmark for the medium- and long-term promotion of net zero buildings at AUO. The experience and technology will continue to be transferred by AUO through the four steps to net zero, reduction technologies, development of smart sites, and cultivation of employee character to bring the benefits of net-zero to each site.



3.2.2 Improve Energy Efficiency

The key resolution to “triple the world’s installed renewable energy generation capacity, and double rate of energy efficiency by 2030” passed by the COP 28 was consistent with AUO’s net zero strategy. Having worked for many years on carbon reduction, the bulk of carbon emissions (98%) at AUO now consists of indirect emissions from electricity (Scope 2). For this reason, particular emphasis is given by AUO to improving energy efficiency and accelerating the adoption of renewable energy.

Electricity Usage & Management

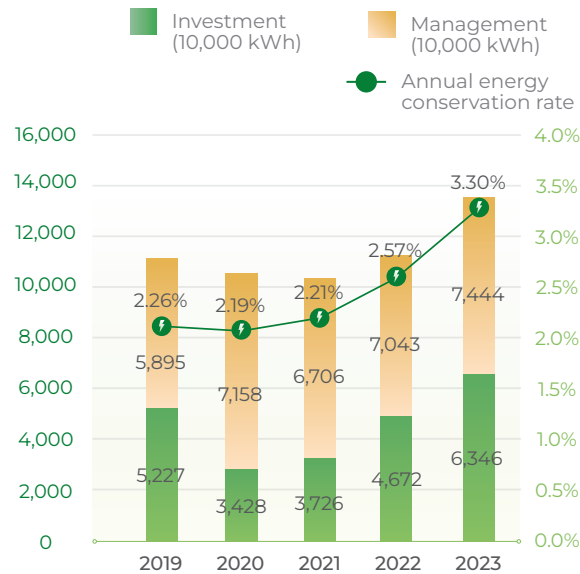
In 2023, AUO achieved annual energy savings of 137.91 million kWh against a backdrop of decreased power consumption and greatly increased power savings. Energy savings for the year amounted to 3.30%, a new record. In terms of energy management, AUO adhered to the ISO 50001 energy management system standard by implementing energy management with continuous improvement. Employees were also encourage to submit proposals for energy savings through competitions and public recognition. In 2023, AUO employees suggested 1,189 energy saving solutions. 54% or total energy savings came from refinements to manufacturing management at our sites while the remainder came from investment in equipment improvements. In terms of measurement and verification, up to 71% of data were estimates based on measured results with higher accuracy. In 2023, total global power consumption of AUO was 4.56 billion kWh, with process power consumption accounting of 00 4.28 billion kWh. AUO is continuing to introduce new measures to improve energy efficiency. Due to the potential for drastic changes in future production conditions and capacity, the 3030 Project will be implemented through the Carbon Energy Group at AUO to identify more effective energy-saving proposals.

Energy-Saving Strike Force

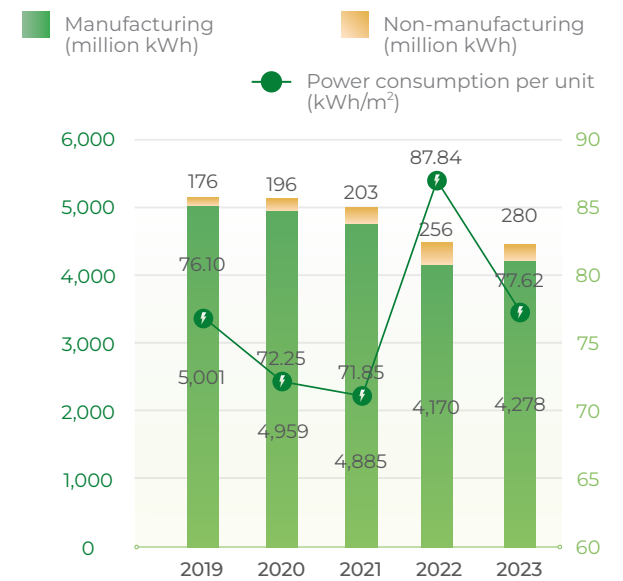
The “Energy Saving Strike Force” was set up and the “3030 Project” launched at AUO’s manufacturing operations unit in early 2023 to accelerate the realization of RE100 targets and improve energy utilization. A phased target of reducing energy consumption by 30% (Note) by 2030 was set. Vertical and horizontal collaboration within factory units will hopefully generate synergies that accelerate and amplify energy savings. The energy-saving technologies accumulated by the 3030 Project will be introduced into new fields as well to become competitive green solutions.

Note: Based on the Company’s annual power consumption in 2021.

Annual Energy Savings

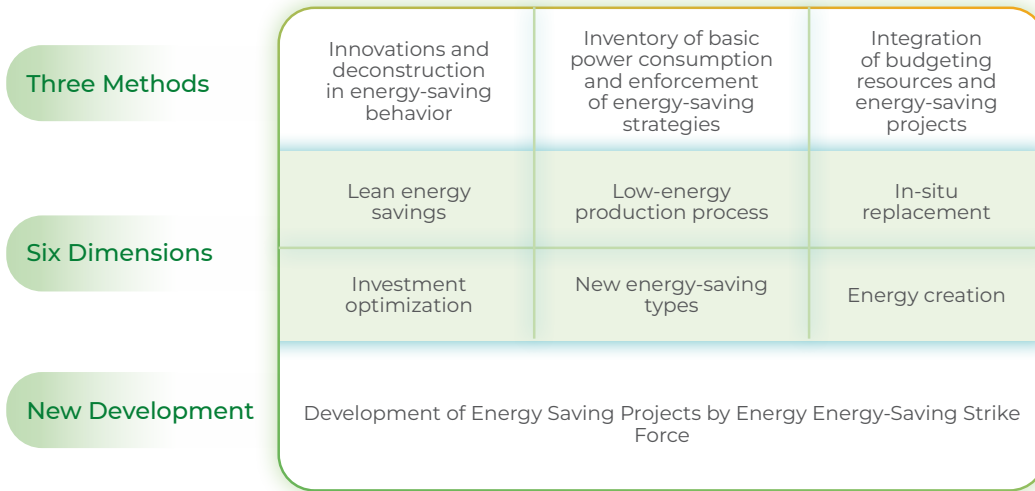


Process Power Consumption

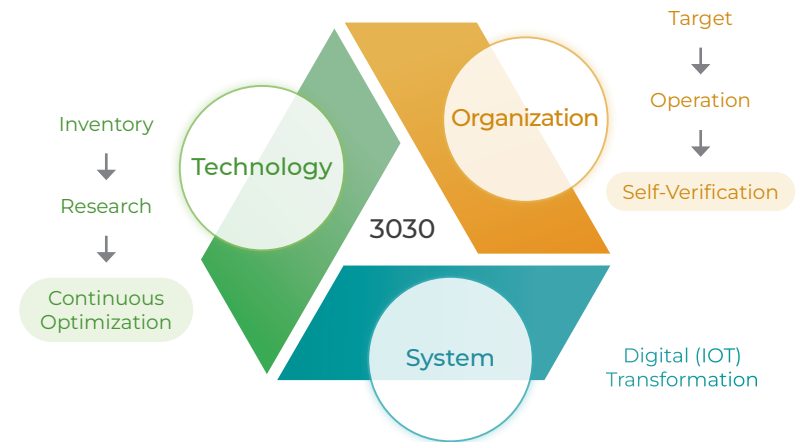


3030 Project Roadmap

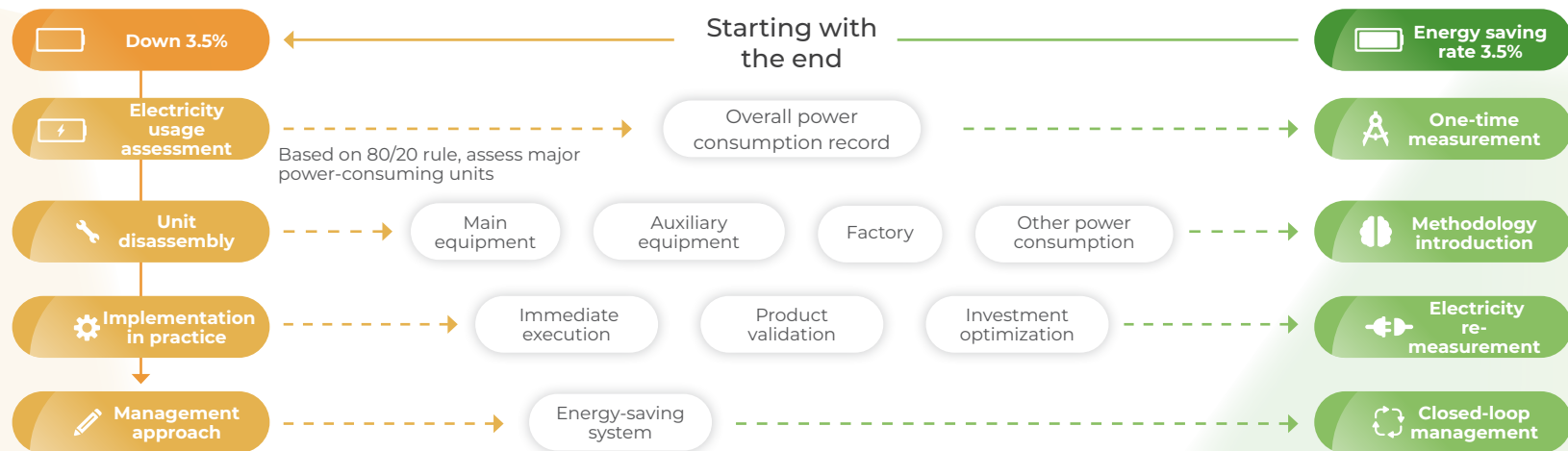
The 3030 Project assists factories with energy-savings operations through the “Three Methods, Six Dimensions, and New Development.” A dedicated energy-saving system will also be used to drive energy-saving behaviors. The system will conform to the International Performance Measurement and Verification Protocol (IPMVP) to ensure the substance of energy savings through on-site audits. Among them, conducting an energy audit is a key component of the 3030 project. To carry out this task, AUO utilizes the “Golden Line” method to design an energy inventory process, measuring and comparing the electricity usage of different devices at various levels. By doing so, they are able to understand the energy consumption at each stage, identify units with high energy consumption and unreasonable electricity discrepancies, and initiate energy-saving improvements and energy-efficient technology development.



The Energy-Saving Strike Force also introduced the “Energy Efficiency Methodology - Golden Triangle of Energy Efficiency Management” to launch energy efficiency actions along the three dimensions of organization, technology, and system to ensure the effective implementation of energy savings at factories.



Golden line



Progress on 3030 Project Targets

For factory power consumption, AUO divided electricity usage into direct electricity use and indirect electricity use. Direct electricity use consisted for electricity used directly by equipment; indirect electricity use consisted of electricity consumed by factory facilities for supplying water, gas, and chemicals. Inventories are now being conducted at each factory and annual targets set based on the goal of achieving a 30% reduction in power consumption by 2030. The project team is continuing to use the new technology development platform as the basis for assessing energy-saving management measures. Improvement proposals that deliver energy savings of over 3.5% can now be consistently generated every year. Current proposals from factories are expected to deliver cumulative energy savings of 20% ~ 25% by 2030. AUO will continue to strive to realize our goal. In 2023, actual power saving (Note) from combining energy-saving techniques with direct and indirect electricity use at each factory meant that the annual target was reached.

Note: Power saving rate means energy savings from the 3030 Project based on the production capacity utilization rate of 2021.

Future Plans for the 3030 Project

AUO will continue to strengthen development and application of energy-saving methodologies by focusing on four key axes in 2024.

Axis 1

Introduction of high-efficiency machinery for indirect electricity use and optimization of process demand and consumption

Axis 2

Energy-saving machinery and equipment:
Introduction of heat recovery and enhanced constant temperature technologies for energy-intensive ovens and heaters

Axis 3

Energy-saving in fab spaces:
Use data modeling and analysis to evaluate the optimal specifications for clean room air conditioning and make progressive improvements of energy consumption

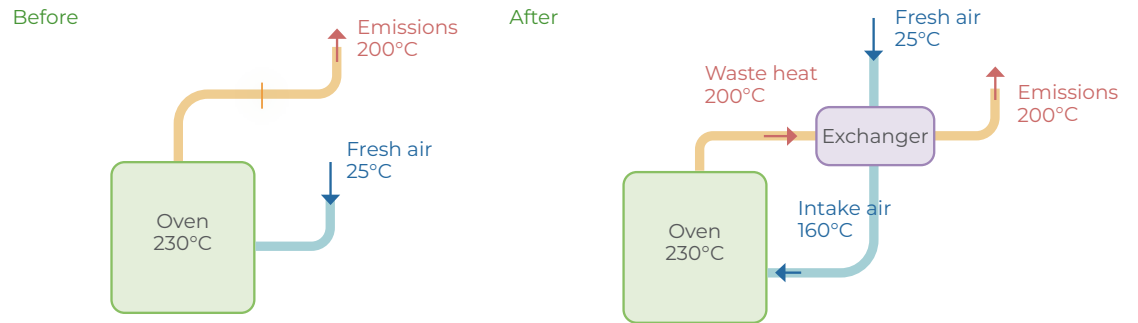
Axis 4

Incorporate energy consumption into product evaluations and work with teams from the R&D and supply chain to introduce low-temperature materials and reduce power consumption during production and manufacturing

2023 Highlights

Waste Heat Recovery for Color Filter Ovens

There are many heating processes in the factory. Most of the heat is converted from electricity making these processes very energy-intensive. The yellow-light process for color filters for example use ovens that convert electricity into heat. Hot air is generated and circulated to heat the process coating on the panel surface so that it meets the required specifications. In the past, the waste hot air was vented directly into the factory facilities system and not recovered. AUO now recovers the waste heat from the exhaust through a set of heat exchangers. Heat exchange between the hot exhaust and fresh air heats the fresh air from 25 degrees to 100 degrees before it enters the oven. Reducing the heating time and power required for the oven heaters greatly reduce electricity consumption. The measure has now been rolled out to all factories. For the Taichung factory, this reduced power consumption by approximately 30%.



Clean Room Fan Filter Unit (FFU) Energy Efficiency Graph

Clean rooms are designed to remove all airborne contaminants such as micro-particles, harmful gases and bacteria within a volume of space. The temperature, humidity, cleanliness, indoor pressure, rate and distribution of air flow, and static electricity within that space must also be kept within a set range. Most of the energy consumption is from Fan Filter Units (FFU), the most numerous component in the air-conditioning system. A FFU is made up of a High-Efficiency Particulate Air (HEPA) filter, mini fans, and casing. In the past, energy savings were generally achieved through localized reduction in RPM. Energy savings from such localized adjustments were however very limited. Our team used the air speed and coverage of clean room FFUs to calculate the optimal wind speed. A clean room energy efficiency map was then drawn up with energy consumption shown using a traffic light system. Manufacturing units could then optimize their set up based on the level of each production process. The Longtan Site for example used this "Spatial Power Efficiency Indicator Methodology" in 2023 to reduce its daily power consumption by 30% from 30,000 kWh to 20,000 kWh. The team also discovered a more efficient approach during implementation. Converting FFU's wind speed and coverage indicators into air change rates meant that the wind volume generated by the FFU could be matched with the minimal wind speed required by the topography of the clean room. Making adjustments based on the minimum required wind speed improved the overall energy efficiency of the Longtan Site by over 40%.

Material Topics

Number of submissions to the annual energy-saving competition

Proposal Competition

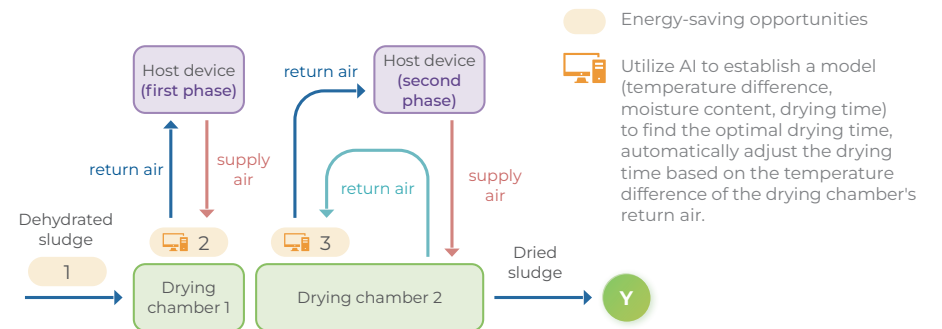
The AUO Green Production (GP) team has been working on energy efficiency, water efficiency, environmental indicators, and reduction in raw materials since 2008. A competition for proposals also encourages the participation of teams from each site. The competition has received 210 proposals since 2018. The competition encourages each plant to submit proposals for optimizations in three areas, namely innovative energy-efficiency technology, innovative energy-efficient management, and innovative water-efficiency management. Employees from each site are invited to rate each other's proposals to promote the exchange of innovative thinking. Winning proposals are picked by the heads of Manufacturing units and publicly recognized during the annual conference. AUO even injected the sustainability mindset into the rewards by partnering with Sunnyfounder, the citizen power plant company, to present solar panel options to the winning team in each aspect. The linkage to green energy made the prize more meaningful. A total of 16 sites took part in 2023. Each site picked 3 representatives for the three aspects mentioned above and submitted a total of 48 proposals to the annual competition.

- Energy-saving innovation technology**
Taichung Site 2 - Self-Adaptive Variable-Frequency Dry Pump
- Energy-saving innovation management**
Houli Site - Dynamic AI Control of Sludge Dryer Operating Temperature
- Water saving**
Longtan Site - Recycling and Reuse of Cleaning Water from Color Filter Coating Process

Case Highlights from the Proposal Competition

Houli Site - Dynamic AI Control of Sludge Dryer Operating Temperature

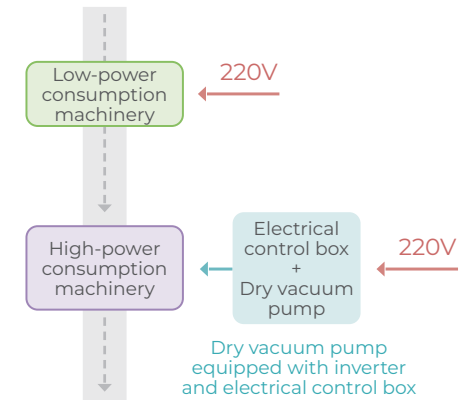
Sludge dryer operation is based on AC compression of refrigerant and generation of high temperatures through heat exchange to dry out the sludge and reduce the water content. The refrigerant is continuously circulated to reduce the amount of sludge that needs to be removed. The key factors in the system's operation are the water content of the sludge and level of power consumption. The two factors are completely opposite to each other. To reduce the water content, power consumption increased; to reduce the power consumption, the water content of the sludge will increase. This translates into higher sludge treatment costs. An automatic AI controlled system was therefore introduced by AUO to control the drying time based on water content and reduce the power consumption. Wind pressure, temperature, time and water content data was gathered by AUO over six months to observe their changes before an automated AI-control system was introduced. Verification of the system found that daily power consumption was reduced by 45% from 5,568 kWh to 3,045 kWh while maintained the sludge water content below a certain level. This was equivalent to a reduction of 1.2 tons in carbon emissions. In addition to decreased power consumption, other benefits included a reduction in the amount of sludge that needed to be treated and treatment costs.



Taichung Site 2 - Self-Adaptive Variable-Frequency Dry Pump

One of the most energy-intensive machines in the factory was the thin-film machine from the Array process. AUO analyzed the power consumption and found that the one of the more energy-intensive components was the dry vacuum pump. The team installed a variable-frequency drive (VFD) for the dry vacuum pump with self-adaptive function. The pump's operating curve after the installation of the VFD was then analyzed and recorded. When the VFD is active, the self-adaptive function automatically adjusts the VFD frequency based on the pump's current. The machine's operating status is automatically detected and the frequency adjusted accordingly. Automatic detection, operation, and frequency reduction effectively improved energy efficiency. The improvement generated cumulative power savings of 74,000 kWh in 2023 since it was introduced at Taichung Site 2.

Inverter installation structure



Longtan Site - Conversion to Centrifugal Blower for Wastewater

The Roots blower was originally used for wastewater anaerobic/aerobic bio-aeration but it suffered from high power consumption, low efficiency, as well as noise and heat. The Roots blower was replaced with the centrifugal blower to improve performance. AI technology was also introduced by AUO on top of the switch to a centrifugal blower to make continuous improvements to system performance. This included the addition of a signal digitization and program control function, installation of monitoring module for real-time feedback, smart regulation with AI, and optimization of wind volume. Energy efficiency was improved by approximately 45% overall. If there are fluctuations in production capacity the system can also assist the team with decisions on optimizing energy efficiency.

Energy Saving Solutions at Overseas Sites

Xiamen Site - Air Compressor Total Control System

Air compressor units are grouped together and configured into stepped pressure belts. Groups are turned on or off manually so cannot be adjusted in real-time based on end-user air demand. As a result, air compressors deliver too much pressure for long periods of time leading to waste. The optimization solution introduced by the factory used a centralized control system to automate the control of air compressors. The load of each air compressor is calculated in advance then compared against the calculated gas usage and actual gas usage. The pneumatic network is then precisely regulated to balance the load for each unit. The introduction of the total control system for the air compressor station yielded annual energy savings of up to 246,000 kWh.

Suzhou Site - Energy Saving Cooling Tower Fan Blades

The original cooling tower fan blades were made from aluminum alloy that weighed more and were more energy intensive. The site introduced new fans constructed from laminated fiber glass and thermosetting epoxy resin. The blade surfaces were also treated with a special coating. The result was annual energy savings of more than 97,000 kWh.

Suzhou Site - Air Compressor Waste Heat Recovery

The air conditioning uses heated steam in winter to provide heat. Using a heat exchange, residual heat generated by the air compressor room was used by AUO to heat the hot water needed by the air conditioning system in winter to save approximately 1,839 tons of steam each year.

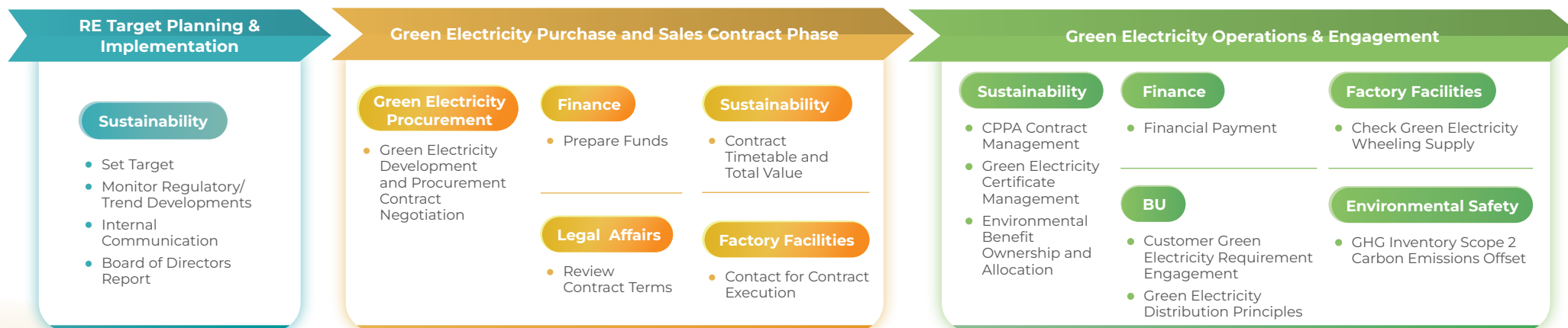
3.2.3 Use of Renewable Energy

Taiwan was listed as one of the most challenging markets by RE100 due to its constraints on land resources and policy development. Other unfavorable factors included rocketing inflation, high prices and acute demand. At AUO, we pride ourselves on leaving by example in climate action and our willingness to embrace new challenges. As a member of the RE100 global renewable energy advocacy organization, cross-unit cooperation was employed to gradually increase the ratio of renewable energy usage year by year. We also engage with the relevant ministries to offer recommendations on industry development and policy.

Green Electricity Procurement Team

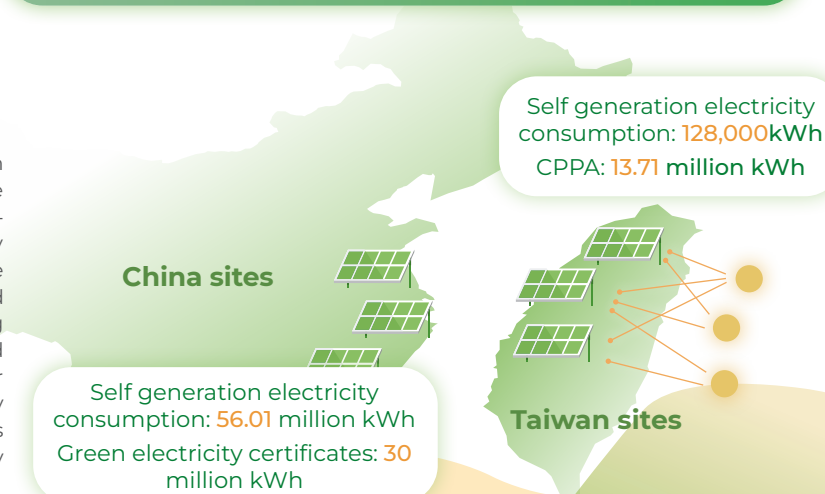
Green electricity procurement is different from ordinary material procurements due to the special nature of green electricity products. Such products can also be used for different purposes including compliance, carbon reduction in the supply chain, advocacy action, and market demand. If there is no centralized procurement unit, differences in the requirements and responsibilities of each unit may lead to corporate infighting that hampers or impacts on green electricity procurement. Green electricity procurement at AUO embodies the advantages of the One Team, One AUO organizational culture. The green electricity procurement team is made up of all the relevant units to provide effective division of labor and communication at different stages of the process.

Green Electricity Implementation Unit & Phase Responsibility



Installed Capacity & Generating Capacity of Renewable Energy

As part of the process for realizing RE100 targets, AUO followed RE100's recommendations by prioritizing self-generation and self-use for meeting organizational needs, followed by the signing of Corporate Renewable Power Purchase Agreements (CPPA). Purchase of I-REC is only used if land constraints, policy environment or other conditions make self-generation/self-consumption or electricity trading impossible. Current market conditions under the existing regulatory regime means that CPPA is mostly used by our Taiwanese sites. The contracts were carefully assessed and took multiple factors into account including the contract installed capacity, electricity supply time-line, electricity rates, and related contract fulfillment conditions. As of 2023, AUO has signed contracts for 18.39 MW of solar power that are now being progressively connected to the grid and used wheeling in accordance with the terms of their contract. In 2023, AUO used 13,710 MWh of green electricity. At the same time, the China sites expanded their development of rooftop solar power for self-generation and self-consumption to an installed capacity of 52.14 MW. A total of 56,010 MWh in green electricity was self-generated and self-consumed in 2023. AUO also went on to purchase 30000 kWh in green electricity certificates (GECs) verified by China's National Renewable Energy Information Center. Generally speaking, AUO's total green electricity consumption amount to nearly 100,000 MWh, equivalent to a renewable energy ratio of 2.2%.



Suzhou Site

AUO Suzhou Site launched its rooftop solar power project in September 2022. The system has an installed capacity of 8.13 MW and a planned annual generating capacity of 9,800 MWh. Grid connection and generation was completed in May 2023. Total generation output by the end of December 2023 was 6,730 MWh.

Kunshan Site

The construction of a rooftop solar power plant was already planned when the AUO Kunshan Site was first constructed. In 2023, rooftop solar at AUO Kunshan Site added 18,000 MWh in annual output, bringing the total generating capacity of the site to 23,000 MWh, or about 5% of the site's entire annual power consumption.

Xiamen Site

AUO Xiamen Site installed rooftop solar power on the vacant rooftop resources of Site 1 and Site 2. The distributed solar power project has a total installed capacity of 21.57 MW and is currently the largest distributed solar power plant in the Xiamen region by installed capacity. The rooftop solar power is used for self-generation/self-consumption with the excess fed back into the grid. Annual power output is 22,780,000 MWh and accounts for 21.25% of the site's total annual power consumption.

Taiwan

The green energy market in Taiwan is still in the development stage, with overall supply unable to meet demand. As part of its short-term goals, AUO's RE target aims to meet its needs through procurement and resupply from its own energy projects and actively expand cooperation opportunities in the green energy liberalized market, moving towards the development of green energy sales business. In the medium term, AUO plans to achieve its RE30 goal for 2030 by procuring offshore wind power.

Green Electricity Management Platform

AUO began giving thought to the effective management of green electricity contracts while purchasing CPPA to satisfy RE targets. The reason for this is that around 40 CPPAs were eventually signed by AUO when we started implementing the use of green electricity. A digital management platform was therefore necessary to manage the large number of contracts. The Green Electricity Management Platform was there developed by AUO. Key features included contract management, green electricity wheeling, and certificate management.

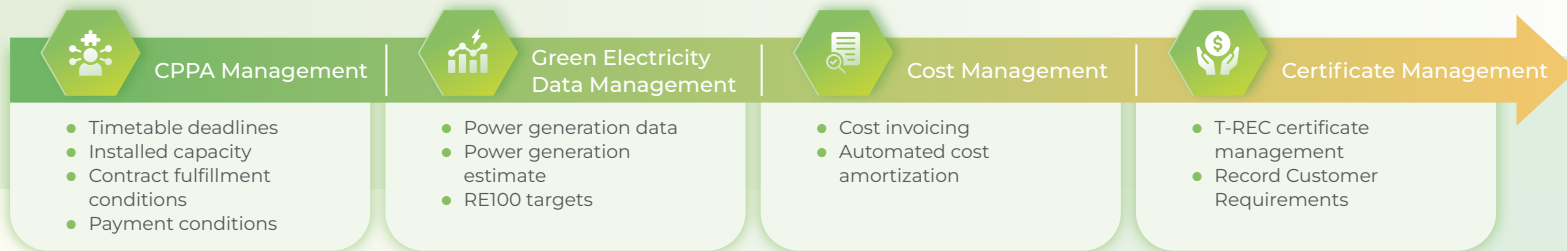
Contract Management

CPPA contracts are very complex as they must satisfy the contractual obligations and conditions of different green electricity developers. The Green Electricity Management Platform assists with the key contract management matters such as contract schedule and expiry reminders, financial payment terms, and agreement on what happens when there is an unexpected breach of contract.

Green Electricity Wheeling and Certificate Management

The Green Electricity Management Platform can dynamically track the operating status of power generation projects and supply green electricity to the consumer site through wheeling. It cannot only track project generation performance but also handle financial accounts. The platform will also help AUO avoid excess electricity from over-issue once it approaches RE100. The platform can also perform automated settlement of external green electricity. It also includes optimized management for automatic green electricity invoicing.

Green Electricity Management Platform System Process



Green Electricity Policy Engagement

The green electricity market has seen particularly strong growth in recent years since restrictions on private operators were lifted by the Taiwanese electricity market. Nevertheless, industry leaders must still communicate and coordinate with the competent authorities during the privatization process to come up with a flexible, agile, and efficient policy regime. AUO has more than a decade of experience in the energy industry so we actively engaged with the competent authority by making proposals and recommendations on collective purchases of green electricity, double insurance system for green electricity, and certificate ownership. Our contributions helped the government formulate a forward-looking roadmap for the low-carbon upgrade of the entire industry.

Green Electricity Double Insurance System

Enterprises with a higher demand for green electricity may find the RE100 requirements difficult to meet on solar power systems only. They must therefore turn to offshore wind power projects that are even larger in scale. The banking syndicates of developers are however relatively conservative and rigorous in their risk assessments for massive offshore wind power investment projects. Most Taiwanese enterprises that have a urgent need for green electricity tend to lack international credit ratings that make securing bank loans difficult so they need policy assistance from the government. AUO drew on our extensive experience in the energy industry to offer related recommendations. The identification of a common niche between offshore wind power developers and enterprises that need green electricity helped to create a win-win outcome for all parties.

Certificate Ownership

Enterprises that have committed to carbon reductions or net zero all take a strong interest in the ownership of green electricity certificates, and anticipate applying the certificates to all kinds of low-carbon declarations. AUO actively reached out to the government's certificate center to raise the relevant pain points such as bundled and unbundled power purchase agreements, and control mechanism for revoked certificates, as well as recommendations for applications such as system information and data exchange formats, and declaration of offset certificates. AUO hopes that these contributions will build the foundations for the credibility and flexible use of future certificates.

3.3 Water Resource Management

AUO has always embraced a practical approach with continuous improvement in water management. Targets set by the GP team are combined with digital tools to upgrade performance per unit of water. A comprehensive water resource risk management mechanism is also used to ensure water security. In keeping with the spirit of treasuring natural resources, AUO strives our reliance on natural water supplies and increase our process water recycling rate so that we can make the best use of water resources.

3.3.1 Target & Performance

Material Topics

Total tap water consumption
Total process water recycling rate

AUO Water 2025

To support SDG 6 “Clean Water and Sanitation”, AUO made “Water Conservation and Creation” one of the goals of CSR EPS 2025. A water conservation and creation target of “Work with the value chain to combat the threat of water shortages and conserve up to 100,000 CMD in tap water” was set for 2018 ~ 2025. In 2023, AUO exceeded the target with cumulative water savings of 230,000 CMD.

Water Consumption Conditions in 2023

In 2023, total water withdrawal at AUO amounted to 56,897 CMD. AUO strives to reduce water consumption and engage in reuse. Potential improvements are inventoried and new measures introduced every year. With AUO 2025 as our guide, AUO is reducing the potential operational impacts of water shortages through the three strategies of “Water Reduction, Water Creation, Water Conservation in the Value Chain.”

Three key Indicators



Tap water withdrawal

Increased by 10.2%

Unit is Cubic Meters per Day (CMD)



Production water recycling rate

95.02%

Calculated as Recycled Process Water/ Consumption at Point of Use (POU)



Calculation of water use intensity

Decreased by 4.56%

Calculated as Production Water Use/Chip Surface Area (m²)

Water Reduction

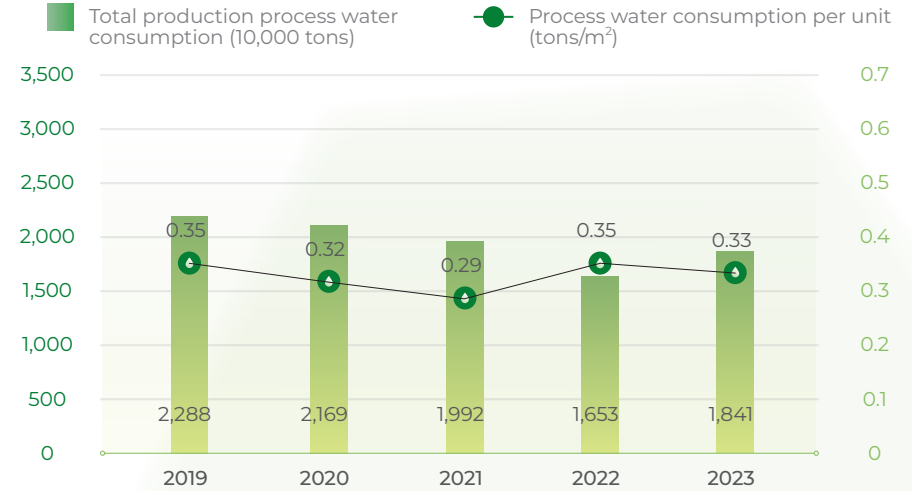
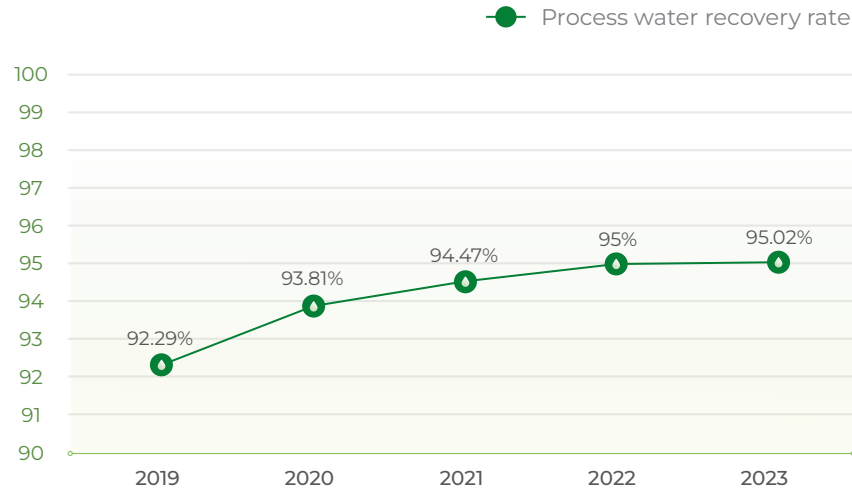
AUO drew on our many years of experience in smart manufacturing to integrate Artificial Intelligence of Things (AIoT) technology into the water withdrawal systems of our production processes and factory facilities. The automation and optimization of equipment serves to realize continued decreases in reliance on natural water supplies and improve the recycling rate of process water.

Water Creation

A contract was signed by AUO and Taichung City’s Shuinan Water Recycling Center in 2021 to begin supplying 9,400 CMD of water in 2024. The agreement will not only mitigate the pressure on water supply at the Taichung Site but also offer significant offsets once the Water Conservation Charge is imposed in the future. Reclaimed water from the development zone’s wastewater treatment plant has been introduced at the AUO Kunshan site on a trial basis. Average consumption of reclaimed water reached 7,768 CMD in 2023 and now serves as a reliable source of process water for the entire site.

Supplier Water Saving

To increase value chain awareness on water conservation and their ability to adapt to risk, AUO began recruiting suppliers to join us in promoting water conservation measures in 2016. AUO is more than happy to share our resources with suppliers that respond to the water conservative initiative. These included sharing practical experience on water resource management through supplier inclusive growth courses, organizing internal experts to provide on-site counseling at supplier sites, assisting with testing for blind posts in water use, and offering of improvement advice. Since 2018, 14,031 CMD in tap water savings have been achieved so far.



3.3.2 Management Framework

A hydrological center platform was set up by AUO in accordance with the ISO 46001 efficiency management systems standard to implement the setting of water conservation targets, classification of material water usage, water use review, routine management, performance management, water conservation action plans and other management measures.

Water Review

Inventory water consumption circuits and units including production process water consumption, factory facilities water consumption, factory facilities water production, and domestic water consumption.

Material Water Consumption Classification

Identify water-intensive units to serve as target for critical improvement

Setting of Water Conservation Targets

Set Management Targets based on the Three Strategies of "Water Reduction, Water Creation, and Water Conservation in the Value Chain"



Routine Management

Use digital tools and systems to monitor machine operations and report anomalies in real time, as well as use PDCA for cycle management

Performance and Baseline Management

Establish material water consumption circuits and Factory facilities water product unit baselines to serve as a baseline for assessing performance and making improvements

Water Conservation Action Plans

Inter-site competition and incentives encouraged engineers to propose optimizations and come up with innovative water-saving techniques

Material Topics Ratio of water usage in Taiwan controlled through POU

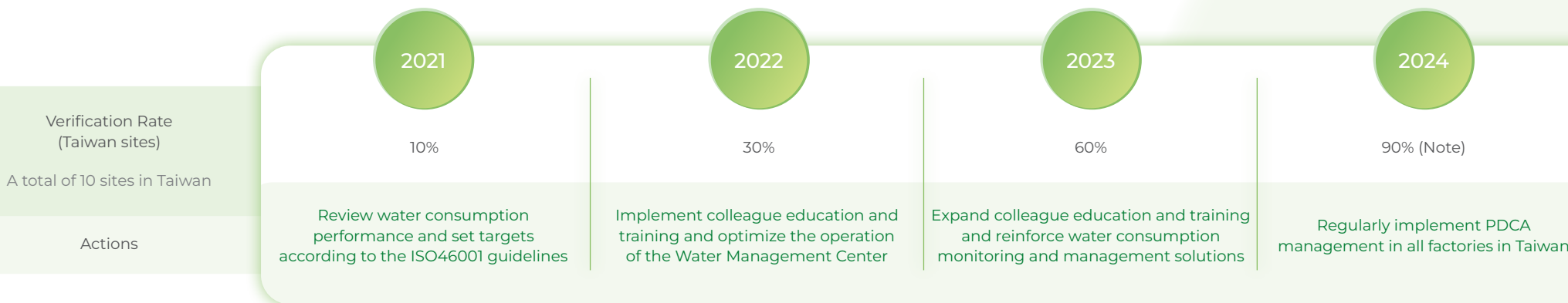
Expansion of POU Control at Taiwan Sites

The “Point-of-Use Water Use Safety Net (POU)” was developed by AUO in 2020 with the pilot system installed at Taichung Site 3. POU can automatically trawl for external water supply data and monitor all water use nodes in the factory including the level of water tanks and ground water to ensure the stability of the water supply. When combined with the reporting of water consumption data from machines, the GP team can establish the actual effectiveness of individual water-saving improvements and make further improvements to equipment variance. 100% of water withdrawals at Taiwan sites are now monitored via POU. Total water savings in 2023 amounted to 1,719,515 tons.

Material Topics Coverage of ISO 146001 water efficiency management system certification in Taiwan

Implementation and Roll-out of ISO 46001

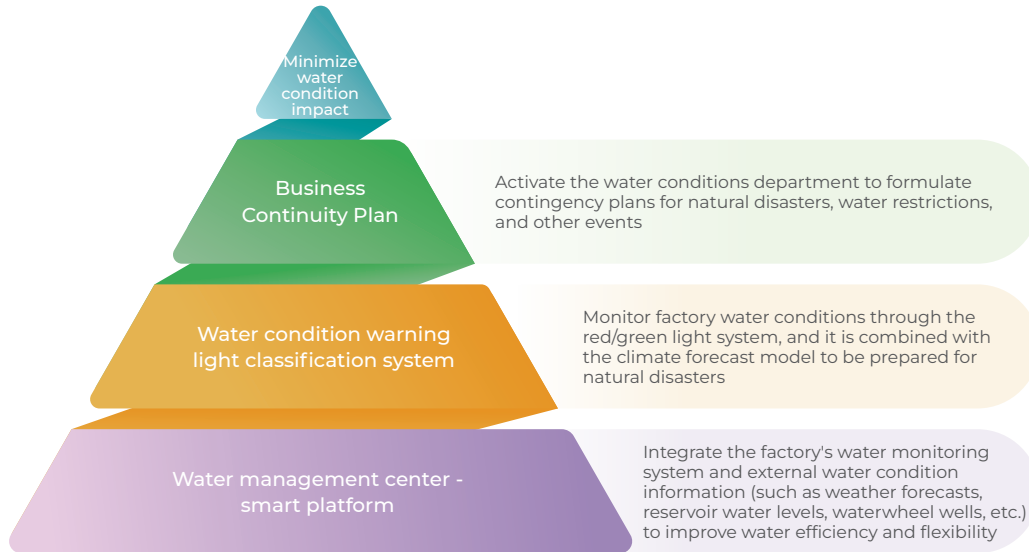
AUO has always paid close attention to international standards. We actively introduce new management systems and establish management systems that are practical and rigorous. The ISO 460001 water efficiency management system was introduced for the first time at Taichung Site 3 by AUO in 2019 and we became the first enterprise in Taiwan to obtain this certification. In keeping with the spirit of ISO 46001, AUO continued to enhance internal awareness on the importance of water management and application tools. Education and training was carried out for cadre personnel at each site along with the development and optimization of the trans-site hydrological center smart management platform. Once ISO 40061 certification was obtained by the first site, AUO immediately embarked on a stepped roll-out that saw Taichung Site 2 and Houli Site obtain their certifications in 2022. Longke Site, Longtan Site and Taichung Site 1 were also successfully certified in 2023. A total of 9 sites in Taiwan will ultimately be included in the scope of the management system by 2024. The PDCA management cycle employed by AUO includes establishment of water performance targets, action plans, monitoring and analysis, periodic review and review mechanism. These are complemented by reduction, substitution, and reuse strategies as well as AI smart applications to achieve optimal water resource management.



Note: AUO adopts a flexible operational strategy, closing down the Tainan site, and reallocating the production capacity to other production lines. Therefore, the Tainan site has not implemented the ISO 46001 certification plan.

Risk Adaption

Water resources are an indispensable element in the panel manufacturing process. In 2019, AUO followed the TCFD framework and included scenarios such as water outages and restrictions in key climate risks. Furthermore, the Company also planned and reviewed multiple long-term control measures. Faced with the severe drought situation in 2021, AUO optimized the operation of the smart platform of the water management center, supplemented by a water warning light classification system, which integrates the water consumption conditions of the factories with the external water conditions to realize monitoring, forecasting, and real-time response management, thereby ensuring the most stable and efficient water supply.



Assessment of Areas with Water Stress

Based on the RCP8.5 scenario announced by the United Nations Intergovernmental Panel on Climate Change (IPCC), and external risk model from 1990 to 2050 formulate by the climate risk organization XDI (The Cross Dependency), which examined damages caused by river and surface flooding, coastal floods, droughts, extreme winds, and other phenomena of more than 2,600 regions around the world. AUO considered the water resource resilience of each factory, including internal considerations such as reliance on water resources, industrial pool space, and factory output value, to evaluate the Company's water risks. In particular, special attention should be paid to the three factories in Taichung and Houli in Taiwan, and Kunshan.

3.3.3 Improvement Projects

AI Control and Optimization of Pure Water System SB-P

The pure water system can be divided into several modules including pre-processing, generating unit, supply unit, and pure water recovery. The SB-P (Separate Bed-Polisher) generating unit uses de-ionization resin to remove residual ions in the water. Once the resin becomes saturated it must be regenerated. Conservative settings were used for the regeneration cycle and dosage with most of the parameters being fixed value. Extensive testing and adjustment was carried out by AUO to obtain data on the most economical regeneration cycle. AI modeling was used to predict the range of the optimal regeneration cycle duration and automatically adjust the SB-P system's online hours based on the relevant factors and constraints. Since the system's introduction, water withdrawal was reduced by 3,735 tons in 2023 and chemical consumption was also reduced as well.

Longtan Site - Recycling and Reuse of Cleaning Water from Color Filter Coating Process

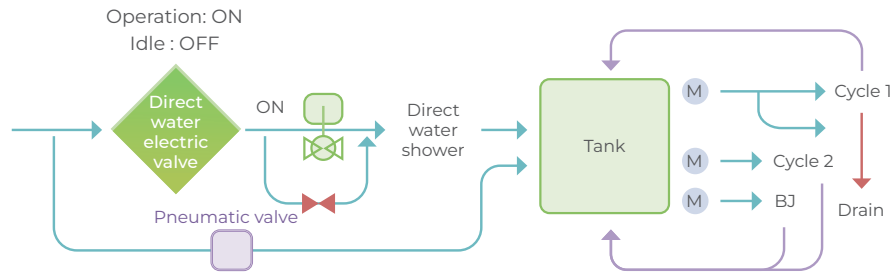
The Color Filter ITO (Indium Tin Oxide) coating process previously discharged single-use water from the pre/post-washers directly into the factory facilities system for wastewater treatment. AUO now recycles the single-use wastewater produced by the pre/post-washers for reuse to reduce water consumption by 9,636 tons a year.

Taichung Site - Recycling of Cleaning Water from Aluminum Etching Machine (WMA)

A conductivity meter was added to the aluminum etching liquid discharge system. Smart software was then written to make decisions based on readings from the conductivity meter. When the conductivity value is lower than the set threshold, low-concentration cleaning water from that conduit can be recycled for reuse. The measure saves 503 tons of water each year.

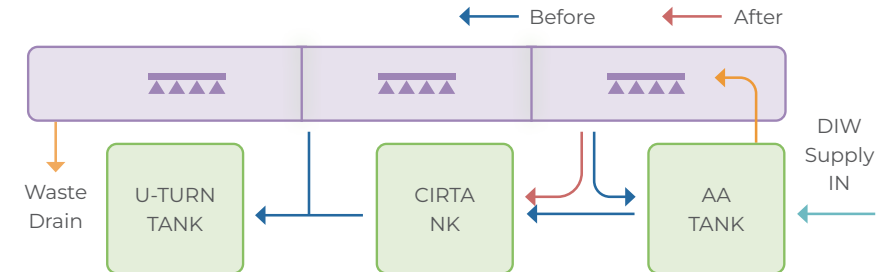
Tainan Site - Introduction of Straight Water Electronic Ratio Value for Automatic Flow Regulation

The cleaning and development stages of the production process use straight water supplied by factory facilities but unstable water pressure and flow can lead to major fluctuations in flow rate. Electronic ratio valve was introduced by AUO to automatically adjust the water supply and stabilize the water flow. Water consumption was reduced by 1,787 tons a year after this initiative was introduced.



Longke Site - Change of Water Replenishment Mechanism

Single-use water from the production process is discharged into the water tank then transferred through horizontal piping to the next tank for second-use. AUO discovered that the spillover mechanism for ensuring tank safety as well as the design of horizontal transfer pipes prevented the full reuse of water resources. Horizontal transfer was therefore changed to vertical transfer. The water replenishment mechanism was also optimized so that it is now controlled by the liquid level in the tank. Introduction of this improvement has reduced water consumption by 41,058 tons a year.



Tainan Site - Increase of Water Production Rate from RBRO

AUO replaced the RBRO in-line membrane with RO membrane channels with better flow-through rate. Water production was increased by 2 CMH while maintaining a reasonable water production rate of 60% ~ 65%, the equivalent of increasing annual water recovery by 2,920 tons. Operating current was also reduced to improve energy efficiency.

Suzhou Site - Water Reclamation Expansion Project

Suzhou Site's original reclaimed water treatment capacity was 35m³/h. Excess water reclaimed from production sites were discharged as wastewater. An improvement project was undertaken by the site to improve water reuse. The improvement consisted of adding one water recycling pump, two sets of tray-type filters, and 6 sets of Ultra Filtration (UF) units. Reclaimed water treatment capacity was increased to 47m³/h. Recycling water usage was greatly increased and is expected to reduce annual water consumption by 70,000 tons.

3.4 Circular & Clean Production

3.4.1 Circular Economy Performance

Strategy & Organizational Operations

In response to SDG12, AUO has set a goal to achieve a circular economy growth rate of 135% by 2025, based on 2017. AUO formed the Circular Economy Working Group to create a cross-functional operation model and set 3 strategic goals including products, manufacturing, and supply chains. In addition, AUO established comprehensive monitoring indicators such as source reduction, product circularity certification, and increased material recycling rate, as well as reduced process waste. AUO has also extended its circular action to its partners and implemented projects such as packaging material recycling, R&D of recycled material technology, and process material recycling to realize the Company's belief in achieving the common good with the environment, as well as generate more green business opportunities by allying with value chains.

Material Topics

Financial benefits growth rate, Ratio of recycled materials certification for the circular economy supply chain, continue to expand the circular economy supply chain

2023 Achievements

CSR EPS 2025 Goal – Circular Production

Under the goal of “achieving a 135% circular economy growth rate by 2025, based on 2017”, the financial performance growth target for 2023 was set at 68%. The actual achievement was 234%, significantly exceeding the target.

The market has not fully recovered in 2023, and the slowing down of capacity utilization has resulted in slightly lower financial benefits from the recycling usage of manufacturing raw materials than the preset target. However, with AUO's active promotion, green products using recycled materials are widely used in information display products, increasing the penetration rate of green products and contributing significantly to revenue. Overall, AUO created a total financial benefit of NTD 14.39 billion in 2023 through the sale of designs of recycling products, the recycling of raw materials in the process, waste reduction technology, and green logistics.

Green Product

Continue to develop recycled plastic materials, apply them to 150 products in 2023, generating an annual revenue of NTD 9.12 billion.

- Continue to refine the technology for recycled and reclaimed materials while also introducing third-party certification.
- Product materials such as glass, metal, and plastics now all contain recycled materials. Recycled materials are extensively used in projects when it has low impact on cost to effectively increase penetration rate. Products where this initiative has been introduced include desktop displays, notebook products, automotive displays, and public displays.
- Due to the higher cost of optical-grade plastics, certification is mainly conducted in conjunction with product ranges specified by the customer.

Green Manufacturing

Promote the recovery of developer and stripper, the reduction of sludge waste, and recycled water. In 2023, the conversion amount of raw material recycling was NTD 4.24 billion.

- Construction and Commissioning of Sludge Reduction and Treatment Facilities at Taiwanese Sites (Taichung Site, Houli Site, Longtan Site, and Longke Site)
- The new liquid crystal glass treatment center is now in operation.

Green Supply Chain

Continue the recycling of packaging materials and promote the recycling of packaging materials by customers and suppliers. The cumulative savings from repeated purchases of new packaging materials for the entire year was NTD 1.04 billion.

- To establish a circular economy supply chain, 41 out of 42 related suppliers have now obtained third-party recycled materials certification.
- Recycling rate of supplier packaging reached 95.7%

Circular Products - Increase in Penetration & Third-party Certification

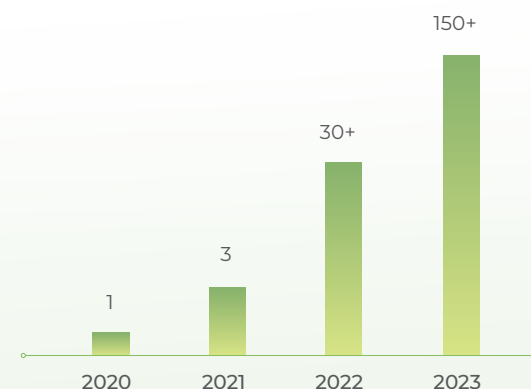
AUO is working actively to expand the use of recycled materials in products without significant increases in cost. In 2023, we applied recycled materials to desktop displays, notebook displays, public displays and other products. More than 150 product models have now introduced a certain ratio of recycled materials including plastics, metals, and glass. Materials related to automotive displays have also completed development and certification. We plan on introducing them in response to customer needs.

In term of technology, AUO is increasing the ratio of recycled materials in modular products to improve product circulation. Current circulation results can also be used for customer and stakeholder. Methods include selecting a suitable third-party certification body to cooperate with on renewable certification for products; a certification mechanism will also be introduced that requires third-party certification for the recycled materials. This will strengthen the objectivity and quality of reports. For example, AUO selected two projects under development in 2024. First of these was a 27" desktop monitor that introduced the PCR (Note 1) plastic frame with 30% PCR content, aluminum backplate with 50% recycled content, and glass substrate with 20% recycled content; The 16" display for notebooks included plastic frame with 30% PCR content, aluminum backplate with 40% recycled content, and glass substrate with 20% recycled content. UL 2809 (Note 2). certification was conducted for the whole range by a third-party certifier. The 27" desktop display and 16" notebook display each contained 22% and 13.6% recycled modules and materials. They were the first notebook and desktop PC mods in the world to receive recycled content awards. The awards represented AUO's commitment and resolution on sustainable product development and continued product development.

Note 1: Post-Consumer Recycled (PCR)

Note 2: UL 2809 recycled content certification is verified using the weight of reclaimed materials.

Number of product modules incorporating recycled materials



Milestone of Recycled Material Products

2020	Technology/ product R&D	<ul style="list-style-type: none"> Engineering-grade recycled plastic
2021	Technology/ product R&D	<ul style="list-style-type: none"> Engineering-grade recycled plastic Recycled glass Recycled steel
2022	Technology/ product R&D	<ul style="list-style-type: none"> Engineering-grade recycled plastic Recycled glass Recycled steel Recycled aluminum Optical-grade recycled plastic
2023	Total solution for the utilization of recycled materials	<ul style="list-style-type: none"> Establishing certification mechanisms Strengthening the circular materials supply chain



2023 Taiwan Circular Economy Awards - Outstanding Product Award

In 2023, AUO introduced recycled plastic, reclaimed metal, and recycled glass into their production line, notably in their 16-inch notebook and 27-inch monitor demonstration products. The actual results achieved were that the notebook contained 13.6% recycled materials and the monitor contained 22% recycled materials. This achievement yielded them the prestigious Taiwan Circular Economy Award for Outstanding Product.



Green Manufacturing - Reduction, Recycling & Resource Development

AUO has changed the traditional linear production model and expanded the circular application in the process; continue innovate, promote implementation and expansion process technology in reduce and reuse chemicals, and waste recycling.

Year/ Achievement	2016	2018	2019	2020	2021	2022	2023	
Cupric etchant	Introduction of copper purification by electrolysis to achieve zero waste solution production and turning cupric acid into high-value copper rods	Doubling the cupric acid processing volume (30CMD to 60CMD)				A total of 216 tons of copper rods was recycled	A total of 273 tons of copper rods was recycled	A total of 324 tons of copper rods was recycled
Precision control of chemicals <ul style="list-style-type: none"> Stripper Aluminum etchant 				Introduced stripper consumption precision control solutions, decreasing the consumption of new solutions by 6%	Introduced aluminum etchant consumption precision control solutions, decreasing the consumption of new solutions by 5%, achieving the lowest volume of disposed solutions in history	Introduced aluminum etchant consumption precision control solution in more fabs, reducing the consumption of new solutions by an average of 4%, and decreasing the transportation of used solutions by 5%	Introduced aluminum etchant consumption precision control solution in more fabs, reducing the consumption of new solutions by 3% (compare to 2022)	
Reutilization of chemicals <ul style="list-style-type: none"> Alignment fluid 	Introduced alignment fluid recycling to the advanced process, achieving a reutilization rate of 10% to 13%	Introduced alignment fluid recycling to the advanced process, achieving a reutilization rate of 7.7%				Achieved alignment fluid reuse rate of 13.4%	Achieved alignment fluid reuse rate of 8.3%	
Reutilization of chemicals <ul style="list-style-type: none"> Liquid crystal 	Introduced liquid crystal recycling to the 2 processes, achieving a reutilization rate of 0.8-2.4%		Introduced liquid crystal recycling to the advanced process, achieving a reutilization rate of 0.8%			Achieved a liquid crystal reuse rate of 1%, equivalent to 650 kg of reused liquid crystal	Achieved a liquid crystal reuse rate of 1.6% equivalent to 985 kg of reused liquid crystal	Achieved a liquid crystal reuse rate of 1.7% equivalent to 1,238 kg of reused liquid crystal

Sludge Reduction Milestones

Wastewater from production processes generate large amounts of sludge after treatment. The sludge goes through concentration, mixing, and drying processes to be turned into sludge cakes before being removed by waste contractors for disposal. The process is not environmentally friendly and has high costs. AUO began introducing the organic sludge lysis reduction system in 2019. Conditioning chemicals and powerful oxidizers are added before high-speed oscillation and mixing to break down cells followed by separation of solids and liquids, dehydration, and drying to maximize sludge volume reduction. The technology has now been rolled to four sites - Taichung Site 1, Site 2, and Site 3 as well as Houli Site. Trial operation commenced at the Longke Site in 2023. Due to factors such as site size and operating performance, ultrasonic disintegration sludge reduction technology is being introduced at the Longtan Site instead. Sludge reduction technologies have now been applied at all main AUO production locations. The technologies will not only our environmental impact but also deliver cost savings on waste disposal.

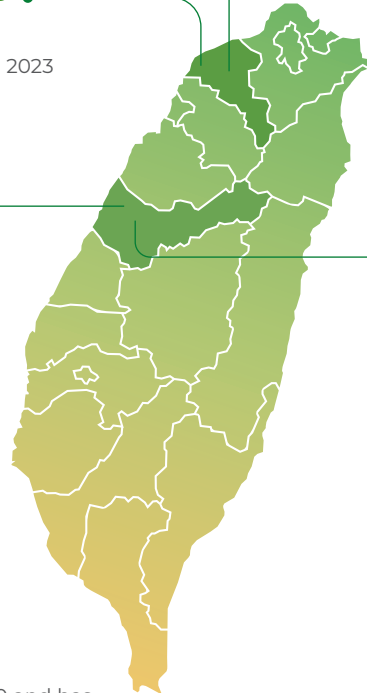


● Longke Site

Sludge Lysis System

Longke Site

Trial operation commenced in 2023



Sludge Lysis System

Taichung Site 3

First introduced in 2020 and has reduced sludge production by 15,003 tons as of 2023

Ultrasonic Disintegration

Longke Site

Reduced sludge production by 435.7 tons between 2021 ~ 2023



● Longke Site

Sludge Lysis System

Taichung Site 1, Taichung Site 2, and Houli Site

Reduced sludge production by 6,069 tons between 2022 ~ 2023



● Taichung Site 1



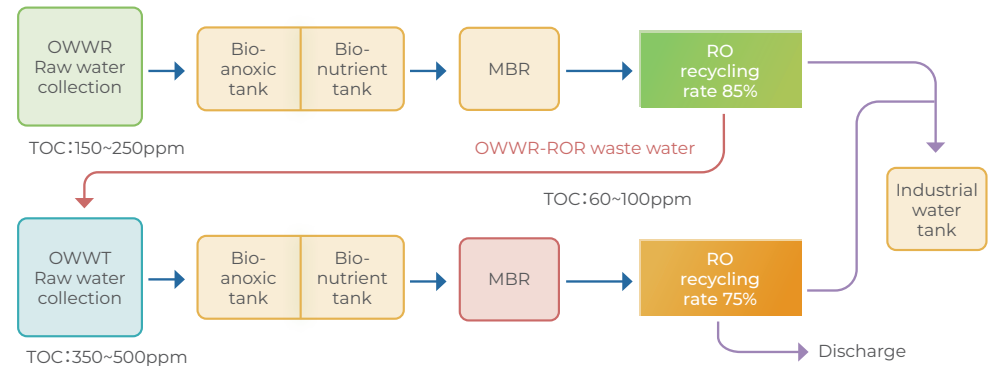
● Taichung Site 2



● Houli Site

Improvement in Sludge Reduction Process

Membrane Bio Reactor (MBR) and Reverse Osmosis (RO) were combined by AUO and developed into an effective wastewater treatment technology.[MBR pores have a filtering function and transmembraneous pressure (TMP) is used to filter the mixed liquid after activated sludge treatment (to separate microorganisms from water in the bio-reactor). By increasing the sludge concentration in this manner, microorganisms' ability to breakdown bio-refractory organics can be boosted to further reduce the amount of waste sludge produced. Water quality after solid-liquid separation is also good enough to meet the standard for recycling. In October 2023, the Houli site added MBR and RO water recovery and treatment to the highly-concentrated wastewater treatment process to improve the water recovery rate and reduce the amount of sludge. As a result, the need for sludge removal was reduced by approximately 16%.



3.4.2 Wastewater Management

Smart AI control was introduced by AUO to enhance the performance of the wastewater treatment system, collect and analyze water resource data, improve water recycling performance within the factory as well as reduce the amount of process wastewater generated and reduce the impact of AUO operations on the environment and water bodies. AUO also held itself to higher-than-statutory standards for the separation and treatment of wastewater based on process attributes. A self-monitoring system ensures all treatment processes comply with management targets. At the same time, third-party inspections are periodically conducted by AUO to ensure that the goals of low pollution and zero fines are met.

Improvement Projects

Kunshan Site - Optimization of Fluorine Concentration Control for Discharge Water

Hydrofluoric acid used as the etching liquid during the production process generates fluorinated wastewater. The wastewater is separated by type and collected for treatment at the source by AUO. In 2021, AUO designated fluorine ion concentration in discharge water as a key control indicator and required a fluorine concentration of less than 10 ppm (mg/L) for discharge water. A fluorinated wastewater deep treatment system was added by AUO effectively keep the concentration of fluorine ions in the site's discharge water between 6 ~ 8 ppm (mg/L). Stricter regulatory standards led to the Kunshan Site conducting further data collection and analysis on the wastewater treatment system to identify the key operating factors that affect fluorine ion concentration in discharge water. A defluorination unit was added to improve treatment performance for fluorinated wastewater. Fluorine ion concentration in discharge water can now be reduced to less than 3 ppm (mg/L). This is better than required by law and reduces the potential impact on the environment and water bodies from fluorine ions by approximately 6.95 tons a year.

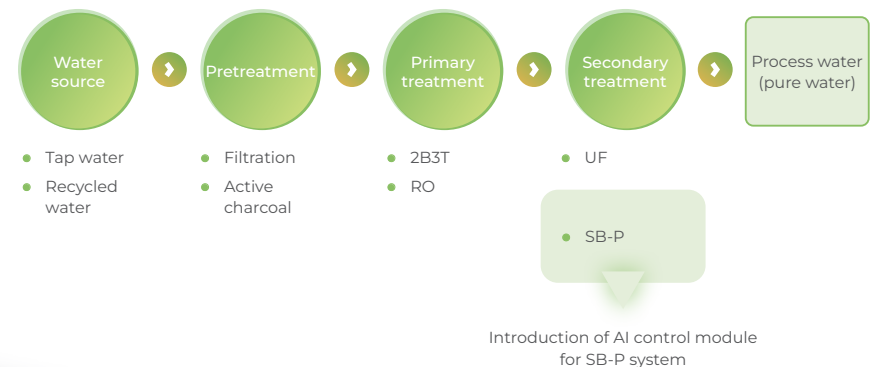
Houli Site - Substitution of Eco-Friendly Chemicals

Chemical management at AUO is enforced through the chemical management system. Chemical control list are regularly checked to keep track of risk management on chemical use in production processes. In wastewater management, AUO implemented improvements at the source to reduce the environmental impact of hazardous chemicals. We are planning to voluntarily replace such chemicals with eco-friendly alternatives. The NMF(Note) R-type stripper used in the production process is a reproductive toxic agent so AUO prioritized the assessment of alternative chemical products. The non-reproductive toxic DEF stripper (Note) was introduced in 2023 and underwent performance verification in the production process. DEF was found to be a suitable alternative to the NMF stripper due to better safety and lower toxicity.

Note: NMF: N-Methylformamide;
DEF: Diethylformamide.

Houli Site - Optimization of Purified Water Resin Water Production Process

Separate Bed-Polisher (SB-P) was installed in the purified water system by AUO. The system uses ion-exchange resin to remove positive and negative ions from the water to supply the quality of purified water required by the production process. The SB-P system must be chemically dosed on a regular basis to regenerate the ion-exchange resin and maintain the stability of the purified water quality. The regeneration process not only consumes chemicals and tap water but also generates resin regeneration wastewater. An AI control module was introduced by AUO for the SB-P system in 2023 and critical parameters defined for effective monitoring of the purified water output quality and optimization of the resin regeneration process. Wastewater and chemical reduction were both achieved, with annual regeneration wastewater production reduced by 3,755 tons and chemical consumption reduced as well.



3.4.3 Air Pollution Management

Prevention, control, and management measures are adopted by AUO for air pollution. For prevention and control, the best practical technology is used for emissions treatment based on the composition and nature of process emissions. Internal and external air pollution monitoring are also periodically conducted to ensure the consistent operation of air pollution prevention equipment and compliance with regulatory requirements. In terms of management, Volatile Organic Compounds (VOCs) management targets have been set by AUO. The VOCs Continuous Emissions Monitoring System (CEMS) is used to enforce air pollution reduction through real-time monitoring of control equipment and rapid confirmation of target pollutant emissions.

✓ Achieved ✗ Not Achieved

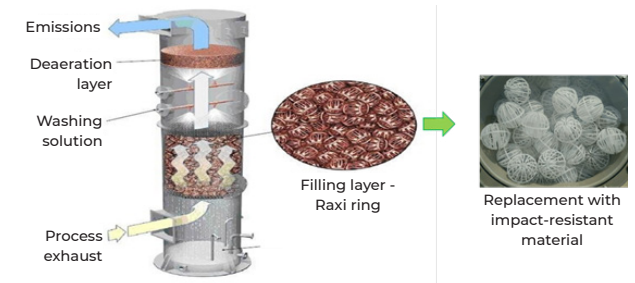
VOCs management goals	Year	2023	2023 Progress	2024 Target	2025 Target	2026 Target
Based on the total emissions in 2020, the emissions will be reduced by 1% per year Unit: tons	VOCs emission	<143.55	138.75 ✓	<142.1	<140.65	<139.20

Houli Site - Refinement of Air Pollutant Removal Efficiency and Heat Recovery Performance

VOCs generated during the production process may lead to air pollution and smog. The current practice at AUO is closed collection of VOCs for treatment using the best practical control technology. The VOCs are concentrated using Zeolite rotor concentrator and channeled into the Regenerative Thermal Oxidizer (RTO) for treatment before release. The process is monitored by an automatic continuous monitoring system to ensure that the control equipment is in working order. In 2023, an additional set of control equipment (Rotor and RTO) was added by AUO to increase VOCs treatment efficiency and reduce air pollutant emissions due to increase in production capacity. The upgrade improved overall VOCs treatment efficiency by 4% and removal performance was 92%, better than that required by law. Annual VOCs emissions were therefore reduced by 0.7 tons. At the same time, AUO is continuing to make refinements to control equipment. Increasing the thickness of the heat storage blocks in the RTO combustion chamber to improve heat recovery and reduce consumption of auxiliary fuel helped reduce natural gas consumption by 160,000 m3 per year. Emissions of the air pollutant Nitrogen Oxides (NOx) was reduced by 0.26 tons per year and GHG emissions reduced by 305.58 tons CO₂e year as well.

Taichung Site 1 - Replacement of Raschig Rings in Scrubber Tower

Waste emissions produced by the production process are directed to the scrubber tower via the collection system. Pollutants in the emissions are then absorbed into the scrubbing liquid through physical and chemical reactions. Raschig rings are used to fill the filler layer in the scrubber tower. The larger the Raschig Ring, the greater the contact area between the emissions and the scrubber liquid becomes, and the more effectively pollutants are removed from the emissions. In 2023, AUO replaced the Raschig Rings in the scrubber tower for the acidic emissions system with impact-resistant Raschig Rings to prevent damage that may reduce the specific surface area and thus impact on the removal of air pollutants. The measure will help ensure the optimal performance of pollution control facilities.



Longtan Site - Optimization of Energy Consumption for Process Water Total Recovery System

AUO Longtan Site was the first factory in Taiwan to realize total recovery of process water and zero emissions. In terms of zero discharge of process wastewater, AUO's previous practice consisted of a constant pressure dryer in the end processing unit that evaporates the water from the concentrated waste liquid with 120°C heat. The residual salts are then collected for disposal. The evaporation process not only consumes diesel for heating but also generates air pollutants. In 2023, AUO converted the 4 more energy-intensive constant pressure dryers to low-temperature, reduced pressure dryers that use vacuum to lower the boiling point of concentrate wastewater. Benefits include lower diesel consumption and air pollution. The introduction of the new equipment will reduce diesel consumption by 1,285.9 KL per year and the emission of air pollutants such as Sulfur Oxides (SOx) by 23.35 tons, Nitrogen Oxides (NOx) by 3.08 tons, and GHG emissions by 3,362.35 tons CO₂e.

3.4.4 Reuse of Waste

Waste recycling, reuse, and reduction are important to AUO. The 3R approach (Reduce, Reuse, Recycle) is prioritized with incineration or landfill used if there are no other options. AUO is continuing to develop the "10 Circular Models for Industrial Waste Disposal Plan" with Resource Circulation Network Waste Disposal Plan as the goal. AUO also plans to undergo UL 2799 Zero Waste to Landfill certification in 2024 to progressively align all sites with international trends on carbon reduction and material circulation. AUO has implemented target management by defining indicators for "Total Output of Non-recycled Waste" and "Total Output of Non-recycled Hazardous Waste." The two indicators are used to periodically review progress on waste output and recycling. Enforcement of waste management is also emphasized at AUO. Waste sorting and disposal is covered during orientation training for new AUO recruits. Environmental safety personnel in Taiwan also undergo education and training on waste permit documentation, laws and regulations. For control of waste risks, Taiwanese sites use a total process management system to verify the four operational aspects of waste planning, output, temporary storage, and disposal. This year, automatic search of waste-related abnormal media reports was employed to help AUO monitor waste contractor operations to prevent disruptions to waste removal and for risk control.

✔ Achieved
 ✘ Not Achieved

Waste management target	2023	2023 Progress	2024 Target	2025 Target	2026 Target
Total volume of non-reusable waste Unit: tons	< 8,900	6,108 ✔	< 8,700	< 8,500	< 8,300
Total volume of hazardous unrecusable waste Unit: tons	< 3,500	2,093 ✔	< 3,400	< 3,300	< 3,200

Note1: AUO primarily generates hazardous waste including etching waste liquid (from the etching process), photoresist waste liquid (from Array and Cell processes), mixed solvent waste (from all processes), etc. All of these waste types are recycled or disposed of through legal methods such as reuse or incineration.

Note2: AUO is actively reducing waste. In 2023, it adjusted its waste management goal, which is more aggressive than the targets disclosed in the 2022 sustainability report (p83).

Houli Site - Intelligent Control for Dryer

Wastewater from production processes generate large amounts of sludge after treatment. The sludge goes through concentration, mixing, and drying processes to be turned into sludge cakes before being removed by waste contractors for disposal. The process is not environmentally friendly and has high costs. AUO introduced the organic sludge lysis reduction system in 2019. Conditioning chemicals and Hydroxyl radicals are added before high-speed oscillation and mixing to break down organic sludge cells followed by separation of solids and liquids, dehydration, and drying to effectively prevent problems such as lack of available landfills and foul odors that affect disposal of organic sludge. In 2023, AI technology was added with intelligent control of temperature differences and air pressure changes inside the oven that reduced drying time by around 10%. This will reduce annual power consumption by around 40.46% and the amount of organic sludge by 29.45%.

Houli Plant – Recovery and Reuse of Stripper Steam

The AUO stripper process uses stripper at 70°C and percussive cleaning sprays that form hot steam containing stripper within the machine. Sealed extraction was therefore used to prevent contamination from leaked steam but extracted steam led to indirect loss of stripper through the emissions exhaust conduits. Condensate recovery equipment was therefore fitted to the extraction conduits to recover stripper condensate through Process Cooling Water (PCW). Cyclonic condenser was introduced into the condensate recovery equipment by AUO in 2023 to increase condensation performance by reducing the cold-side temperature from the lowest 18°C achievable by PCW down to 0°C. Improving cooling efficiency increased stripper recovery and reduced the need for replenishment of new stripper. The measure reduced the amount of stripper replenishment by approximately 876 tons a year.



3.5 Biodiversity

3.5.1 Vision & Progress

The rich resources and environmental services provided by biodiversity form the cornerstones of development for human society. Linear economic development that is over-reliant on environmental resources has now led to worsening climate change and the depletion of environmental resources. The Global Risk Report published by the World Economic Forum now lists biodiversity as a crisis that is second only to climate failure in importance. To reverse the loss of biodiversity, AUO recognizes and responds to the importance of global biodiversity, ecosystems, and conservation of forests and the natural environment, and we respect and support the spirit of the Convention on Biological Diversity and of the Kunming-Montreal Global Biodiversity Framework to fulfill a shared vision of living in harmony with nature. Thus, the “AUO Biodiversity, Ecosystems, and Zero-Deforestation Policy” was formulated by AUO to commit the Company to partner with our value chain to cherish, conserve, restore, and rationally utilize biodiversity for the sake of maintaining global ecosystem services and delivering benefits essential to all individuals. We adhere to the following guidelines for the sake of achieving the vision of no gross deforestation and no net loss/net positive impact on biodiversity by 2050. AUO production sites are all located in government-planned technology parks and industrial parks, or areas zoned for industrial use in urban planning. None are located in or near environmental conservation areas or areas important to biodiversity. Our routine operations not only comply with local environmental regulations but also adhere to even stricter internal standards to alleviate our burden on the local environment and ecology, and to avoid impacting on local biodiversity in a significant way.

Foster positive impacts on biodiversity, Fulfill a living in harmony with nature

Adapt

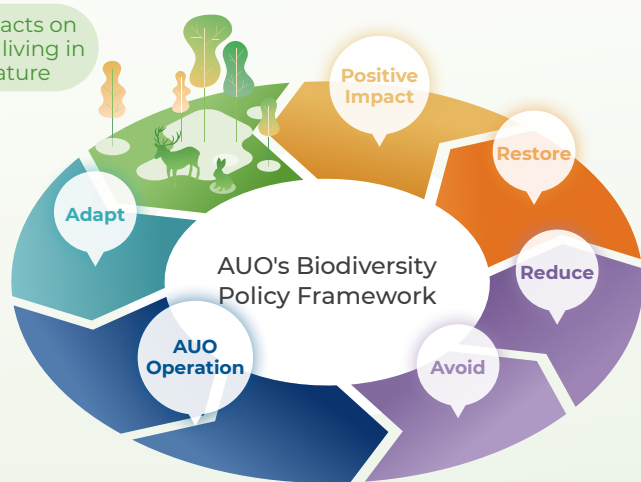
- AUO has 4 factories that have received the LEED certification
- Apply Task Force on Nature-related Financial Disclosures (TNFD) in risk management

Assess & Disclose

Refer to and follow relevant international disclosure frameworks such as GRI Guidelines, Science-Based Targets Network (SBTN) guidance, and Task Force on Nature-related Financial Disclosures (TNFD), and disclose relevant information to external stakeholders.

Stakeholder Communicate/Respect the Rights

Stakeholder partnership cultivation, environmental impact assessment public hearing



Positive Impact

Environmental education promotion, supplier response

Restore

- Internally: In case of significant impacts caused by photovoltaic power plants, make efforts to carry out on-site environmental restoration or off-site compensation.
- Externally: Promote tree planting and participate in ecological conservation efforts.

Reduce

Environmental regulations, such as water discharge standards, air pollution control, etc.

Avoid

- Material procurement: Green procurement (EPA label, FSC...)
- Production: environmental impact assessment
- Product impact: green product label / regulatory compliance (EPEAT, WEEE, RoHS...)

Disclosure of Nature-related Information

As a TNFD Adopter, AUO is committed to the disclosure of nature-related financial information from 2024 onwards. Self-identification and assessment was conducted by AUO using the recommended framework announced by TNFD in September 2023 as a guide. Nature-related dependencies, impacts, risks and opportunities were also identified, assessed, reviewed, managed and disclosed by AUO. We also continued to carry out internal research and assessment to fulfill AUO commitments made in the AUO Biodiversity, Ecosystems, and Zero-Deforestation Policy. We will gradually realize our vision of living in harmony with nature and exert a positive influence on biodiversity.



Biodiversity Dependence & Impact Assessment

To establish the dependence and impact of biodiversity, AUO followed the LEAP (Locate, Evaluate, Assess, Prepare) recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). The categories defined by the Greenhouse Gas Protocol was also used as a reference with some adjustments made to divided AUO's value chain activities into 21 activity types and 3 categories - Upstream, Operations, Downstream. These were used together with the 12 types of impacts in five categories defined by the TNFD and Natural Capital Protocol to inventory the environmental impact of the AUO value chain. The findings of the preliminary inventory is as shown in the impact heatmap. It can be seen that the environmental impacts from operations of AUO's value chain were concentrated mainly in changes to usage of terrestrial ecology, water consumption and use of other resources, GHG emissions, air pollution, waste, and interference. Environmental impact was more extensive from upstream procurement of products and services, fuel and energy-related activities, waste generated and externally purchased electricity during operations, as well as downstream disposal of sold products, and leasing of assets. In the future, AUO will continue to refine our analysis and use it as the basis for further mitigation and compensation actions.

Positive Effect Created by Sustainability Action

In addition to identifying and inventorying hot spots for dependence and impact on biodiversity and the environment then progressively adopting mitigation measures based on the outcomes of the inventory, AUO is also actively exerting our corporate influence to expand our social engagement and lead all employees, customers, and supply chain partners in confronting the effects of the climate crisis of marine and terrestrial resources, and the impact on biodiversity. We are working with stakeholders to launch a series of sustainability actions that will co-create positive benefits for biodiversity.

Reduction of Threats to Biodiversity

A 5-Year Mikania Micrantha Control Plan was proposed to prevent the introduction and establishment of foreign invasive species. AUO took responsibility for environmental conservation around our discharge outlet on the Xiaoli River by regularly removing Mikania Micrantha vine growing beside the roads along the river near the discharge outlet. Our target is to reduce Mikania Micrantha coverage by 30% after 5 years (2027).

Satisfying Human Needs through Sustainable Use and Benefit-sharing

To increase the amount of green space and blue belts in cities and densely populated areas as well as support the government's National Ecological Conservation Green Network Construction Plan, AUO launched the "Green Party" series of mountain and sea initiatives. The initiatives included tree planting and protection within sites, adoption of soil conservation forests, and coastal clean-ups. AUO also partnered with local revitalization groups to launch conservation actions or services targeted at local and nearby ecosystems.

Tasks, Mainstreaming Tools and Solutions

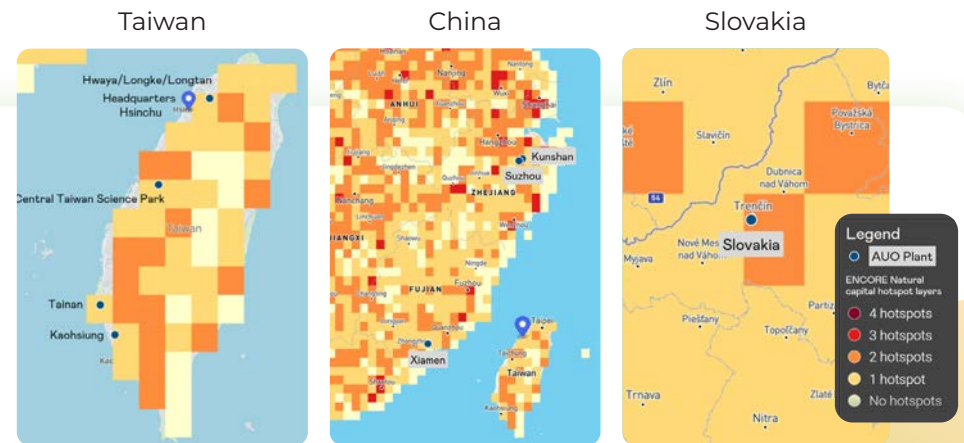
To promote corporate responsibility and responsible consumption, based on AUO's plastic neutralization policy, we are initiating the "2023 Plastic Reduction Year". This goal will focus on two major areas: product manufacturing and employee behavioral impact, with the goal of achieving plastic neutrality by 2030.

Forest Circulation

To uphold the principle of zero waste and the ideal of ecology first, AUO embraced the concept of the circular economy by promoting green sustainable circular products to make the timber circular economy a reality. To this end, AUO partnered with the Dawoko social enterprise to take wood from tree thinning at AUO sites and fire them in a kiln to produce wood vinegar. The wood vinegar was turned into site's everyday daily necessities such as soap and cleaning liquid. The innovative circular initiative was recognized with a third prize in the procurement category, and a special prize in the environmental sustainability division at the Ministry of Economic Affairs' (MOEA) 2023 "Buying Power - Social Innovation Products and Services Procurement Awards." At the same time, the AUO Foundation also gave Mikania Micrantha vines collected during the Mikania Micrantha remove and river protection event to the local revitalization association. Mikania Micrantha, also known as the green cancer, were converted through the association's circular regrowth technology into "green gold." AUO was able to take action and exert a positive influence on biodiversity.

To help stakeholders understand AUO value chain's dependence and risks on biodiversity, AUO used the ENCORE assessment tool co-developed by Global Canopy, UNEP FI, and UNEP-WCMC to analyze and collate the results of AUO's biodiversity risk assessment based on the nature of the industry to provide a reference to stakeholders. The analysis found that dependence on biodiversity during AUO operations included high dependence on surface water and minor dependence on ground water supplies. Impacts on biodiversity included moderate impact from water and soil pollution, as well as minor impact from solid waste and environmental interference. An analysis was also carried out natural capital hotspot area information supplied by the ENCORE assessment tool (from level 0 to 4, with 4 being the most severe). AUO's Huaya Site, Longke Site, Longtan Site, Hsinchu Site, Taichung Site, Houli Site, Tainan Site, Kaohsiung Site, and Xiamen Site were all located in biodiversity level 2 hotspots. Kunshan Site, Suzhou Site, and Slovakia site were located in level 3 hotspot areas, and there were no sites located in the most precious level 4 hotspot areas. Due to the nature of the upstream and downstream processed in the industry value chain, AUO is therefore highly dependent on water-related services and stable quality. There is also for greater potential impact during the water consumption process. For this reason, AUO has continued to invest in water-efficiency improvements over the years. In addition to making further refinements to our own water cycle, AUO is also actively encouraging suppliers to join in improving their water utilization.

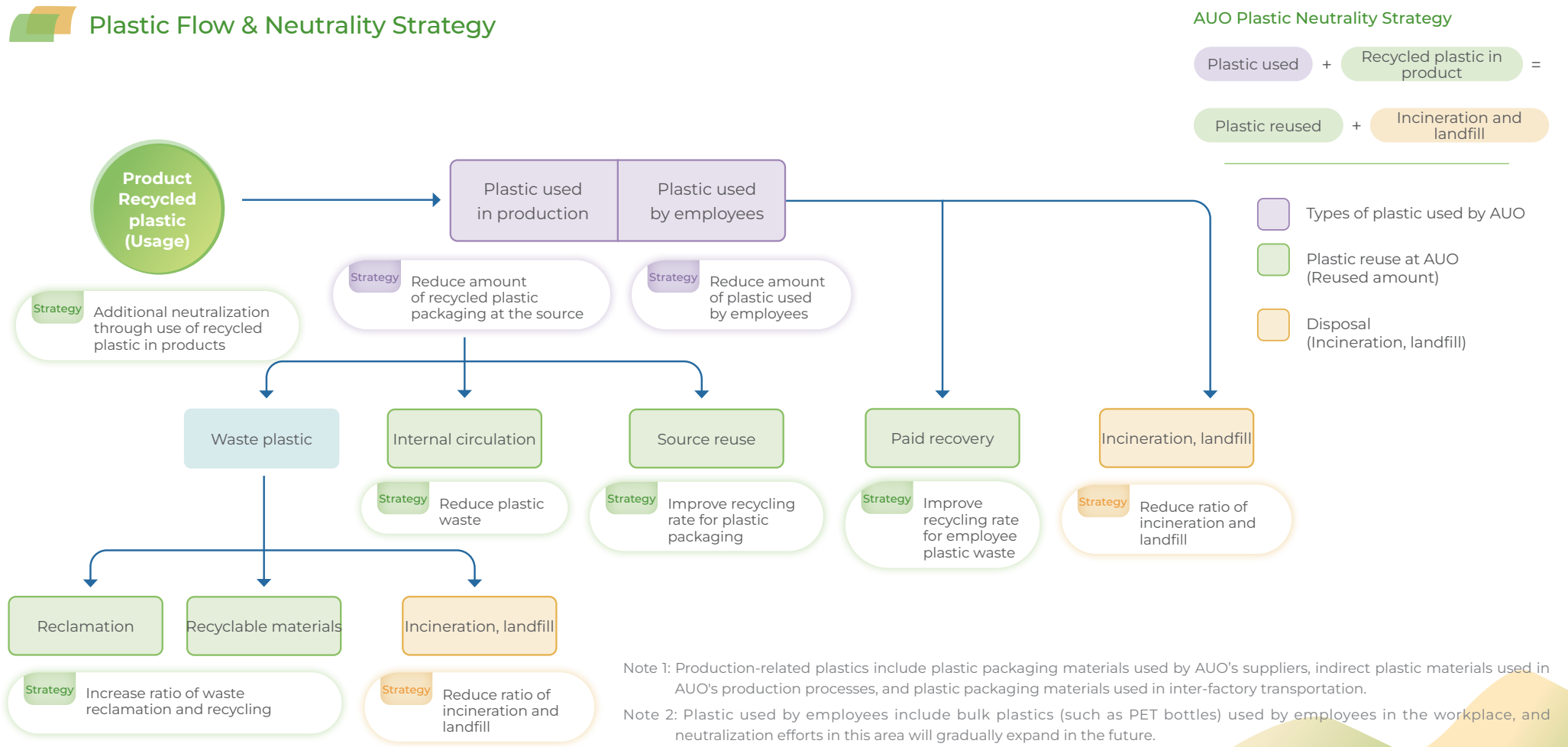
AUO Biodiversity Operating Location Hotspot



3.5.2 Plastic Neutrality

AUO supports international interest in biodiversity and the “Kunming-Montreal Global Biodiversity Framework” Many research reports indicated that one of the key threats to biodiversity is plastic, a material that is used extensively in everyday life. For this reason, AUO made the decision to take part in plastic reduction action. We also hope to lead by example and persuade the rest of the industry to take the issue of plastics seriously. AUO started by conducting a full inventory of plastic consumption during the production process and employees’ office lives. Base year was set as 2023 with “plastic neutrality” to be achieved by 2030. The “3R+1” strategy (Replace, Reduce, Recycle, Rethink) was adopted by AUO and a trans-unit plastics working group set up to oversee plastic reduction tasks. At the same time, AUO also announced the plastic neutrality target at the annual Supplier Creating Shared Value Conference. Value chain partners were also encouraged to join in the plastic reduction initiative and reduce the environmental impact of plastics.

Plastic Flow & Neutrality Strategy



In Manufacturing: End-to-end Management Approach

Phase	Management Approach	Action Taken	Key Outcome
<p>Start</p> <p>End</p>	<p>Procurement and Supply</p> <p>The supply chain is the AUO portal to plastic materials. The Supply Chain department plays a critical role in managing the use of plastic indirect materials during production and packaging materials for product transportation. "Increasing the ratio of recycled plastics in packaging and indirect materials as well as the recycling rate of plastic materials) were chosen by AUO as key areas for management and implementation targets set.</p>	<p>Supplier Packaging Recycling Project</p> <p>AUO launched supplier partnership projects on packaging recycling in 2018. Recycled categories encompassed 8 commonly used plastic materials including L-supporter, Pol box, PP box, T-Box, Tray, collection bins, pallets, and partition boards. A common example is plastic trays and pallets. 1,348 tons were used in 2023. AUO conducts long meetings with suppliers to discuss recycling targets and plans.</p> <p>AUO supplies collection containers and set up collection points at factories to facilitate the collection, sorting, cleaning, and repeated use of packaging. AUO must also coordinate the requirements of the Transport, R&D, QC, and Production departments to minimize supplier demand for plastic packaging while maintaining the same costs, quality, and production efficiency. Packaging that with plastic reduction potential must also be identified.</p>	<p>Plastic Packaging Average recycling rate >95.8%</p> <p>Tray average recycling rate 96.4%</p>
	<p>Manufacturing</p> <p>The Manufacturing department is the main user of plastic consumables. It is also the decision-maker on plastic usage and generation of plastic waste. "Reduce use of plastic consumables", "improve recycling of consumables" and "increasing the revitalization potential of waste plastics" were adopted as the main management methods. In 2023, another inventory was conducted on plastic consumption. The spirit of 3R was used to roll-out multiple plastic consumable improvement project and establish an on-site plastic circulation process.</p>	<p>Promotion of New Modular Plastic Pallets</p> <p>AUO partnered with the supplier to replace legacy pallets with a new modular plastic pallet. Damaged parts can now be replaced by itself instead of scrapping the entire pallet. Modular plastic pallets can give old pallets a new lease of life, increases the service life of plastic pallets and reduces wastage.</p> <p>Lower frequency of sticky mat replacements</p> <p>Clean room sticky mats must be made from plastic consumables that are frequently replaced to maintain the cleanliness of the clean room. These may contain special materials or chemicals that are difficult to recycle and reuse. If this happen then either incineration or landfill will be carried out. Reduction assessment and verification were therefore carried out by AUO to adjust the sticky mat's replacement frequency through substance analysis and cleaning management.</p> <p>Introduction of reusable PVC gloves</p> <p>AUO has imposed restrictions on latex gloves. Reusable PVC gloves were introduced except in special production areas. On-site operations include employee orientation and training, as well as the establishment of a management mechanism for swipe cards at access control. This is to prevent improper use by other people. Alternative wearables that can be used will continue to verified in the future.</p>	<p>Lower consumption of sticky mats 20%</p> <p>Reduce PVC glove usage 50%</p>
	<p>Waste generated in operations</p> <p>The Environmental Safety department is the gatekeeper on waste plastics. Some of the plastics in our sites are composites that cannot be recycled so where usually disposed of through landfills. "Establishment of detailed sorting processes and expansion of channels for material collection and recycling" was therefore adopted by AUO as the primary management method. Potential for plastic recycling and reuse was increased through process reviews and sorting at the source.</p>	<p>Recycling of waste polarizers</p> <p>In 2023, AUO switched to Solid Recovered Fuel (SRF) as the disposal method for the 79.68 tons of polarizers produced by our sites. The polarizers were handed over to qualified vendors and used as an alternate fuel for coal in their boilers to offer an enhanced circulation model.</p> <p>Aluminum and plastic separation</p> <p>Most raw materials at AUO are packaged in aluminum foil bags to protect high-precision materials against contamination. Aluminum foil bags are an aluminum-plastic composite that can only be disposed of through incineration or landfill. After extensive testing with vendors that share our ideals on plastic reduction, an aluminum-plastic separation technique was successfully developed by AUO. The technology is now used by contractors to assist AUO with foil recovery. A total of 92.61 tons was recovered in 2023. The recovered aluminum bars and recycled plastic can all be re-manufactured into other products to realize the resource cycle.</p>	<p>Reuse of recycled aluminum foil 92.61 tons</p>

Material Topics

Organizing of annual energy-efficiency and carbon reduction events

At Office: Encouraging Rethink on Plastic Reduction

HR plays an important role in promoting the plastic reduction culture of AUO. In addition to setting total process management indicators based on producer accountability, source reduction, product circularity certification, improving plastic utilization, and reducing plastic waste, HR also makes active efforts to promote employee consensus and action on plastic reduction in food, clothing, accommodation, and transportation through the cultivation of supportive spaces, equipment, and atmospheres.

Plastic Reduction in Food & Beverages

AUO removed disposal utensils from cafeterias at all sites in 2023. Employees are also offered discounts for bringing their own eco-friendly cups. Posters were also put up in shops to discourage the buying of bottled water or beverages in PET bottles. Efforts were also made to raise awareness on recycling of PET bottles. In 2023, the purchase quantity of PET bottles decreased by more than 220,000 compared to 2022.



Plastic Reduction in Clothing

AUO distributed more than 38,000 pieces of sports clothing made from 100% recycled PET fibers. The indoor slippers of employees are now all made from recycled PET bottles. Employee are encouraged to start with their clothing and embrace plastic reducing green fashion.



Plastic Restrictions in the Dormitories

Employees use many plastic goods in their dormitories. AUO set up exhibitions on how plastic reduction in everyday life in the dormitories, introduced smart eco-friendly machines, and provided PET recycling services, and laundry agent refills. Recycling cabinets were also set up so that clean empty bottles, clean plastic bags, and paper bags can be reused. A mechanism for transfer of used goods such as appliances and furniture was also set up to encourage resource reduction, recycling, and sharing among employees

Literacy Education

The plastic reduction culture was instilled by AUO into the office areas. Creative methods were used to raise employee awareness on environmental issues and cultivate their sustainability citizenship. In 2023, plastic reduction exhibitions were organized at AUO sites in Taiwan and China featuring recycled plastics turned into art installations. Promotional videos were also made with employees invited to serve as plastic reduction ambassadors so that the DNA of plastic reduction can be planted in the hearts of every AUOer.



Taiwan Sites - Space Infinity

The "Space Infinity" unmanned smart retail and sustainable merchandise shop was set up by AUO in 2022 to cultivate employee understanding of SDG sustainability goals. Merchandise based on different sustainability themes are put on display each quarter in collaboration with social enterprises. In 2023, a plastic reduction special exhibition was organized to complement the AUO "Plastic Reduction Year Zero" in 2023. Interactive exhibits introduced employees to the seven main types of plastics, and the everyday items they are used to make. Eco-friendly products made by social enterprises from recycled plastics were also promoted to encourage employees to engage in responsible consumption through selection of low-carbon, and low-plastic products in everyday life.

Taiwan Site - Environment & Plastic Reduction Month

AUO is working to combat climate change through energy efficiency, carbon reduction, environmental protection, and other issues. In July 2023, the "Environment and Plastic Reduction Month" event was held to invite employees to join in practicing plastic reduction in everyday life. Employees could use their personal electronic plastic reduction passport to take part in a 21-day plastic reduction challenge. By accumulating one simple green action every day, employees could make a difference in their everyday life and at work. These included the use of eco-friendly utensils, bringing their own eco-friendly shopping bags, cycling instead of riding a car/motorcycle, and so on. The gradual reduction in use of plastic goods aimed to reduce the burden on the Earth's environment over time. The 21-day challenge for Environment and Plastic Reduction Month attracted 19,458 participants. Practicing plastic reducing behavior for everyday food, clothing, accommodation, and transportation turned people into plastic reduction gurus.



Suzhou Site - Environmental Protection Group Exhibition

Suzhou Site hosted an environmental protection group exhibition with plastic reduction as its theme. The quartet of "Plastic reshaping, Plastic reduction, Plastic innovation, and Plastic leadership" introduced employees to the rebirth cycle of waste plastics and more than 400 employees were drawn to take part in the event. For the exhibition, 15 departments used their imagination and creativity to craft plastic reduction artworks. HowBottle CEO Jiayu Lun was also invited to share her start-up history, and plastic reduction philosophy in order to provide employees with guidance on how putting plastic reduction in practice.



Kunshan Site - Plastic Reduction Events

Kunshan Site added dedicated PET recycling bins and encouraged employees to bring their own cups to meals. A strong emphasis was also placed on employee participation in plastic reduction through the exhibition on the CD-ROM initiative in the cafeteria, PET discount coupons for convenience stores, and exchanging PET bottles for towels at dormitories. We collaborated with Tzu Chi Foundation to invite employees to engage in on-site experiences at Tzu Chi sites such as waste sorting and PET recycling. A positive ambiance was cultivated to promote employee awareness on environmental protection.



Xiamen Site - Plastic Bottle Recycling Machine

Xiamen site was the first business in Xiamen to introduced a dedicated plastic bottle recycling machine. Xiamen Site partnered with Fook convenience stores and Income Resources to place a plastic bottle recycling machine in each office building to cultivate employees' plastic reduction awareness in everyday life. We also partnered with the Tzu Chi Foundation to host a plastic reduction exhibition. The exhibition on the entire plastic bottle recycling process, conversion of waste into treasure, low-carbon vegetarian food experience and other learning through play activities conveyed the ideals of plastic reduction to the 800 employees that took part in the event.



East China Sports Carnival & Plastic Reduction Group Exhibition

Suzhou Site joined forces with 9 local social enterprises to craft an exhibition on the theme of plastic reduction. The exhibition featured a sustainability exhibition zone, interactive check-in zone, DIY zone, and popular science education and charity sale zone to display AUO accomplishments in sustainability so far. The sharing of real-world plastic reduction cases was also used to convey the sustainability philosophy to other partners and our employees. The exhibition invited everyone to make a personal contribution to sustainable development by pitching in on plastic reduction and environmental protection.



4 Inclusive Growth

4.1 Human Rights Protection

4.2 Talent Attraction & Development

- 4.2.1 Talent Distribution
- 4.2.2 Diversity & Inclusion
- 4.2.3 Remuneration & Benefits
- 4.2.4 Happy Workplaces

4.3 Talent Development

- 4.3.1 AUO University
- 4.3.2 Performance Management & Career Development

4.4 Health & Safety

- 4.4.1 Health Care
- 4.4.2 Safe Workplace

4.5 Social Engagement

- 4.5.1 AUO Foundation
- 4.5.2 Charity Care
- 4.5.3 Green Living
- 4.5.4 Popular Science & Environment Education
- 4.5.5 Cultural Preservation



Annual Highlights

Material Topics

◆ Talent Attraction & Development

◆ Sustainable governance operation

Expand the scope of human rights risk investigation

to include subsidiaries, joint ventures, tier-1 suppliers, outsourcers, contractors, and neighboring communities

Introducing the **DEI competency survey and organizing** a series of **DEI Month events**, embracing a culture of friendliness and diversity

A+ Summer Internship is heading towards internationalization by forging international Industry-Academia collaboration and **recruiting exceptional talents** from around the world

Establish **more than 6,000 courses at AUO University**. On average, our global employees **dedicate 25.5 hours to learning each year**

Established diverse career development channels, with an **internal promotion rate of 89%** for supervisors and professionals. Additionally, our personnel **department rotation rate is 26%**

Joined **the Science Popularization Train**, we brought themed courses on zero carbon emissions and sustainable energy to remote areas

Our Vision

Creating a Friendly Workplace







AUO values a culture of "people-oriented" and hopes to create a workplace environment that safeguards employee safety and is diverse and inclusive, in order to uphold the values of fairness and equality. We hope to enable employees to fully utilize their strengths in a friendly working environment while also immersing themselves in their work, family life and healthy activities.

Cultivating Social Citizens






AUO Foundation develops four major business areas: "caring for social welfare, environmental & science education, green earth, and culture prevention". It also establishes four volunteer systems, calling on all employees and their families to participate together, with the aim of shaping a positive and proactive energy for society.



Target and Progress

 Achieved  Not Achieved

Material topic	2023 Target	2023 Our actions	2024 Target	2025 Target	2026 Target	Responses
 Percentage of employees who experience happiness and are willing to recommend others to participate	76%	 performance: 88% To understand employee sentiments, we conduct the Q12 employee engagement survey annually at Friend. In the 2023 survey results, 88% of employees identified that they felt happy and would recommend others to participate. The average engagement levels for employees in the areas of basic needs, management support, teamwork, and learning and growth reached 84%. AUO also utilizes the survey results as a reference for optimizing our human resource strategies and continuously enhancing employee engagement.	78%	79%	78%	4.2.4 Happy Workplaces
 Q12 annual questionnaire communication channels survey on employees' recognition of the company and work (Note 1)	80%	 performance: 84% To understand employee sentiments, we conduct the Q12 employee engagement survey annually at Friend. In the 2023 survey results, 88% of employees identified that they felt happy and would recommend others to participate. The average engagement levels for employees in the areas of basic needs, management support, teamwork, and learning and growth reached 84%. AUO also utilizes the survey results as a reference for optimizing our human resource strategies and continuously enhancing employee engagement.	80%	80%	80%	4.2.4 Happy Workplaces
 Learning passport assignment completion rate	>90%	 performance: 97% AUO employs quarterly automated reminders and tracking mechanisms to ensure the implementation and execution of courses by the college and the education committee.	>95%	>95%	-	4.3.1 AUO University
 Internal promotion rate for executive and professional positions	82%	 performance: 89% For outstanding talents, AUO has implemented a dual-track promotion system for supervisory and professional positions. In 2023, the internal promotion rate for supervisory and professional roles reached 89%.	>80%	>80%	-	4.3.2 Performance Management & Career Development
 Improve the participation of all employees and enrich the knowledge energy through multiple innovative techniques	20,000 person-times	 performance: 29,980 person-times AUO systematically offered diverse themed courses to cultivate ESG competence among all employees. In 2023, a total of 34 classes including general education, trends, and advanced courses were conducted, with a cumulative participation of 29,980 person-times.	24,000 person-times	25,000 person-times	28,000 person-times	4.3.1 AUO University
 Indirect staff job rotation rate	>30%	 performance: 26% AUO values internal talent mobility and has designed talent development and rotation mechanisms. In 2023, the indirect personnel department rotation rate reached 26%. We will continue to encourage colleagues to undergo job rotations after becoming proficient in their current roles.	>30%	>30%	-	4.3.2 Performance Management & Career Development

✓ Achieved ✗ Not Achieved

Material topic	2023 Target	2023 Our actions			2024 Target	2025 Target	2026 Target	Responses			
 Regular follow-up visit rate for personnel with three-hypers	80%	✗ performance: 70.55%	AUO values the health of our colleagues and conducts monthly assessments of the health risk index for all employees. We also closely monitor colleagues at high risk of cardiovascular and cerebrovascular diseases, and ensure they receive regular check-ups. In 2023, the regular check-up rate for colleagues reached 70.55%. We will continue to enhance health awareness among employees through the Wellness Center.			85%	85%	-	4.4.1 Health Care		
 Major accident	0	✗ performance: 7				0 case	0 case	-	4.4.2 Safe Workplace		
 Frequency of disabling injuries (FR)	AUO	✗ performance: 0.49	In 2023, the main types of occupational accidents were related to pinching/rolling/crushing, slipping/falling, and bashing/hitting incidents. AUO has already formulated improvement measures and will diligently implement them to achieve the established safety targets.			<0.2	<0.2	-	4.4.2 Safe Workplace		
	<0.2										
	Contractor	✓ performance: 0.19				<0.2	<0.2	-	4.4.2 Safe Workplace		
 Number of industrial safety accidents	<16	✗ performance: 17	In terms of occupational safety accidents, AUO has implemented special gas and chemical safety management, as well as battery safety management projects. In terms of transportation injuries, we will enhance defensive driving training and promotion to raise awareness of traffic safety among employees.			<15	<15	-	4.4.2 Safe Workplace		
 Number of traffic injuries	<116	✗ performance: 150				<115	<115	-	4.4.2 Safe Workplace		

Material topic	2023 Our actions			2024 Target	2025 Target	2026 Target
 Target Q12 annual employee survey coverage rate	This is a newly established goal, the results of which will be disclosed in the 2024 AUO Sustainability Report.			81%	82%	85%
 Overall salary level compared to the industry standard (Note 2)	This is a newly established goal, the results of which will be disclosed in the 2024 AUO Sustainability Report.			Top 25%	Top 25%	Top 25%

Note 1: To avoid inconsistencies in the definition of recognition rate and CSR EPS, the original target for this issue disclosed in 2023 has been redefined and reset as the Q12 annual employee survey, average recognition degree of employees in four aspects (basic needs, management support, team cooperation, learning growth), and a new target for response coverage rate has been added.

Note 2: In the Taiwan Stock Exchange's public information observatory, the median salary of full-time employees who do not hold managerial positions is in the top 25% of the same industry.

4.1 Human Rights Protection

AUO is dedicated to promoting and safeguarding fundamental human rights. In 2006, we implemented the “Human Rights Management Policy” based on internationally recognized standards such as “Social Accountability 8000”, “Global Sullivan Principles”, the “UN Guiding Principles on Business and Human Rights”, the “Proposal for a Directive on Corporate Sustainability Due Diligence” published by the European Commission, and the “Responsible Business Alliance Code of Conduct.” We conduct thorough due diligence on human rights and establish a four-stage human rights management cycle to mitigate the impact of human rights on our business operations and condemn any acts that infringe upon or violate human rights.

For more about human rights policy, see [AUO ESG website](#)



Human Rights Management Strategy

Identify Risk

AUO focuses on 12 human rights issues and work together with employees, subsidiaries, suppliers, contractors, local communities, and other stakeholders to promote and protect human rights. Through interviews, human rights risk assessment surveys, RBA audits, etc., AUO grasps the stakeholders’ concerns and responses to human rights risk issues in order to provide resources and assistance in terms of advocacy, trainings for all employees on discrimination or harassment in the workplace, seminars, and other aspects of human rights governance.

Human Rights Risks Matrix

AUO conducts stakeholder assessments on human rights issues. Our 2023 survey expanded beyond all employees to include risk identification for business relationships and Group subsidiaries were also incorporated into the scope of risk assessment. We also used the AUO RBA audit scope as a reference to include subsidiaries, joint venture, Tier-1 suppliers, outsourcers, contractors.. Local communities were added as they may be directly affected by the production operations. In addition to the 12 human rights issues of concern to the industry, AUO wanted to take all of the potential derivative issues into account as well. Stakeholders were invited by AUO to fill out the human rights risk assessment survey and 591 responses were collected in 2023. In addition to the survey results, we also conducted a total risk assessment and analysis based on the findings of internal/external RBA audits, compliance with labor legislation, and internal complaints mechanisms. AUO’s risk calculations for material topics was used to identify the degree of risk for each human rights issue based on the two dimensions of “Likelihood” and “Scale/Scope of Impact.” All issues of concern were found to offer no material risks. Planning was subsequently carried out for prevention of secondary risks to mitigate or prevent the production of human rights risks and hazards during operations.

12 Human Rights Issues

		Minor	Middle	Major
Possibility	High		<ul style="list-style-type: none"> Unlawful infringement and sexual harassment in the workplace Forced labor (working hour) 	
	Low	<ul style="list-style-type: none"> Privacy protection Health, safety and personal liberty Freedom of choice of employment Freedom of speech and expression Freedom of assembly and association Protection of labor conditions Prohibition of child labor Non-discrimination and diversity Right to family life 	<ul style="list-style-type: none"> Occupational safety 	
		Small	Impact scale	Large

Preventive Measures

Based on the stakeholder risk matrix results, AUO implemented preventive measures, risk communication, and educational training in 2023 for 3 minor risks: "Workplace misconduct and sexual harassment" and "Forced labor - working hours, occupational safety." Within the company, preventive measures were taken to prevent human rights risk events through the guidance of relevant policies, clearly defined complaint procedures, and processing protocols. For the supply chain, AUO strengthened human rights protection and implemented measures such as advocacy, training, and audits based on the RBA standard.

Internal				External
Human Rights Policy	Non-sexual Harassment	Occupational Safety and Health	Employee Selection, Training, Employment and Retention	Supply Chain Human Rights Management
<p>Based on the human rights policy, the following policies are formulated, including:</p> <ul style="list-style-type: none"> Employee Handbook Work Rules Recruitment/Employment Procedures Sexual Harassment Prevention Measures Measures to prevent unlawful infringement in the performance of duties Employee Communication Policy Complaint Procedures Sustainability Policy <p>The above policy documents explicitly declare the protection of employee rights, including compliance with legal requirements, employment freedom, humane treatment, prohibition of improper discrimination and harassment, and safeguarding employees' right to make complaints. An advocacy for 3 important human rights issues is conducted annually.</p>	<ul style="list-style-type: none"> A "Sexual Harassment Prevention Policy" and "Workplace Violence Prevention Policy" has been established along with a dedicated sexual harassment/Non-sexual harassment grievance mailbox. Any reported or suspected cases of sexual harassment/ Non-sexual harassment are investigated by the "Sexual Harassment Complaints Committee" or "Non-sexual harassment Complaints Committee". To protect the rights of the complainant, strict confidentiality is maintained during the investigation process and the matter is handled in confidence. Corrective or disciplinary action taken in case of discriminatory behavior or harassment. 	<ul style="list-style-type: none"> Create a safe and healthy work environment through the collaboration of the HR, Wellness Center, ESH and other units. Preventive planning and supervision of unlawful infringement in the workplace as well as providing employees with counseling services on physical and mental health. Strengthen strategic planning on protective measures in the workplace, conduct risk assessment as well as education and training in the workplace, and the provision of necessary protective measures. Provide open channels of communication, establish complaints channels and publish the complaints procedure, and conduct investigation into open cases. 	<ul style="list-style-type: none"> AUO employees undergo annual human rights policy (Training on Workplace Discrimination and Sexual Harassment.) awareness and training courses for new hires and management. Established system to manage reasonable work hours and implementation of management-level review mechanism. Migrant workers are provided with a bilingual explanation on the employee protections afforded by the AUO Sustainability Policy and RBA Code of Conduct when they start work. New hires do not have to pay any expenses. They are not punished if they choose to resign or end their contract. Employees are also guaranteed freedom of movement in the workplace, dormitory, and any other company premises. Compulsory overtime is also prohibited. 	<ul style="list-style-type: none"> Suppliers are required to sign the "Supplier/Contractor Code of Conduct" declaring their commitment to the protection of human rights. Suppliers must also participate in the annual CSR risk assessment and CSR supplier audit to help AUO track human rights risks. Letters are sent to suppliers to raise their awareness on human rights topics each year. Suppliers co-development events are organized as well on CSR management practices including analysis of the RBA Code of Conduct and labor human rights legislation.

Annual Education Outcomes

Awareness Topic	AUO Human Rights Policy	Trainings on Workplace Discrimination and Sexual Harassment		RBA Code of Conduct	
Stakeholder	Global employees	Employees in Taiwan	Junior management	Internal	External
Outcome	Education and training was conducted for more than 35,000 people worldwide (including courses for raising awareness on sexual harassment and workplace discrimination). The pass rate for post-course evaluation was 100%.	<ul style="list-style-type: none"> Awareness seminar 157 sessions 	<ul style="list-style-type: none"> Self-inspections were completed by 984 managers Risk inventory completed by 673 units 	9 audit sessions	66 audit sessions

Monitor, Detection and Mitigation of Impact

AUO values the opinions and rights of our employees. A range of communication channels are used to improve labor rights such as the complaints or suggestions system, and Audit Committee’s Mailbox. The freedom and confidentiality of employee feedback are also assured through the strictest possible personal information protection regulations and the “AUO Personal Information Protection Management Regulations.” Labor-management meetings are regularly convened as well to guarantee employees’ right to organize and collective bargaining. We promote healthy and constructive labor-management relations. To reduce the business impact of human rights risks on AUO, the supply chain, and our partners, appropriate mitigation and compensation measures are established by AUO based on the outcomes of human rights risk assessments. Preventive measures and improvement plans are formulated based on the degree of risk for each issue with regular follow-ups on implementation outcomes. If a human rights violation takes place, AUO employees will engage in arbitration and negotiation in accordance with internal procedures. Corrective or disciplinary action will also be taken in accordance with the work rules in case of discriminatory or harassment. Suppliers, contractors, and outsourcing businesses may have their contract/collaboration suspended or terminated. Punitive fines for breach of contract may also be imposed. In the future, AUO will maintain open channels of communication with stakeholders. We will require our supply chain and partners to follow the rules and work together to set the highest standard in human rights governance.

Human Rights Issue	Subject of Special Concern	Degree of Risk	Mitigation Measure	Remediation Actions	2023 Targets	2023 Progress	2024 Targets
Occupational Safety	<ul style="list-style-type: none"> Employees Group subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses 	Middle	<ul style="list-style-type: none"> General labor health education and training must be conducted every year along with periodical evacuation drills; workplace monitoring is commissioned every six months Promotion of the Four Labor Health Protection Plans Management procedure for corrective and preventive measures was established to ensure immediate response and improvement on defects identified during inspections, problems reported by employees, and defectives found during audits by competent authorities 	<ul style="list-style-type: none"> Protective hardware added based on process requirements and management plans established to enhance health and safety education for personnel Strengthened education and regulations on the wearing of protective equipment by employees on the shop floor, and enforcing supervisor inspections of protective equipment worn by employees The main cause of work-related injury leave is traffic accidents. Education on traffic safety precautions was strengthened to reduce traffic accidents during commutes and business trips 	<ul style="list-style-type: none"> 100% completion rate for trans-site RBA audit Annual frequency of disabling injuries < 0.2 	<ul style="list-style-type: none"> Completed all 9 internal audits scheduled for 2023 2023 Frequency of Disabling Injuries 0.49 <p>For improvement measures, see 4.4.2 Safe Workplace p.139 ></p>	<ul style="list-style-type: none"> 100% completion rate for trans-site RBA audit Annual frequency of disabling injuries < 0.2
Forced Labor	<ul style="list-style-type: none"> Employees Group subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses 	Middle	<ul style="list-style-type: none"> Prohibition of improper requests or threats (such as confiscation of identification documents/wages, physical/psychological violence) that lead to forced or coerced labor Prevent involuntary overtime through regular inspection of work hours and various complaints channels 	<ul style="list-style-type: none"> Provide compensation for overtime in accordance with internal regulations, stop involuntary overtime immediately, and restore employee rights Conduct RBA audit and investigation. For minor infractions, set deadline for corrective action and offer compensation 	<ul style="list-style-type: none"> Total cases of overtime and working for more than 7 consecutive days: 0 cases 	<ul style="list-style-type: none"> In 2023 there were 3 cases of overtime that led to labor disputes. All cases are now closed 	<ul style="list-style-type: none"> Total cases of overtime and working for more than 7 consecutive days: 0 cases
Sexual Harassment and Workplace Discrimination	<ul style="list-style-type: none"> Employees Group subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses 	Middle	<ul style="list-style-type: none"> Provision of effective complaints channels (e.g. sexual harassment grievance mailbox, dedicated case worker) to protect employees against infringement at work. Protection mechanism also established to protect employees against retribution after a complaint is made Protective measures to protect employees from unlawful infringement such as physical, verbal, or psychological abuse and sexual harassment in the workplace 	<ul style="list-style-type: none"> Take action in accordance with “Sexual Harassment Prevention Policy” and “Workplace Violence Prevention Policy” 	<ul style="list-style-type: none"> 100% closure rate for related cases 	<ul style="list-style-type: none"> There were 4 sexual harassment cases and 2 unlawful infringement cases. All cases are now closed 	<ul style="list-style-type: none"> 100% closure rate for related cases

Human Rights Issue	Subject of Special Concern	Degree of Risk	Mitigation Measure	Remediation Actions	2023 Traget	2023 Progress	2024 Traget
Privacy Protection	<ul style="list-style-type: none"> Employees Suppliers 	Minor	<ul style="list-style-type: none"> Vulnerabilities and potential threats are assessed using the personal information protection self-assessment mechanism. Improvement plans are then drafted based on the outcomes of the assessment An Information Continuity Plan is devised by the Information Security Committee and related tasks carried out on schedule to ensure the normal operation and effectiveness of that mechanism. These tasks include inventory of personal information registries, privacy breach drills, self-inspection of internal controls, regular internal audits, personal information impact analysis, and validation of the personal information management system 	<ul style="list-style-type: none"> Strengthened education and awareness on personal information protection for employees In the event of a privacy breach, corrective action and compensation is carried out in accordance with the non-disclosure agreement 	<ul style="list-style-type: none"> Hosting of information security development training 0 information security complaints 	<ul style="list-style-type: none"> 32 information security education and training classes No information security complaints 	<ul style="list-style-type: none"> Hosting of information security development training 0 information security complaints
Health, safety and individual liberty	<ul style="list-style-type: none"> Employees Group subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses 	Minor	<ul style="list-style-type: none"> A health exam is conducted for all employees once every two years. For special work stations, health exams are conducted for special items at statutory frequencies Planning and implementation of annual health promoting activities and education seminars 	<ul style="list-style-type: none"> Follow-ups and counseling measures are arranged based on the results of the health exam Employees can book consultations with on-site physicians Cases with high physical/mental risk are registered with the Wellness Center for continuous monitoring of employee condition 	<ul style="list-style-type: none"> Organization of health promotion activities at each site Health exams for all employees 	<ul style="list-style-type: none"> Taiwanese sites organized 52 health exams that were attended by 17,542 employees for a total exam rate of 97.6% 	<ul style="list-style-type: none"> Organization of health promotion activities at each site
Freedom of Employment	<ul style="list-style-type: none"> Employees Group subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses 	Minor	<ul style="list-style-type: none"> Applicants have the right to choose what job vacancy they want during employee recruitment 	<ul style="list-style-type: none"> Employee communication policy established to facilitate open channels of communication. Employees can provide feedback through the complaints hotline, employee suggestion box and other channels 	<ul style="list-style-type: none"> 0 cases of related complaints 	<ul style="list-style-type: none"> 0 cases of related complaints 	<ul style="list-style-type: none"> 0 cases of related complaints
Freedom of Speech and Expression	<ul style="list-style-type: none"> Employees Group subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses 	Minor	<ul style="list-style-type: none"> Establishment of safe and open channels such as the complaints mailbox, labor-management meetings, and plant service hotline for employees to express their opinions 	<ul style="list-style-type: none"> Establishment of employee communication policy to facilitate open channels of communication Continue to introduce company-wide employee engagement surveys to collect employee feedback 	<ul style="list-style-type: none"> Conduct employee engagement survey at all global sites Achieve 80% employment engagement 	<ul style="list-style-type: none"> Exceed 81% global coverage 84% employee engagement with the Company Hosted 47 direct employee town halls 	<ul style="list-style-type: none"> Conduct employee engagement survey at all global sites Achieve 80% employment engagement

Human Rights Issue	Subject of Special Concern	Degree of Risk	Mitigation Measure	Remediation Actions	2023 Traget	2023 Progress	2024 Traget
Freedom of Assembly and Association	<ul style="list-style-type: none"> Employees Group Subsidiaries Suppliers Contractors, Outsourcing Businesses 	Minor	<ul style="list-style-type: none"> Establishment of Club Management Regulations to allow for the organizing and management of clubs Convening of regular labor-management meetings 	<ul style="list-style-type: none"> Managed in accordance with Work Regulations and Club Management Regulations 	<ul style="list-style-type: none"> Convening of quarterly labor-management meetings 	<ul style="list-style-type: none"> A total of 4 labor-management meetings were held 	<ul style="list-style-type: none"> Convening of quarterly labor-management meetings
Protection of Labor Conditions	<ul style="list-style-type: none"> Employees Group Subsidiaries Suppliers Contractors, Outsourcing Businesses 	Minor	<ul style="list-style-type: none"> Establishment of risk assessment to procedure to identify all labor, ethical, and environmental health & safety risks Establishment of employee communication procedure and channels to resolve employee issues in a timely manner Establishment of RBA management system to detect potential risks through internal and external audits Adjust shift rosters in accordance with the law to prevent excessive overtime by employees, excessively short breaks and similar problems 	<ul style="list-style-type: none"> Control risks through periodical review and updating of company rules in accordance with the law Regular employee interviews to collect employee feedback and issues of concern Set deadlines for improvement measures based on the findings of RBA audits Establishment of work hour management policy and system, management and control work hours (including overtime), and issuing of system work hour alerts to remind unit supervisors to adjust the workload when necessary 	<ul style="list-style-type: none"> 0 cases of losses due to labor disputes 	<ul style="list-style-type: none"> In 2023, there were 4 cases of labor damages due to complaints over labor conditions 	<ul style="list-style-type: none"> 0 cases of losses due to labor disputes
Employment of Child Labor/Juveniles	<ul style="list-style-type: none"> Employees Group Subsidiaries Suppliers Contractors, Outsourcing Businesses Children/Juveniles 	Minor	<ul style="list-style-type: none"> Review of applicant details during recruitment and start of work to verify their age and nature of work Inclusion of relevant provisions with periodical reviews in contractor and outsourcing business contracts 	<ul style="list-style-type: none"> Conduct RBA audit and investigation. For minor infractions, set deadline for corrective action and offer compensation 	<ul style="list-style-type: none"> No related complaints 	<ul style="list-style-type: none"> 0 complaints 	<ul style="list-style-type: none"> No related complaints
Non-discrimination, Diversity and Inclusion	<ul style="list-style-type: none"> Employees Group Subsidiaries Suppliers Contractors, Outsourcing Businesses Physically or Mentally Disabled Employees 	Minor	<ul style="list-style-type: none"> Recruitment, employment, and advancement are not restricted through conditions not related to professional skills (e.g. nationality, race, gender, age, political bias, physical disability) Guarantee of job quotas for the physically and mentally disabled 	<ul style="list-style-type: none"> Enhanced employee education on diversity, inclusion, and equity Strengthening of internal company software and hardware facilities to protect the rights of physically and mentally disabled employees 	<ul style="list-style-type: none"> Host at least 1 event for advocating equity 	<ul style="list-style-type: none"> Hosted a total of 4 DEI inclusivity seminars 	<ul style="list-style-type: none"> Host at least 1 event for advocating equity
Right to Family Life	<ul style="list-style-type: none"> Employees Group Subsidiaries & Joint ventures Suppliers Contractors, Outsourcing Businesses Lactating Female Employees 	Minor	<ul style="list-style-type: none"> Provision of breastfeeding room and time for lactating female employees Employees may apply for unpaid parental leave, maternity leave, and other types of leave to look after their family or the needs of family members 	<ul style="list-style-type: none"> Lactating employees may not work overtime or night shifts. Lists for employees that are pregnant, on maternity leave, or still lactating are used to remind unit supervisors to adjust their workload Establishment of breastfeeding rooms and related facilities in accordance with RBA guidelines 	<ul style="list-style-type: none"> 100% completion rate for trans-site RBA audit 	<ul style="list-style-type: none"> Completed 100% of audits with no related defects 	<ul style="list-style-type: none"> 100% completion rate for trans-site RBA audit

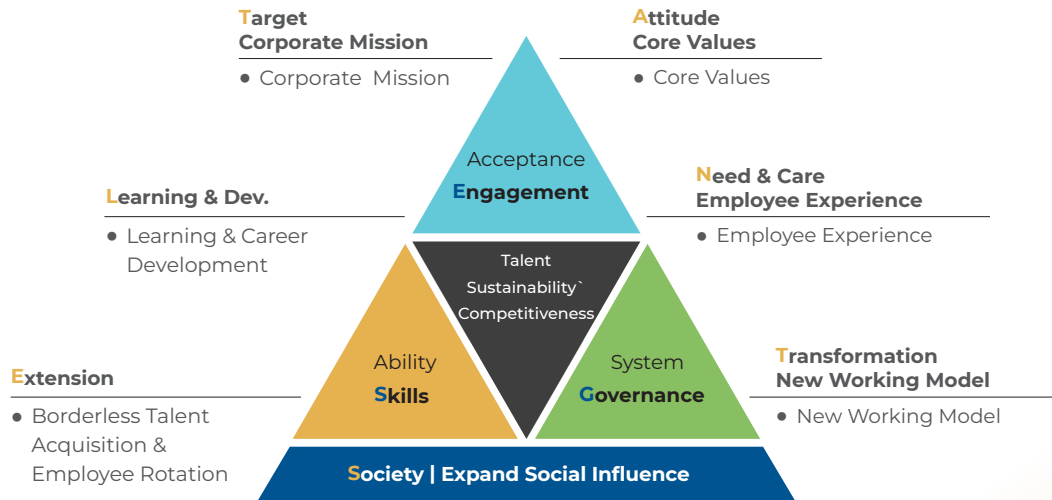
Note: Human rights mitigation measures are applicable to all AUO sites and Group subsidiaries. Disclosure is planned for the 2023 AUO Due Diligence Report on Human Rights.

4.2 Talent Attraction & Development

4.2.1 Talent Strategy

AUO Talent Sustainability Strategy

An aging population and declining birth rate means businesses must work to ensure that they have the people they need to all kinds of challenges. They must also ensure that such people possess the necessary expertise and skills to continue solving the problems brought by ever-changing trends. To realize our philosophy of talent sustainability, AUO launched the “ESG - TALENTS” to build fertile soil for talent in three strategic dimensions and through seven key actions.



AUO has supported the “TALENT in Taiwan” alliance launched by Commonwealth Learning in 2022. For three consecutive years, we have joined forces with the industry, government, and universities to build a sustainable ecosphere for future talent.



Global Recruitment Policy

AUO has a global workforce of 36,745 people spread across locations in Asia, Americas, and Europe. Under our biaxial transformation policy, AUO is focusing on talent in three categories of innovation, including “R&D Innovation” talent focusing on pioneering display technologies, “Data Innovation” talent for promoting digital transformation, and “Cross-Domain Innovation” talent for identifying customer requirements, integration of software and firmware, and delivery of total solutions. As part of the Company’s globalization strategy, AUO has set up overseas R&D teams in the US and Japan. AUO continuously recruits local talents to strength its global competitiveness.

Youth Development

AUO works actively with universities and colleges to forge a sustainable talent pool. The co-organizing of industry courses, specialized seminar and corporate tours help to accelerate the cultivation of talented youths and narrow the gap between theory and application. In addition to providing students with a better understanding of the industry, AUO also offers a range of career experience activities such as the project-based “A+ Summer Internship” and “A Pro Semester Internship” that assist students with accumulating experience and networking. The students also become AUO’s spokespeople on campus and a source of future talent.

A+ Summer Internship Program

The A+ Summer Internship Program is now in its 20th year and has successfully cultivated nearly 1,300 outstanding students. AUO not only provides students with an opportunity to participate in actual projects but also use online learning through the GOLF (Gap of Learning and Field) program and tours of display technology applications to enrich their hands-on experience and understanding of the industry. This year, AUO supported the International Mentorship Program at National Taiwan University by providing foreign students with opportunities for work experience and applying their skills. Through the collision of different cultures, it brings AUO more diverse and innovative perspectives, also enhancing its international competitiveness.



AUO x NTU International Mentorship Program video



A Pro Semester Internship Program

AUO introduced the smart manufacturing semester internship program in 2019. We partnered with universities and colleges to help students accumulate hands-on experience during their studies with an emphasis on project-based learning goals; as of 2023, we have provided 89 project internship opportunities to students at various universities. As part of the AUO biaxial transformation strategy, the project was formally renamed as A Pro Semester Internship Program in 2024. Program eligibility was also expanded from smart manufacturing to include talent in automotive and IT software. The program offers more diverse internship opportunities with four key features, namely workplace experience, hands-on experience, skills development, and clear project goals.



Mariia, a student from Ukraine

I am a double major in electrical engineering and opto-electronics and my internship was with a R&D unit at AUO. This was my first internship in Taiwan. I thought that language and professional ability might prove to be a challenge, but thanks to the patient assistance and communication of my supervisor and colleagues at AUO, I stopped feeling so nervous. Working in a foreign country wasn't as scary as I thought. I now feel I am part of the AUO family and look forward to returning to AUO in the future.



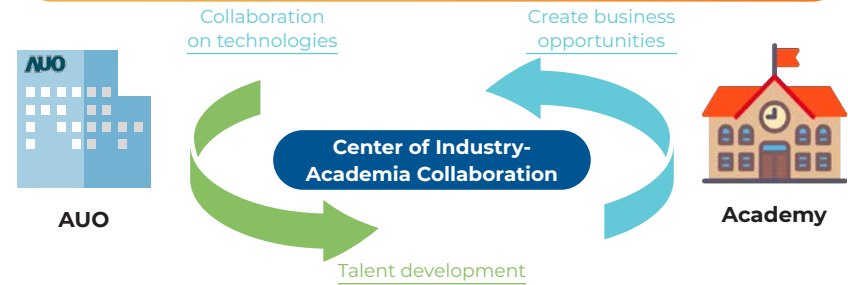
Talent Development Scholarship

The Talent Development Scholarship program was launched by AUO for current post-graduate students in order to cultivate outstanding talent and advanced R&D expertise. AUO hopes to cultivate innovative talent that can make a seamless transition to the industry. Since 2015, the AUO talent scholarship program has cultivated 53 outstanding students from 13 universities including 18 PhD. students and 35 Master's students. The Talent Development Scholarship Program not only provides annual scholarships to alleviate the financial burden of students but also enables them to concentrate more on their studies. AUO also offers internship opportunities to students, allowing them to engage in project practicality at an early stage and develop workplace skills in advance, ensuring immediate employment upon graduation.

Industry-Acedemia Collaboration

The Center of Industry-Academia Collaboration was established in 2019 and has continued to partner with quality universities around the world to build local Industry-Academia-Research Ecosystems, introduce talent, technology and business opportunities, and accelerate the realization of company strategies. The Center not only promotes long-term, in-depth industry-academia collaboration but also helps students connect with the industry. By providing opportunities for practical involvement in project research and development, fostering the employability of young talents.

Center of Industry-Academia Collaboration Mechanism



2023 Achievements

- Partner universities - 23 (including 4 joint research centers)
- Collaboration value - NTD 110 million
- Collaborative projects - 108 projects

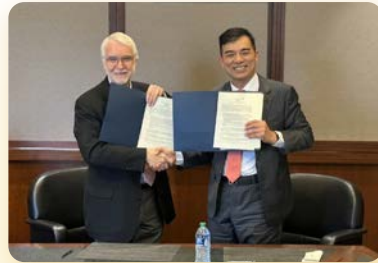
Joint Research Center

AUO has partnered with four top universities to establish joint research centers. The centers promote complementary developments in theory and practice as well as the exchange and transfer of knowledge and technologies to cultivate high-end R&D talent for the industry.

Areas of Collaboration	National Taiwan University	National Taipei University of Technology	National Yang Ming Chiao Tung University	National Cheng Kung University
	Research and development of advanced display, sensing, and AIoT technologies	Smart manufacturing technologies and commercialization	Digital transformation technology	Research and development of smart healthcare, advanced displays, and circular economy

AUO Partnership with University of Illinois Defines New Paradigm for Industry-Acedemia Collaboration in North America

The Industry-Acedemia Collaboration Platform is working actively to connect with the resources of top universities around the world. In 2023, a memorandum of understanding was signed with University of Illinois Urbana-Champaign (UIUC) in Chicago, USA. The collaboration will focus on healthcare and automotive displays to accelerate the development of smart applications and their commercialization in North America. Collaborative projects include the development of medical product technologies, development of automotive display product technologies, co-hosting of research and innovation events, and field validation of advanced display systems. Collaboration on talent will hopefully result in the sharing of resources with UIUC and the construction of a North American industry-university-research ecosystem.



AUO Partners with University of Pennsylvania to Cultivate Global Talent on Advanced Displays

AUO actively promote collaboration with international talent. Grants were secured from the US National Science Foundation (NSF) through the National Taipei University of Technology for 14 post-graduate students in related fields from 9 American universities to come to Taiwan. There they took part in joint learning and exchanges with 16 post-graduate students from the optoelectronics institutes of Taipei University of Technology and Yang Ming Chiao Tung University. AUO provided the Taiwanese and American post-graduate students with 2-day program of learning and visits. They were not only shown the latest display technologies and application scenarios but also given a tour of the display internship workshop to learn about the production process for displays. The exchange event gave Taiwanese and American students an in-depth understanding of Taiwanese optoelectronic industry's technical ability and industry leadership. The expansion of US-Taiwan academic exchange and collaboration paves the way for future international research collaboration and industry networking.



Suzhou site- AUO Digital Sustainability Research Institute

AUO Digital Sustainability Research Institute launched at end of 2023. The Research Institute connects leading university academics, industry representatives, and senior AUO expert consultants with 7 top faculties to joint cultivate digitization talent for the future.



Gap of Learning & Field (GOLF)

Gap of Learning & Field (GOLF) founded by AUO, Compal, and Wistron has now joined the "TALENT in Taiwan" alliance. The alliance's online platform provides training courses and internship places to current students to realize its two key indicators of "Meaning and Value, Talent Growth." First established in 2020, GOLF now counts 51 well-known local companies and 56 universities among its members. More than 400 online courses are available and the number of student accounts have continued to grow at an exponential rate with 17,615 accounts registered on the platform so far. Collaboration on interdisciplinary courses as launched in 2023 to further enrich the diversity of online teaching resources. The goal is to boost the digital competitiveness of young students and progressively realize the GOLF vision of assisting students with making an early transition to the industry. Industry-university collaboration on co-creation with the promotion of internships and employment as its core purpose will lead about a mutually beneficial sharing of university and business resources, promote interdisciplinary exchange of industry knowledge, and open new frontiers in education through sustainable development.



Collaboration on Interdisciplinary Courses



Emerging Smart Display Technologies Education Alliance

AUO partnered with the "Emerging Smart Display Technologies Education Alliance" to support a Ministry of Education program to strengthen integrated cultivation of interdisciplinary talent on optoelectronic applications. A total of 10 programs containing 53 well-resources courses on smart display sensing components, processes, systems, audio-video interactions and human-factor engineering, 3D image capture and modeling, and visual optics were introduced.



IBM SkillsBuild

IBM was invited to become a GOLF partner to provide courses on emerging technologies and workplace specialties from IBM SkillsBuild that can serve as extended learning resources for GOLF. More than 1,000 courses were made available on topics such as cybersecurity, data analysis, cloud computing, and other technical disciplines. Skills needed in the workplace such as design concepts are also provided to support university and college students throughout Taiwan.



Just College

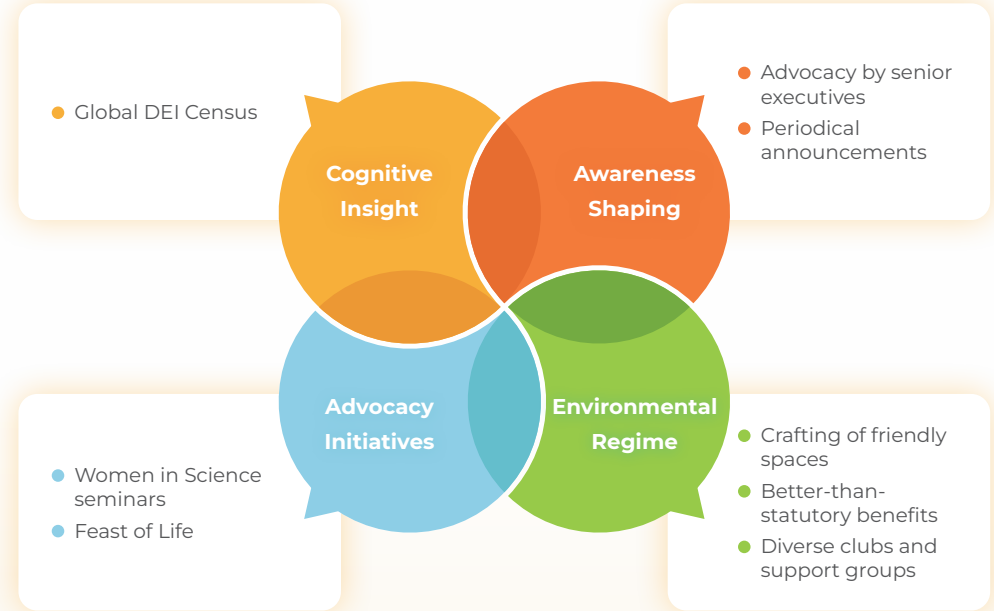
Just College, IC Broadcasting, and the Zhen Ding Education Foundation co-produced 42 course videos on industrial engineering management licensed by GOLF. The videos were hosted by Professor Chen at National Tsing Hua University, with leaders from benchmark enterprises and hidden champions invited to take part in dialogs that expand the scope of learning for management theory and knowledge.

4.2.2 Diversity & Inclusion

AUO strives to build a diverse, equal, and inclusive workplace culture, and provide a safe and healthy workplace so that all employees are afforded equal opportunity for development, can maximize their potential and creativity, and enhance their problem-solving skills. In this way, AUO hopes to strengthen employee engagement and loyalty, built up their sense of belonging, and forge an inclusive environment in which employees and the company can grow together.

Shaping of DEI Culture

AUO knows that the cultivation of diversified talent is crucial to sustainable corporate development. The ideals of Diversity, Equity and Inclusion (DEI) are therefore imbued in our corporate culture and enterprises. Diversified talent have been introduced to our global locations along with the creation of international stages for expanding employees' horizons and careers. Differences in gender, race, language, and religion do not affect the employment, remuneration, and promotion prospects of our employees. An atmosphere of openness and tolerance that encourages employees to respect their differences and learn from each other helps to build team cohesion. To promote DEI culture on a long-term basis, the DEI Month series of activities was hosted for the first time in 2023 in conjunction with Women's Day. This served to expand the influence of DEI through the four aspects of cognitive insights, awareness shaping, advocacy initiative, and optimization of environment and systems.



Cognitive Insight

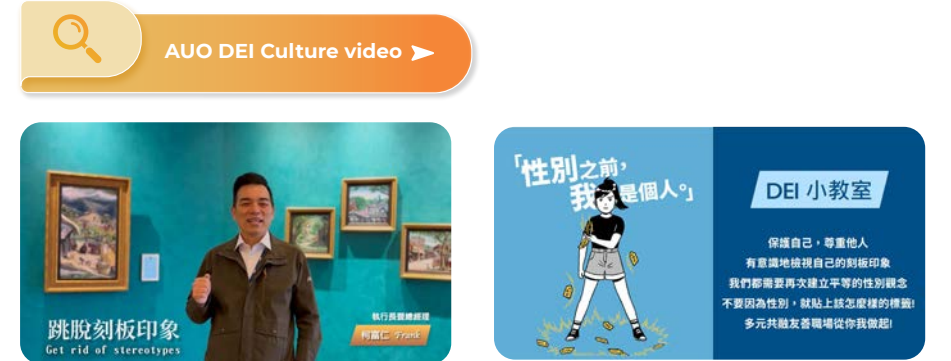
The DEI Month campaign featured the first DEI character survey to obtain an in-depth understanding of DEI literacy and identification within AUO. The survey took the form of a pseudo psychology test that made it more interesting to encourage employee participation. More than 2,000 employees took part in the survey and we found that 48% of the respondents had heard of the DEI concept before. This was higher than the general population(Note). The top three DEI issues of concern for employees were gender, race, and age with 88% employees indicating that they supported the promotion of DEI-related policies and initiatives by the Company.

Note: According to the Womany DEI survey, 37% of respondents had heard of the DEI concept.



Awareness Shaping

To demonstrate AUO's commitment to promoting a culture of diversity and inclusion, AUO invited senior executives and employees to film a video to declare their support. The DEI culture video was played at all AUO sites and friendly workplace messages embedded in work areas to communicate the DEI culture to every corner of AUO. In addition to cultural rendering in the field, the DEI Classroom was also launched through the e-newsletter to coverage educational content on gender equality issues in society and current events. These all encouraged employees to embrace diversity and leave stereotyping behind by starting with respecting each other.



Advocacy Initiatives

Women in Science: Gender Equality Seminars

Gender equality has been a key issue in the male-dominated technology industry for many years. At AUO however, there are no gender-based differences in the cultivation of talent. In addition to offering a gender equal system and workplace, awareness promotion is employed to reduce prejudices based on gender stereotypes. A DEI seminar was held with Prof. Chen from the Department of Computer Science & Information Engineering at NTU and winner of the Taiwan Outstanding Women in Science award, invited to speak on the topic of AI gender prejudices from the perspective of ChatGPT. Prof. Chen not only shared her insights on AI technology but also encouraged all employees to not be held back by their gender, embrace their own uniqueness, and achieve a balance between work and life. More than 800 employees took part in the seminar.



Feast of Life on Diversity Issues

The Feast of Life is held by AUO every year with speakers from different fields invited to share their own stories. In 2023, the Polar Light Percussion Group, “Godmother of Stand-up” Ponpon Yellow and others were invited to support the DEI culture through the sharing of topics on diversity. The direct support for disabled performing arts group and women’s rights activists served to expand employee interest in diversity through soft events.



The Polar Light Percussion Group’s performance of inspiring musical stanzas with percussive instruments showed that their passion for music was undimmed by their physical and mental constraints



Ponpon Yellow’s humorous take on her experience as a female stand-up comedian to highlight gender stereotypes

Environmental Regime

AUO has installed diversity and gender-friendly toilets in the workplace to communicate the meaning of diversity and inclusivity at work. In terms of employee benefits, AUO exceeds statutory requirements by offering volunteering leave, engagement leave, prenatal exam leave, prenatal exam for partners, and paternity leave. Childbirth and childcare stipends are offered to employees as well to celebrate a new stage in their lives.

Unpaid Parental Leave or Leave of Absence

AUO accommodates employees undergoing a major change in their role or experience a major accident. Employees that have been with the company for six months become eligible for unpaid parental leave. They may also apply for an unpaid leave of absence due to military service, serious injury or illness, taking care of a relative of first-degree, or other personal reasons. AUO will automatically contact employees to check on how they have fared 90 days before their unpaid leave is scheduled to expire and arrange or them to return to their original unit and position. Related training courses are also provided to help employees re-adapt to the workplace. In 2023, the retention rate for employees returning from unpaid parental leave was 86% for men and 87% for women.

Diversity Club Activities

AUO has diverse clubs around the world including sports, arts and culture, and philanthropy. Employees are encouraged to enrich their lives outside of work. We established 9 migrant worker clubs to encourage migrant workers to socialize with each other. We also provide community resources to help them settle into their life and work in Taiwan more quickly.



The basketball tournament is an annual highlight of the migrant worker dormitories.



The Dormitory Bible Study Choir opened the Christmas mass with an angelic rendition of hymns

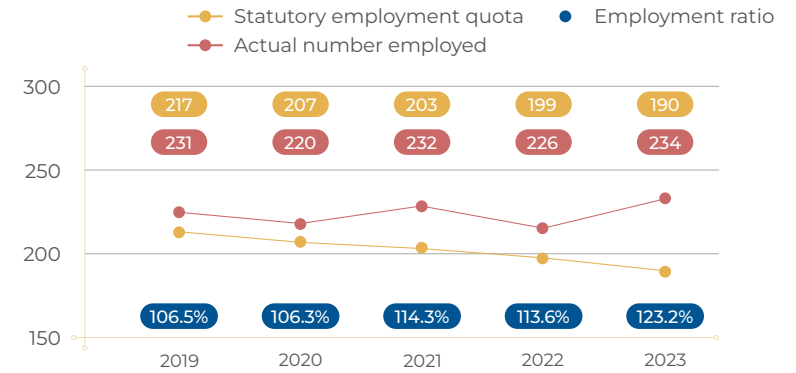


Hiring of Disabled Employees

In keeping with our corporate core values of caring for society and putting people first, AUO offers equal recruitment and diverse job opportunities to disadvantaged groups. We have actively cooperated with the government's employment policy for the physically and mentally disabled since 2008. Jobs suitable for disabled people such as panel repairs and access control were inventoried and re-designed. Suitable aids were also introduced to enhance the ability of disabled employees to perform their job. AUO is continuing to exceed the annual quota on disabled employees every year. In 2021, we were recognized by Hsinchu City as an Outstanding Enterprise for the Recruitment of People with Disabilities for exceeding the quota on hiring of disabled people for the third straight year.

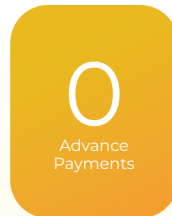
Migrant Worker Support

AUO provides migrant workers with total support during their career including recruitment and employment, training and development, life adaptation, cultural exchange, and healthcare. Foreign workers are provided with a friendly environment for applying their diverse talents, equal opportunity for engagement, as well as liberty and inclusion.



Zero Advance Payments for Peace of Mind in Employment

AUO strengthened protection for migrant workers' freedom of employment by instituting the "Zero Fees and Advance Payments Policy for Migrant Workers." As of 2019, AUO paid for all migrant workers' fees from before the start of work and after their arrival in Taiwan. Fees from before start of work include foreign broker commissions and government processing fees. Fees after arrival in Taiwan include domestic service charges and fees. The zero advancement of overseas fees policy was introduced by AUO in 2022 to ensure that absolutely no advance payments are required of migrant workers before they arrive in Taiwan. This is to prevent the imposition of economic burdens from Taiwan entry fees on overseas job seekers.



Language Learning and Professional Certification

AUO encourages self-development by migrant workers. Balanced development of work and life is emphasized. As migrant workers are engaged in shift work and have transportation constraints, we also invite external instructors to conduct dedicated classes on-site. For work, exceptional migrant workers undergo training for special stations such as cranes and hoists. For life skills, custom Chinese classes are offered in physical or online classes. The contributions of outstanding migrant workers are recognized by AUO and nominated for external awards to obtain material accolades. A total of 4 outstanding migrant workers were recognized by Taoyuan City in 2023.



Life Adaptation with Caring Service

AUO takes great pains to cultivate an inclusive living circle for migrant workers to help them settle into a new country. For communication, dedicated bilingual personnel proficient in their mother language and English are assigned to provide their care and support. To look after the lifestyle needs of migrant workers, we not offer meals in the style of their home countries on a periodic basis but have also continued to optimize our international store services since 2022 by increasing the range of merchandise on offer and providing a better shopping experience. Other recreational and leisure facilities such as prayer rooms, dining rooms, and sports centers are available to promote networking and relaxation.

Cultural Exchange, Empathy and Inclusion

A diverse and inclusive working environment is important to AUO. We also communicate this mindset in our New Year, Mid-Autumn, and Christmas festivities to give migrant workers a better understanding of Taiwanese culture, and how holidays are a time for people to greet and meet with each other. The "Lunar New Year's Eve Banquet" theme was used to invite migrant workers to share their homeland cuisine and experience the well-wishes of the Lunar New Year; "Pomelo Painting" unleashed people's creativity as they spent Mid-Autumn Festival together; the creation of original sustainable artworks for the "Creative Christmas Tree" demonstrated the Company's support of plastic reduction and brought about a festive atmosphere co-created by both local and migrant workers.

Healthcare from the Heart

AUO treats the protection of employee health as our duty and responsibility. Dedicated nursing personnel are assigned to provide migrant workers with advice on seeking treatment and health education. We also provide shuttle and companion services for seeking medical treatment. In addition to annual health exams for all employees, we also provide health exams for special operations and free on-site free vaccinations. AUO is continuing to monitor the domestic and international situation on diseases such as Monkey Pox and Dengue Fever after COVID-19 subsided in 2023. Professional cleaners are regularly engaged to clean and disinfect the living areas on-site to ensure sound living conditions. Epidemic restrictions have now been lifted by AUO dormitories throughout Taiwan are continuing to exceed statutory requirements on living space by maintaining the policy of assigning four people per room.



Small groups for Chinese language courses to improve the language proficiency of migrant workers.



Lunar New Year event invited migrant workers to share the cuisine of their homeland and spend the Lunar New Year together in Taiwan.

Women in Leadership

Gender equity and fairness in career development are important to AUO. We strive to foster a workplace where every employee can unleash their talents and realize their boundless potential. In 2023, women accounted for 34.2% of the AUO workforce and 28.0% of global management, resulting in AUO's inclusion in the Bloomberg Gender Equality Index for the sixth consecutive year. In addition to our continued support for women leaders, AUO is also cultivating women in science and technology on campus to build an equitable and inclusive environment for the industry.

Creating Career Opportunities

AUO believes that the diversification of leadership roles will provide the business with multi-dimensional perspectives and voices that lead to better decision-making and fulfillment of needs and expectations. In 2023, AUO began assisting each unit with tracking the gender ratio of managers and establishing equitable channels for career development through the quarterly Human Resources Council. We respect and support gender career development through material actions and continue to provide talented women with a stage for the pursuit of career development. A target was also set for women to account for 10% of senior executives, 15% of middle-management, and 30% of junior and overall management positions by 2026.

Ratio of Women in Each Category		2023 Progress	2026 Targets
Management	Senior Management (Note 1)	8.8%	10%
	Middle Management (Note 2)	13.0%	15%
	Junior Management (Note 3)	29.1%	30%
	Overall Management	28.0%	30%
Overall Workforce		34.2%	34%
Revenue Generation Unit (Note 4)		25.7%	25%

Note 1: Senior management are managers in the two grades below CEO.

Note 2: Middle management are managers three to four grades down from the CEO.

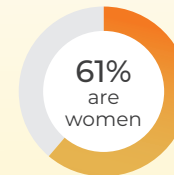
Note 3: Junior management are managers who oversee non-management employees directly.

Note 4: Revenue generation units include business units, technology R&D units, and production units.

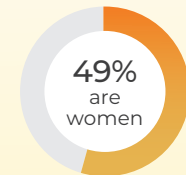
Cultivation of Women in Science and Technology

AUO employs internships, competitions, online industry courses, A+ Internship, A Pro Semester Internship, and Gap of Learning and Field (GOLF) to cultivate outstanding women in science and technology on campus, and to assist students with making the transition to the workplace. AUO is a long-term partner of "Girls in CyberSecurity (GiCS)." We provide internship opportunities to student that excel during competitions and encourage women to enter the information security technology field.

A+ Summer Internship Program
A Pro Semester Internship Program



Gap of Learning & Field (GOLF) - AUO College



4.2.3 Remuneration & Benefits

Competitive remuneration system

Proactive Setting of Remuneration

- The remuneration of new recruits are determined by their experience, education, professional knowledge and skills, and industry seniority.
- AUO takes part in annual international market salary surveys to ensure our competitiveness in the market; salary adjustments are also made based on prevailing market rates and individual performance.
- Continued inclusion as a constituent stock in the High Compensation 100 Index.
- According MOPS data, the median salary of AUO employees in non-management roles was ranked in the top 25% of TWSE/TPEX-listed companies from the opto-electronics industry.

Performance-oriented Rewards

Flexible short-term incentive programs based on company results, team performance, and individual performance/role are designed to share the company's results with employees

Long-term Incentives to Strengthen Retention

Diverse long-term incentive programs have been devised to boost competitiveness in terms of talent sustainability by strengthen the retention of key talent so they can co-create results with the Company.

- Retention bonus is paid to direct employees for every full year of employment
- Long-term stock option award program is offered for indirect employees based on organizational and individual performance

Diverse Benefit Plans

Multi-Dimensional Insurance Plans

Provide Employees with A Worry-free Working Environment

- In addition to injury/medical insurance, accidents while riding on public transport was also added to insurance coverage in 2024 to encourage employees to take public transport and reduce their carbon footprint

Partnering with Employees to Look After Their Families

- Provision of quality and affordable self-funded group insurance policy that is used by nearly 50% of employees' dependents



Material Assistance for Key Stages During Career

- Ensure continued group insurance coverage for employees on injury, sickness or unpaid leave
- Dedicated overseas business travel insurance plan for business trips and expatriate assignments

Provision of Timely Service

- On-site representative from insurance company to provide timely consultation and claims services

Pension Scheme

Early Adopter of Employee Welfare Trust Plan

AUO launched the "Employee Stock Ownership Trust (ESOT)" in 2010 by providing employees with incentives equal to 100% - 150% of their stock. By encouraging employees to get in the habit of saving, we help them realize their short, medium and long-term financial plans, and prepare in advance for retirement. The ESOT has gained strong support among most employees since it was first created with employee participation exceeding 80% at the end of 2023.

Statutory Contributions to Ensure Proper Provision of Pension Fund

For employees covered by the old pension system, AUO makes contributions equal to 2% of their monthly salary to the Pension Preparatory Fund account at Bank of Taiwan. Actuaries are retained every year to prepare an actuarial report to ensure that the pension rights of employees are adequately provided for. For employees covered by the new pension system, a monthly contribution equal to 6% of their salary is deposited into their personal pension account with the Bureau of Labor Insurance based on their pension scale.

Comprehensive Employee Care

Heart-Warming Blessings and Care



Employee Subsidies and Benefits

AUO has designed different types of stipends tailored to employee changes in their life including childbirth, childcare, marriage, and funerals. Partner merchants are also used to take care of employees and their families in everyday life. Partner childcare center for example help employees with looking after their children.



Childcare Stipend

Most AUO employees have started their own families. To support the government policy to boost the birth rate, AUO began offering employees an annual stipend of NTD 3,600 for every child between the age of 2 and 6. In addition to personal subsidies, we also organize special activities including club activities, partner merchants, and sports seasons to meet the needs of employees of all age groups.

Better-than-Statutory Leave

For employees entering a new phase in their lives, AUO does its best to accommodate and celebrate the change. We also encourage employees to participate in sustainability activities. A combination of better-than-statutory paid leave entitlements and hybrid working model create a friendly workplace.

Item	Measure
Prenatal exam leave	Statutory requirement is for 7 days of paid leave. We exceed this by providing 10 days of paid prenatal exam leave for each pregnancy.
Prenatal exam companion and paternity leave	Statutory requirement is for 7 days of paid leave. We exceed this by providing spouses with 10 days of paid prenatal exam companion and paternity leave for each pregnancy.
Engagement leave	Employees getting engaged are provided with 1 day of paid engagement leave.
Volunteering leave	Employees are offered 1 day of paid volunteering leave each year to encourage their participation in the Group's volunteer activities.
Hybrid Office	Employees are offered the option of working remotely and flex-time.

4.2.4 Happy Workplaces

AUO proposed the “WE CARE Program” to promote workplace welfare based on the spirit of a people-centric approach and holistic care. The Program aims to foster a safe, healthy, and friendly 5-star happy workplace. “WE” in WE CARE represents “We at AUO and Wellness.” CARE represents the four aspects of Culture, Activities, Renew, and Environment. The Program promotes the goal of physical, mental, and spiritual wellbeing and balance for all AUOers. At the same time, we also hope to spread the WE CARE mission to our stakeholders and work with our value chain partners to safeguard health and safety in happy workplaces.



Culture

Labor-Management Relations Management

AUO practices open and transparent labor-management communications by enforcing constructive, two-way communication mechanisms. Labor unions have been established in Suzhou, Xiamen, Kunshan, and Singapore. For employees “not in a union or not covered by collective bargaining agreements” and “not at a unionized operating location”, their working conditions and terms of employment are determined in accordance with the requirements of local labor legislation, labor contracts, work rules, or statutory labor-management bargaining channels. In Taiwan, the “Regulations for Implementing Labor-Management Meeting” 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 quarterly basis at each plant for negotiation and discussion of labor-related issues. All employees can make recommendations to the Company through labor and management representatives. The quarterly labor-management meetings provide labor representatives with a clear picture of the Company’s latest material business information, human resources situation, and labor-related communication topics. These promote the establishment of harmonious labor-management relations and cooperation between labor and management.

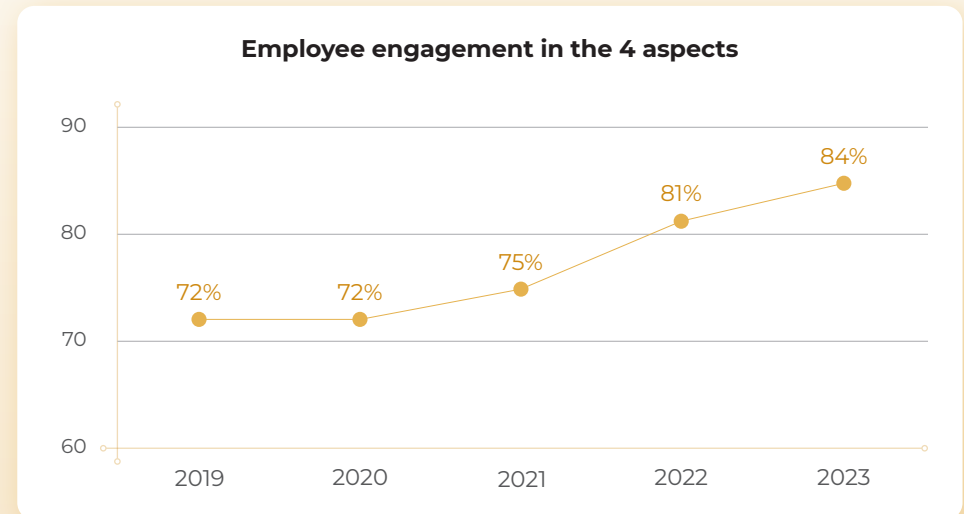
Material Topics

Ratio of employees that felt happy and were willing to recommend the Company to other people, Q12 annual survey on employee engagement with the Company and their work

Q12 Employee Engagement Survey

The general indicators from the Q12 Employee Engagement Survey is used by AUO to detect the global organizational atmosphere every year in order to promote a friendly workplace, understand what employees are thinking and ultimately, enhance employee engagement. In 2023, more than 29,500 direct and indirect employees at our global sites filled out the survey for a total coverage of 81%. The survey results were analyzed in terms of age, gender, and position. Employee engagement in the four aspects of basic needs, management support, teamwork, and learning & growth averaged 84%. Besides, 88% of employees who experience happiness and are willing to recommend others to participate. Data from the survey is also provided by AUO to each site and the relevant units. Measures are taken to strengthen weaknesses such as employee experience, education and training, and department communications. These improvements are also tracked to provide a reference for optimizations to organization management and the company’s human resources policy.

Note: Coverage rate is the response rate



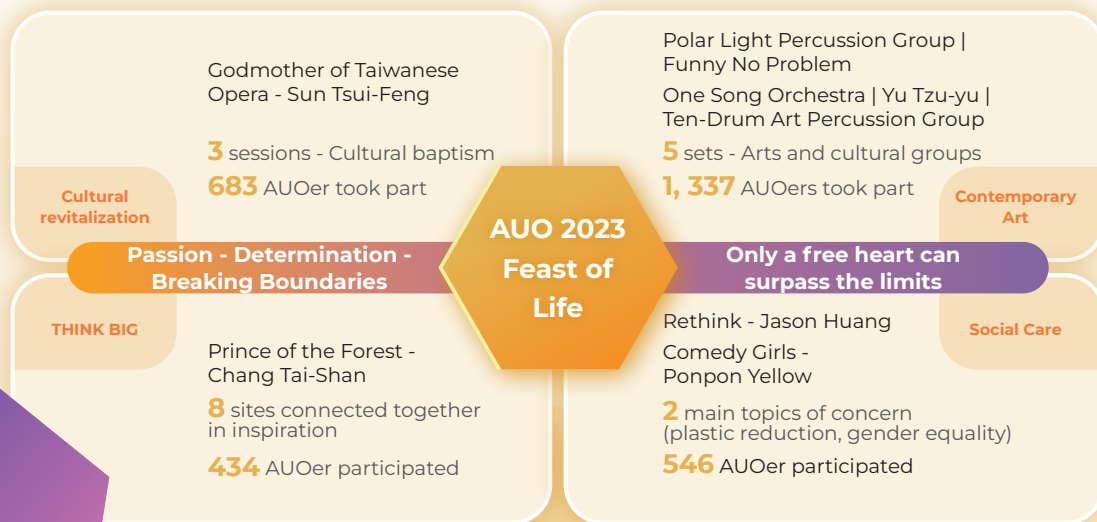
Open Channels of Communication

AUO works actively to establish a positive relationship with employees. Employees can provide their feedback through a variety of channels. They can also expect to be heard and receive a response. The case closure rate in 2023 was 100%. Employee relations specialist are stationed at each site and random telephone surveys are conducted to check on employees' physical and mental well-being. AUO re-activated the direct employee support interview program after COVID-19. These were conducted in group sessions and around 400 direct employees at Taiwanese sites took part in 47 interview sessions. Problems reported included routine unit management, education and training resources, company's benefit plans, and work areas. It is hoped that the in-person communication meetings will ensure that employees are heard, strengthen their bond with AUO, and bring about constructive developments in the management communication mechanism.

Activities

Feast of Life

Feast of Life is one of AUO's key soft activities each year. Speakers from different fields are invited to inspire employees with their positivity in work and life. Opportunities are offered every year for a spiritual recharge at work. The four main themes for Feast of Life seminars are contemporary art, social care, cultural revitalization, and Think Big. In 2023, the theme of "Passion, Determination, Breaking Boundaries" was chosen to reflect AUO's commitment to globalization, group organization and market-orientation. A total of 25 physical seminars were hosted to encourage employees to surpass their own limits. At the same time, a podcast program was launched to take advantage of post-pandemic interest in overseas travel. AUOers were invited to share their exciting stories from overseas and hear their way around the world. More than 1,000 people took part in the podcast program and a total of 3,000 people attended the physical seminars.



Digital Welfare Communication Platform

AUO launched the AUO Club to promote a friendly communication and interaction culture. In addition to responding to employee questions in a timely manner, event information are also pushed out to employees through LINE, a popular service. This ensures that company messages can be delivered to employees right away to foster a positive atmosphere for interactions and communication. More than 13,600 employees signed during 2023 in conjunction with various internal company events. We will continue to expand the user base, optimize the digital communication and interaction experience, provide more exposure for benefits and foster a friendly communication culture.



Funny No Problem's improvised short play on the workplace kept people laughing and made for a relaxing afternoon.



Ten-Drum Art Percussion Group not only gave a heart-pounding live performance but also engaged with employees to promote the Ten-Drum culture



Rich Club Activities

AUO encourages employees to form their own clubs and cultivate hobbies outside of work. Taiwan sites host joint club exhibitions every year for recruiting new members and sharing their accomplishments during the year. A physical joint exhibition was hosted at the end of 2023 with plastic reduction and Christmas carnival as the main themes. A total of 57 clubs took part by putting on spectacular club performances and exhibitions at AUO sites throughout Taiwan. Plastic reduction awareness displays were also set up on the day so that employees can practice sustainability in everyday life. These included DIY craft exhibits, concerts by musical clubs, games and interactive experiences, tastings, and movie recommendations. The club exhibitions and performances not only created a heart-warming and festive atmosphere for the end of the year but also served as a continuation of environmental education promotion.



Clubs host exciting joint exhibition for "Christmas Carnival"

AUO Sports Season

The 2023 AUO Sports Season was combined with the "Be the ONE! team AUO" Sports Carnival to launch a series of physical and online events that attracted 2,703 participants. The first event was the opening ceremony featuring eight regions. Employees were invited to take part in the creative road race while demonstrating their team's innovativeness and cohesion. Next came the competition tour that served as a warm-up for the sports carnival. Warm-up and selection competitions were held at all sites throughout Taiwan so that employees can experience the fun of sports for themselves. Online activities included the sports diary, sports classroom, MVP prediction and sports selfies. These promoted a sporting atmosphere and were well-received by employees.



Opening Ceremony featured teams from the eight regions cheering and waving their flags as the sacred sporting flame of 2023 was lit.

AUO "Be the ONE! team AUO" Sports Carnival

The Sports Day was held by AUO again after five years with spirit of "Be the One! Team AUO" as the main theme. The event represented how the globalization and group structure of AUO means everyone is on the same team. More than 8,279 AUOers and their families gathered together for the sports carnival in a show of the teams' passion, vitality, and rapport. In addition to individual and team competitions, family events, and carnival foods, the sustainability principle was also incorporated into the sports carnival through sports clothing made from recycled PET bottles, digital registration and payment to eliminate paper waste, discounts for bringing your own utensils and circular utensil rentals, plastic reduction exhibition and environmental education challenge, and trophies made from recycled waste wood. The sports carnival was therefore not just a competition but also a medium for promoting the sustainability philosophy, and leading by example in inclusiveness.



AUO Sports Day creates fun for AUOers



Environmental education challenge to promote sustainability philosophy

Renew

Intelligent Healthcare

AUO has built a total smart health risk and care platform to provide personalized health indicator trends. Data from health exams is used to categorize employee health risks and provide one-to-one healthcare measures and resources. The system utilizes AI technology to identify high-risk groups based on employees' health exam data, work hours, and health surveys. For high-risk groups, data applications and intelligent management system are integrated to activate the "Star Catcher Program." When an employee's health results them in being marked with a star, nursing personnel interviews the employee to assist with improving their physical and mental wellbeing. Platform functions include:

Employee's swipe-in/swipe-out records at the site are used to establish their amount of overtime and list them for tracking. **01**

Maternal healthcare program for pregnant and lactating mothers can be activated and personnel assigned to assess/discuss the situation. The health of the pregnant employee is checked so that adjustments can be made to their workload. **02**

Employees with cardiovascular disease are provided with support and reminders to reduce their health hazards. **03**

Environment

Wellness Center

The infirmary is called Wellness Center to shake off old stereotypes on company infirmaries to reflect its mission of preventive medicine and promotion of health and vitality.

Fitness Center

To encourage employees to exercise regularly, fitness centers and sports clubs have established at each site to provide comprehensive sporting facilities and a diverse range of sporting options. Peer support and a supportive atmosphere are used to create a total employee health solution.



4.3 Talent Development

Employee growth and development is important to AUO. On top of enhancing the professional ability of employees for continued employability through the provision of holistic, high-quality and diverse education opportunities, AUO also upholds our vision of international alignment by integrating the strategic direction of the organization with career development roadmaps tailored to employee needs. Internal teaching resources are used to promote the AUO value transformation through the enhancement of technical ability, leadership, and execution skills. To practice our philosophy of social inclusion and growth, training resources are also shared externally to expand their impact and cultivate industry talent.



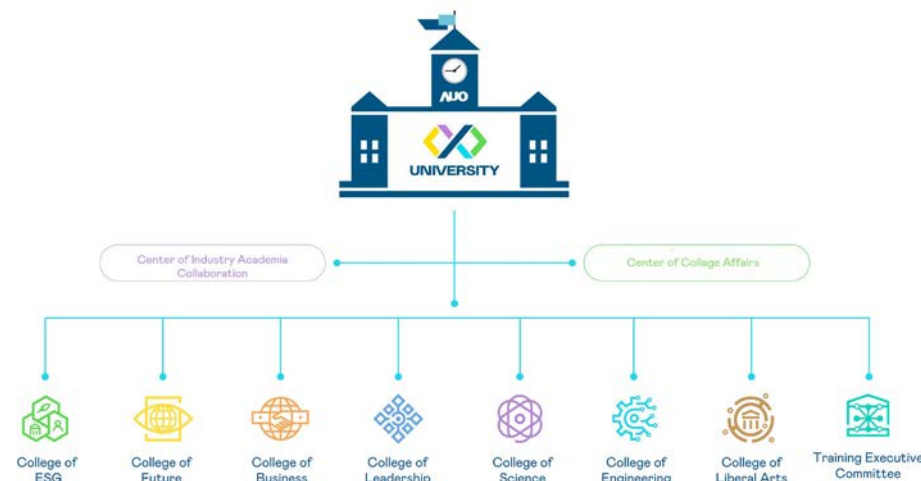
AUO Wins Asia Responsible Enterprise Award (AREA) for Investment in People

AUO is continuing to realize talent sustainability through talent transformation in the face of the global trend on digital transformation, declining birth rates, and our internal strategy of biaxial transformation. The “ESG-TALENTS” strategy is employed to establish fertile soil for employees to realize their potential and join the business in sustainable development. At the 2023 Asian Responsible Enterprise Awards (AREA), AUO was recognized with the award for “Investment in People” from a field of 378 entries that came from more than 260 countries in 19 Asian countries.



4.3.1 AUO University

AUO University focuses on the cultivation and development of talent for supporting the company strategy of biaxial transformation. Guided by its mission of cultivating talented all-rounders and business managers, AUO University provides AUOers with a diverse range of comprehensive in-service training and self-guided learning channels. AUO University consists of the College of Science, College of Engineering, College of Leadership, College of Liberal Arts, College of Future, College of ESG, College of Business. The seven colleges devise training roadmaps based on their target talent to provide training courses on general research and innovation, smart manufacturing, leadership, general education and specialization, future technologies, sustainable development, business management and marketing. Each department also sets up its own Training Executive Committee (TEC) responsible for the implementing professional training within the department. Each TEC also develops its own training roadmap to assist employees with enhancing their professional knowledge and skills. To ensure the effective implementation of education and training management strategy, the Academic Affairs Center of AUO University convenes education and training meetings at regular intervals to review the implementation status and performance metrics for all training. Measures are taken to improve and optimize each course for assurance of outcomes and quality. More than 6,000 courses were conducted during 2023. The AUO University is also used by AUO as a platform for the establishment of the Center of Industry Academia Collaboration and its integration with our transformation strategy. The Industry-academia collaboration roadmap of each college is used to establish requirements for technological development and cooperation. These are then matched to the extensive resources of higher education to boost the liquidity value of industry-academia knowledge and skills.



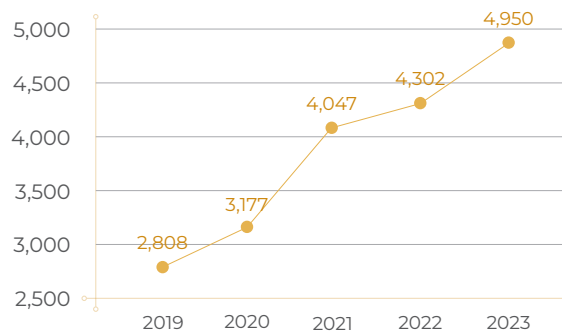
Training Roadmap

The AUO University tailors the focus of talent training and developments in organizational culture to the AUO's business strategy and mission goals. In response to developments in the smart field ecosystem, AUO assists employees with identifying market trends and new business opportunities; to support the development of overseas markets and our global strategy, AUO is also strengthening its cultivation of internationalized talent; promotion of digital learning and innovative applications is used to help employees enhance their productivity, encourage teamwork and communication, and support Company efforts to accelerate the pace of value transformation.

AUO Teachers' Day - Learning is Infinite

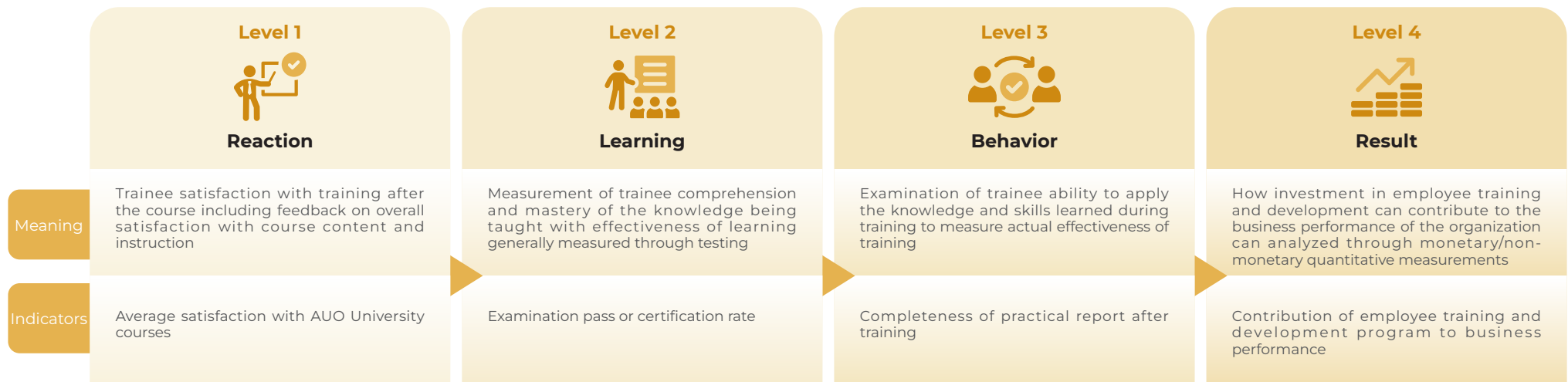
AUO believes that to teach is to learn. We are therefore continuing to cultivate experts in different fields in each unit and cultivate a co-learning environment. The AUO University has trained nearly 5,000 internal instructors so far and they now teach around 70% of all courses. Teacher's Day activities are held by the AUO University every year to acknowledge and thank these elite instructors and course experts for their contribution. The theme for 2023 Teachers' Day was "Strengthening Teaching Power, Learning is Infinite." In the seminar, voice coach was invited to give employees an in-depth look at speaking techniques. A more charismatic speaking voice helps instructors strengthen their teaching power. AUO hopes that all instructors can uphold the spirit of "co-creation and co-learning" at AUO University and work together to realize the goal of teaching transformation.

Number of internal instructors at AUO



Evaluating the Business Benefits of Employee Development

AUO sets course performance evaluations and completion mechanisms based on the learning objectives of courses. The four levels of training evaluation from the Kirkpatrick Model are used to evaluate and verify the effectiveness of training in terms of Reaction (survey metrics), Learning (test results), Behavior (practical report), and Results (project outcome). In 2023, average satisfaction with AUO University courses was 9.6 (out of 10). Most of the basic and advanced specialization courses reached the Learning and Behavior levels to have a positive effect on the business interests of the Company.



Employee Development Case 1	Programmable Logic Controller Development Training Project
Project Course	Programmable Logic Controller (PLC) Development Training
Content	The promotion of automation control at the internship workshop includes learning about the PLC hardware architecture and programming. Trainee also practice with simulation software to learn how about the analysis and simulation of PLC designs and applications. The cultivation of professional talent in automation control lays the core foundation for smart manufacturing. Trainee learn how to carry out projects by applying the knowledge and skills they learned while also improving productivity and production yield.
Percentage of total workforce	0.6%

Employee Development Case 2	Systematic Improvement Program
Project Course	Systematic Improvement Program (SIP)
Content	To continue strengthening quality and competitiveness, AUO is continuing to promote SIP aimed at continued cultivation of employees' problem-solving and continuous improvement ability. Engineers and technicians were invited to use the DMAIC(Note) logic system to engage in problem solving. The establishment of a common lexicon throughout the Company will facilitate the realization of Company or departmental targets.
Percentage of total workforce	70%

L1 Reaction Assessment	<ul style="list-style-type: none"> Average course satisfaction was 9.67 (out of 10) <p>With the PLC development course as an example</p>
L2 Learning Assessment	<ul style="list-style-type: none"> 100% qualification rate after completion of training. Average test score was 97.8 <p>With the PLC Development Course as an example</p>
L3 Behavior Assessment	<ul style="list-style-type: none"> 100% completion of practical report after training <p>With the PLC Development Course as an example</p>
L4 Results Assessment	<p>Quantification of contribution to business performance from investment in employee training and development program: Total benefits were in excess of NTD 1.4 million</p> <ul style="list-style-type: none"> Savings in use of photo-resist dilution agent translated to financial savings in excess of NTD 1 million In-house modification of machinery translated to financial savings in excess of NTD 210,000 Improvement to broken panel scrapping and processing times/costs translated to financial savings of NTD 130,000 Savings in use of operator man-hours translated to financial savings in excess of NTD 80,000 <p>With the PLC Development Course as an example</p>

L1 Reaction Assessment	<ul style="list-style-type: none"> Average course satisfaction was 9.51 (out of 10) <p>With SIP - Problem Analysis/Solving Procedure in Practice and Application Course as an example</p>
L2 Learning Assessment	<ul style="list-style-type: none"> Average test score was 96. 88% qualification rate after training <p>With SIP - Problem Analysis/Solving Procedure in Practice and Application Course as an example</p>
L3 Behavior Assessment	<ul style="list-style-type: none"> 100% completion of practical report after training <p>With SIP - Problem Analysis/Solving Procedure in Practice and Application Course as an example, based on judging of site competition/preliminary competition/quarterfinals/finals</p>
L4 Results Assessment	<p>Quantification of contribution to business performance from investment in employee training and development program:</p> <ul style="list-style-type: none"> Improvement to PS CPD scrapping: Average PS OEE (Overall Equipment Effectiveness) LOSS reduced from 2.1% to 1%. Improvement to percentage of LC Margin anomalies saw percentage of anomalies reduced from 1.8% to 0%, an improvement of 100%. 100% improvement to anomalies from lit pixels in the light area of Mini LED backlight modules. Incidence of anomalies reduced to 100%. Improvement to Array T1-M1-Defect scrapping rate. Average scrapping ratio was reduced from 0.11% to 0.06% after improvements were introduced. Realized the goal of reducing the average ratio of ITO Film dirt from 0.13% to 0.05%, an improvement of 61%. <p>SIP - Final Competition Report of Outstanding Projects was used to present the assessed benefits of the Top 5 projects</p>

Note: DMAIC: Define, Measure, Analyze, Improve, Control.

AUO University Training Program Highlights

College of Liberal Arts - Field Ecosystem

AUO invited local and foreign industry experts to dissect market trends and industry trends. The in-depth exploration and creation of vertical market application value served as inspiration for field knowledge and understanding of new business opportunities in the ecosystem.

<p>Field Ecosystem Series - Driving the Future, Mastering the Horizons</p>	<p>Field Ecosystem Series - Smart Healthcare, Smart Education</p>
<p>The age of smart mobility is upon us. AUO hosted the Mobility Ecosystem Summit featuring topical forums on the Smart Cockpit and Mobility Service to share AUO and its strategic ecosystem partners' strategies and joint accomplishments.</p>	<p>Interdisciplinary experts were invited by AUO to share various field formats, their operating experience, technical advantages, and industry trends. Employees were inspired to think about the business opportunities from extended applications.</p>

College of Business - Training of Internationalized Talent

As part of AUO's global business expansion and overseas investment strategy, multiple language courses are offered for expatriate and foreign employees for the effective improvement of communication efficiency, express our respect for multiculturalism, promote the successful of transnational collaborations, and boost international competitiveness.

<p>Vietnamese/Mandarin</p> <p>Understanding of local people and culture is cultivated through cultural awareness in support of the Southward Policy. The course assists expatriate employees stationed in Vietnam with adapting to the local workplace and Vietnamese employee cadre with learning Mandarin.</p>	<p>Cross-cultural Exchange Seminars</p> <p>The focus of communication and exchange in the Vietnamese workplace assists expatriate managers and employees in Vietnam understand important information about local infrastructure and political-business exchanges.</p>
<p>English Public Speaking for Managers Course</p> <p>As part of the Company's globalized business development, the course strengthens the English speaking skills of senior executives to improve their external communication and image.</p>	<p>German Micro-Learning Course</p> <p>German project team members were provided with assistance on inter-lingual communication and cross-cultural adaptation.</p>

College of Future - From Learning about Digitization to Creating with Digitization

AIGC generative technology is changing how people work and live in the future. AUO University leveraged its expertise in e-learning to help employees improve their productivity through the application of new digital technologies. Online learning was utilized more than 10,000 times and a proprietary AUO ChatGPT was successfully developed for internal use. A total of 26 custom GPT projects were also developed in response to the needs of different specialist departments. AUO supported competitions on digital innovation by encouraging university students to propose innovative solutions tailored to the needs of smart fields and environmental sustainability. The cultivation of future talent strengthened our corporate image on campus and expanded our influence on society.

Digital Learning



Unlock your digital future from the new generative AI perspective

Lee-feng Chien (former CEO of Google Taiwan), Roan Kang (Vice President for Microsoft and Chief Operating Officer of Microsoft Greater China Region), and Ju-Chun Ko (Assistant Professor of Graduate Institute of Networking and Multimedia, National Taiwan University, and partner of Dentsu Group) were invited to share trends, applications, and their insights on generative AI.

Nearly 2,000 people trained

Digital Practice



Chat GPT series - Basics and Practice

ChatGPT basics and practice covered six topics including how to phrase questions, writing of e-mails, translation, AI conversation applications, generation of high-quality reports, and rapid webpage summaries showed employees how ChatGPT can become powerful tools at work.

More than 10,000 people trained to date

Digital Creativity



Digital Creativity Ideathon for Youths with Potential

The contest focuses on AUO AIoT smart fields and ESG applications were. The core component of display visuals was connected to smart innovative applications based around AUO's ESG concepts. A Digital Creativity Ideathon for Youths was also held to create a platform for networking and exchange.

The contest attracted 52 teams with prizes presented to 5 teams. 9 teams of students were invited to give presentations on their work. More than 250 employees took part in the event.

Material Topics

Sustainability targets, and promotion of total culture

All in ESG

The College of ESG established by AUO at the end 2021 has continued to develop activities and courses tailored to different groups. These included the General Education series to cultivate sustainability literacy in all employees, the Professional series to cultivate sustainability experts for each unit, and the Trend series to help executives connect with international trends. The courses are aimed at enhancing the ESG knowledge and skills of all employees in a systematic manner. A total of 34 classes were conducted in 2023 including ESG short lectures, ESG presentations, Master Lectures and workshops to promote total sustainability. Total exposure exceeded 29,980 people.

Trend Power - ESG Short Lectures

Outside experts invited to dissect key net zero strategies in Taiwan and important global trends so that managers are up to date on domestic/overseas trends in sustainability topics. This is extended to include the Company's development direction, key risks, and opportunity creation. 3 sessions were held in 2023.



Professional Power - ESG Presentations

AUO employees took part in external training courses to connect their distilled knowledge with AUO practices. The knowledge learned was shared with sustainability experts at each unit. Co-learning was utilized to inspire enthusiasm for learning and results. Two course series were conducted for a total of 10 sessions in 2023.



General Education - Sustainability Lectures

The CSO accepted an invitation from the online learning platform to teach a class that was shared simultaneously for internal learning at AUO. Learning about the company's sustainability accomplishments and vision helped build internal consensus among employees and their willingness to become involved.

Master Seminar - Climate Change Film Exhibition

A climate change film exhibition was held by AUO for the first time to support the public broadcast plan for the documentary Melting Greenland. Steven Ko, the founder of the Melting Greenland project and chairman of O'right shared his motivation for the project and the impact of climate change on the global environment. A total number of 640 people took part in the on-site and online screenings. At the same time, AUO sites also held joint static displays on the plastic reduction policy to communicate plastic reduction awareness to employees. After the event, senior executives were invited to record their personal insights from the film exhibition and make a top-down declaration on climate sustainability action. Employees were in turn inspired to engage in bottom-up sustainability behaviors.

AUO Sustainability Literacy Survey

AUO partnered with Social Enterprise Insights on the Sustainability Literacy Survey to track the results of sustainability literacy education among AUO employees. The 3rd survey featured AUO-specific questions that incorporated the ten targets from AUO CSR EPS 2025 as well as content from the previous two surveys. The questions tracked AUO practice and acceptance of sustainability actions while also providing AUO with advice and feedback on sustainability practices. The survey was expanded in 2023 to cover all global employees. A total of 13,105 employees took part, an increase of 254% over 2022. Average score was 80.67. In addition, the survey found that 11,478 employees agreed with the AUO's sustainability behaviors. They also provided constructive feedback and advice such as using less disposable cutlery, increasing solar power, encouraging the purchase of electric vehicles, more use of local ingredients by cafeterias, strengthening of paper-free policy, and more waste recycling. The results showed that AUO employees not only possessed sustainability literacy. They were also active practitioners of sustainability behavior in their everyday life and supported the Company's various initiatives and activities on promoting sustainability.

Note: The 2023 Sustainability Literacy Survey was compiled in January 2024.

Sharing of Resources on Earth Day for Carbon Reduction and Planet Earth

AUO partnered with the resource sharing platform Give-Circle to show support for Earth Day. Employees were encouraged to donate unneeded items from home. Waste can be reduced at the source by sharing instead of hoarding and dumping as well as extended use instead of purchasing. The donation campaign saw 1,068 people sign the Sharing for Carbon Reduction Declaration and donate 376 items. The power of charity benefited 236 people in 9 counties and cities throughout Taiwan.

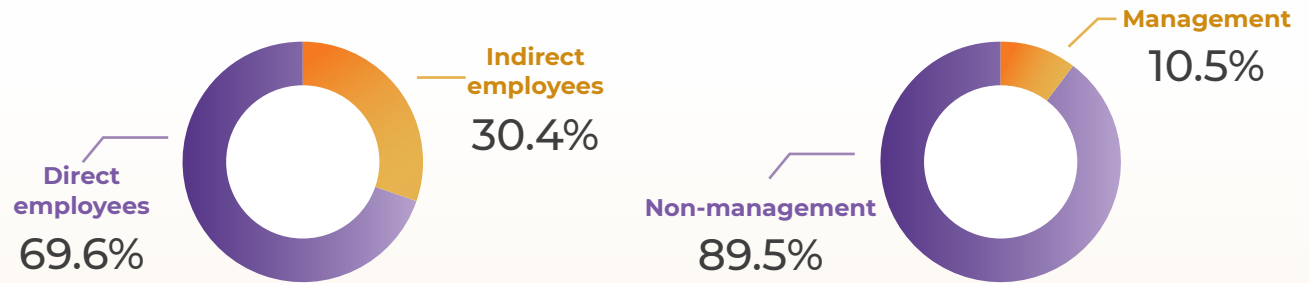
4.3.2 Performance Management & Diversified Career

Performance Management System

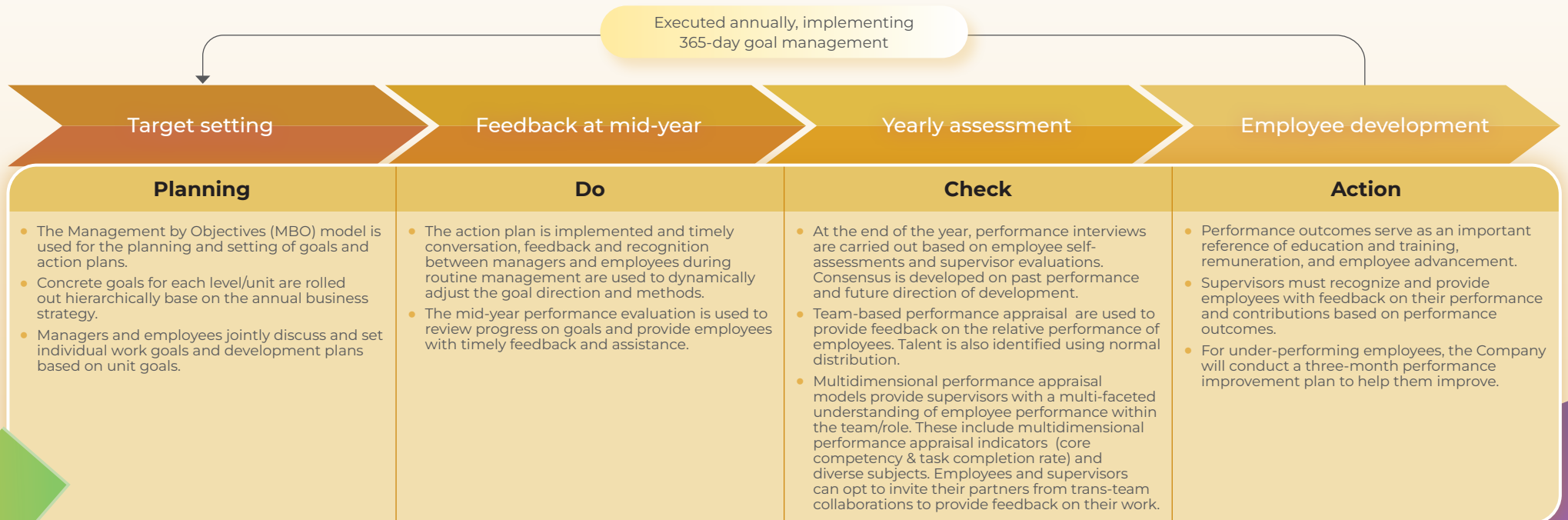
The core spirit of the AUO performance management policy is to support the growth of company operations and the sustainable development of talent. Team and individual key performance indicators are expanded from AUO's strategic business goals every year. The twice-yearly performance management cycle combined with routine feedback, routine performance interviews, and multi-dimensional appraisal design are used to build a workplace with two-way communications. Employees are provided with appropriate support and assistance to drive the continued development of talent. Performance outcomes also serve as an important reference for personnel promotions and remuneration design. 100% of global permanent employees that completed the performance management cycle in 2023.

Distribution of Routine Performance and Employee Categories

100% of global permanent employees that completed the performance management cycle in 2023.



PDCA Performance Management Cycle



Material Topics

Internal promotion rate for management and specialist positions, Indirect employee job rotation rate

Diverse Career Development Channels

Internal talent mobility is important to AUO. We respect and balance employee career needs against the company's business requirements to provide diverse options for career development. Employees are encouraged to enhance their specialization, expand their horizons, enrich their personal resume, and open their eyes to international opportunities in exploring their boundless professional potential.

Enhancing Specializations and Planned Cultivation of Talent

AUO designs career development roadmaps based on different roles and levels of complexity. Promotions in grade allow employees to take over unfamiliar or more challenging roles through adjustments in their scope of work once they have mastered their original role. In this way, employees are encouraged to continue honing their skills. Talented personnel are regularly assigned through AUO's dual-track system for management and specialist positions. In 2023, the internal promotion ratio for management and specialist positions was 89%. We not only emphasize internal training and development for employees but also ensure that employees are provided with a well-defined career path within the organization. At the same time, an expert selection system has been into place to encourage the continued refinement of employee's technical expertise. Key technical talent are provided with recognition and accolades. For all of the promotion pathways mentioned above, the quarterly human resources review meeting examine each employee's career planning and current assignment to ensure that the right people are in the right place and developing in the right direction.

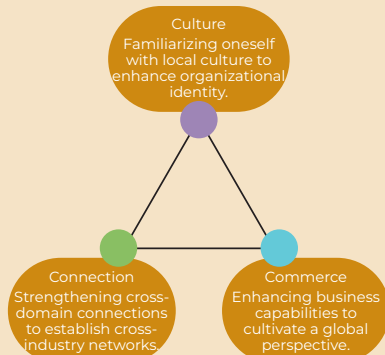
Promoting Talent Mobility and Development

In response to AUO's biaxial transformation strategy, we have initiated group-wide and global operations and talent deployment. We have also implemented individual development plans to provide career opportunities for colleagues through mobility and development. In 2023, the indirect staff rotation rate was 26%, and internal transfers of indirect staff accounted for 79% of the total recruitment demand. We encourage colleagues to inherit organizational knowledge and broaden career possibilities through task rotations, aiming to cultivate global talents across domains and industries.

Talent Mobility and Development Integration Plan

Global/Group Talent Development Program (GDP)

The Triple-C plan for Culture, Connection and Commerce is used for the systematic cultivation of interdisciplinary talent and for enriching their international horizons by providing a global stage for development.



Job-Bid

A transnational and trans-Group talent mobility platform has been established with open and transparent listings of job openings. Time limit for job bids is also relaxed to accelerate the horizontal development of quality talent. The platform also helps with talent retention, respect for management authority, and protection of employee rights.


Job-Rotation


Supervisors can use performance interviews and employees' personal development plan to offer job rotation opportunities when appropriate for cultivating all-rounders within the organization.


Expatriate


Due to the continued expansion of our overseas manufacturing locations, AUO began surveying interest in expatriate assignments and rolling out an expatriate talent strategy in 2023. Expatriate assignments are periodically reviewed by AUO. There are currently 230 employees assigned to expatriate positions around the world. All are provided with the most appropriate and comprehensive care and support whether they are bachelors or took their families with them.


Flexible Benefits Plan and Supporting Management Mechanism for International Assignments

- 
Advance Preparations for Expatriate Assignments

Arrangement of advance preparations such as health exam, shipping of personal belongings, environmental inspection, and visa services.
- 
Essential Subsidies for Living in A Foreign Land

Regular inspection of local standard of living to design expatriate stipend as well as accommodation, transportation and telecommunications subsidies that maintain the quality of life.
- 
Expatriate Assignments Accompanied by Family

Provide family stipends, children's education subsidies, and family housing to support home-building in a foreign land.
- 
Expatriate Care and Support

Entitlement to expatriate group insurance and SOS emergency overseas medical assistance services.
- 
Expatriate Talent Rotation Mechanism

Rotation mechanism is activated at end of assignment for planning of career development upon return.

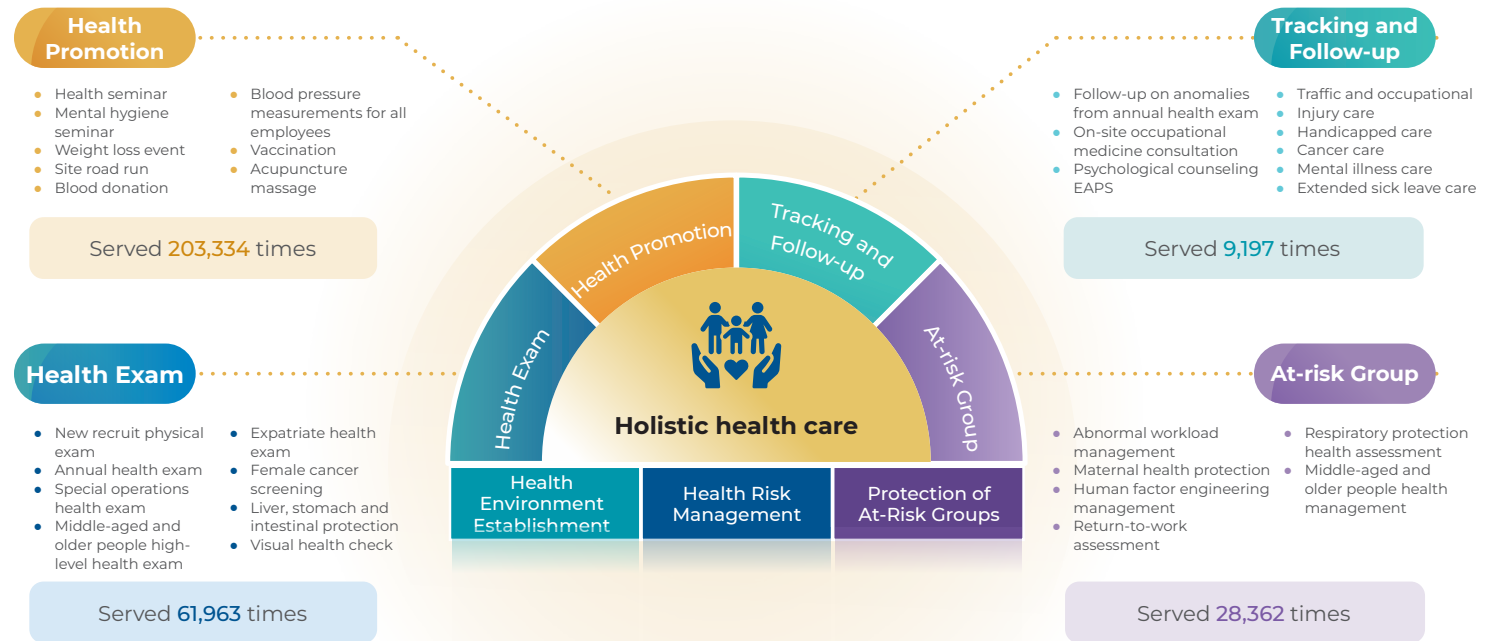
4.4 Health & Safety

4.4.1 Healthcare

AUO considers employees to be a company's most important asset. We have worked for many years to cultivate a friendly and healthy workplace based on our people-centric philosophy. In terms of employee healthcare plans, AUO resources are channeled through the Human Resources Center, Wellness Centers, Environmental Health and Safety and other units to create a platform that provides comprehensive care of employees' physical, mental, and spiritual well-being. Employees can also engage in self-management of their health.

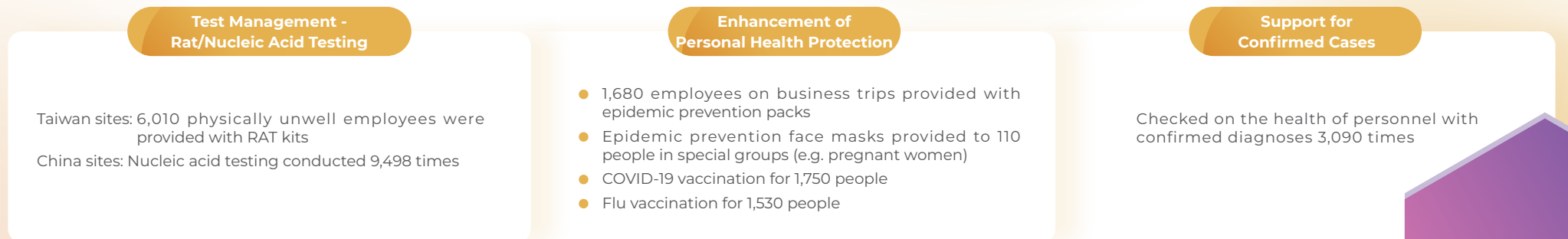
Caring for Employee Health

The "Holistic Healthcare Plan" was devised by AUO based on the three principles of Healthy Environment Building, Health Risk Management, and Protection of At-risk Groups. The application of health big data and introduction of hospital resources allow all employees to improve their personal health through self-management. Health services was provided to employees more than 300,000 times in 2023 through the four dimensions of health exam, health promotion, tracking and follow-up, and at-risk groups.



Epidemic Prevention Health Management

Decreasing severity of the COVID-19 virus meant the lifting to international travel restrictions and a return to normality. The COVID-19 virus has not gone away however. AUO is continuing to monitor new viral strains across the world and providing employees on business trip with the corresponding epidemic prevention measures.



Maternal Health Care for Employees

AUO is supporting “SDG 3: Ensure healthy lives and promote well-being for all at all ages” by providing support for women during reproductive phases in response to the increasing severity of declining birth rates. In addition to existing healthcare services during pregnancy and after childbirth, in 2023, AUO also added care services for pregnancy preparation to provide female employees with more comprehensive care.

Pregnancy Preparation Phase	Pregnancy and Childbirth Phase	Postnatal Recovery Phase	Maintenance Phase and Healthcare
<ul style="list-style-type: none"> ● Three-Part Guide to Pregnancy Seminars ● provide the latest information on food and health education during pregnancy preparation ● Signing of agreement with domestic artificial insemination institutions 	<ul style="list-style-type: none"> ● Provision of guidance during pregnancy by professional nurses and prenatal health assessment by occupational medicine specialist ● Evaluate on-site hazards and ensuring the safety of the workplace ● Flexible working hours and employees given the choice of working at nearby sites ● Epidemic prevention talisman for pregnant women ● Pregnancy gifts and joining employees in welcoming new babies 	<ul style="list-style-type: none"> ● Provision of postnatal health advice by nurses ● Postnatal health assessment by occupational medicine specialist ● Flexible breastfeeding hours and friendly breastfeeding spaces 	<ul style="list-style-type: none"> ● Provision of better-than-statutory healthcare ● Female-only health exams (breast ultrasound, mammography, pap smear, gynecological ultrasound, gynecological cancer blood tests) that can be performed on-site ● No-gap subsidies on regular breast ultrasounds for women on shift work
Pregnancy assistance seminars attracted 386 employees	Pregnancy/postnatal maternal health consultation services were used 189 times Female-only health exams conducted for 4,295 people	Female health consultation services used by 363 people Breast ultrasound for women on shift work conducted for 104 people	

Material Topics

Rate of regular return visits for personnel with neuro-cardiovascular anomalies (three-hypers)

The average age for AUO employees is 41, all kinds of chronic illnesses are beginning to surface. AUO pays close attention to employees at high-risk of neuro-cardiovascular disease and issues the risk index for overall employee health every month. Employees are encouraged through the Wellness Center to lower their risk index through exercise, weight loss, and their diet. Annual increases in the return visit rate for personnel with neuro-cardiovascular (three-hypers) anomalies was also set as a target to enhance employee health awareness and reduce the risk of disease. The return visit rate in 2023 was 70.55%, an improvement of 30% over 2022 (34.23%). In 2023, there were 14 cases of neuro-cardiovascular disease (stroke/cardiac arrest) in 2023, the same as 2022. Reducing the chance of neuro-cardiovascular disease therefore continues to be an issue of concern for AUO.

Neuro-cardiovascular disease support in 2023

No. of neuro-cardiovascular disease cases	5,899
Total frequency of return visits	4,162
Return visit rate	70.55%
No. of people with neuro-cardiovascular disease	14

Note: The scope is Taiwan sites

External Recognition



AUO was recognized by the Health Promotion Administration of the Ministry of Health and Welfare with the “Excellent Healthy Workplace - Sound Health Award.”



AUO head quarter presented with the “Friendly Breastfeeding Room Certification - Distinction Award” by the Hsinchu City Public Health Bureau in 2023.



All Taiwanese sites have received the Badge of Accredited Healthy Workplace issued by the Ministry of Health and Welfare.

4.4.2 Safe Workplace

No effort is spared by AUO in promoting a safety culture that puts people first. We seek to build an intrinsically safe workplace through safety and risk management as well as total engagement. All global manufacturing locations have obtained ISO 45001 Occupational Health and Safety Management System certification covering 99.41% of all employees. Taiwanese sites have also obtained CNS 45001 certification in accordance with the law.

Category	Number of people covered by management system	Total AUO workforce (Note)	Ratio
Employees	36,257	36,469	99.41%
Contractors	1,877,623	1,878,541	99.95 %

Note: No applications for certification are submitted for non-manufacturing plants such as the Slovakia plant (now converted to maintenance center), overseas offices in Europe, US, Japan, and Korea, as well as the Taipei office.

Safety Culture

The AUO Safety Rule was defined in 2012 to regulate and prevent employees from engaging in dangerous work without proper training or qualifications. Employees were also authorized to reject any tasks that violated the Safety Rule. Since the initiative was introduced a decade ago, AUO has continued to build employee consensus on the importance of safety. Many safety culture activities, education, training and awareness campaigns were conducted to boost employee knowledge and awareness on health and safety in the workplace. Every effort is made to reduce the chance of industrial safety accidents due to unsafe environments or behavior.

In 2012 and 2022, AUO conducted to company-wide surveys using the Bradley Curve model. In 2022, a three-year implementation plan was also devised based on findings in the five key areas of leadership and management, safety procedures, personal responsibility, safety performance, and teamwork. Supervisors were required to practice top-down management while employees practiced collaborative supervision and autonomy from the bottom-up. These ensured that shop floor units and new employees both recognize the potential risks in their workplace, and possess the ability to prevent and mitigate accidents. The 2023 Safety Competition recognized the safety analysis proposals of 40 supervisors for contributions to their home site. In positive thinking, 140 safety officers and 18 supervisors were recognized for their examples on positive thinking. In terms of performance and promotion, supervisors were recognized for their emphasis and efforts on employee safety and risk management. The Safety ABC competition saw 31 outstanding site supervisors and employees presented with performance awards and acknowledgment by the Vice President of Manufacturing.



Three-Year Safety Culture Promotion Plan

	2022	2023-2024	Key Action	Implementation Outcome
Leadership	Managers Leading by Example	Positive Thinking	 Positive Thinking	Safety culture mascots were produced and presented to 1,100 supervisor of production units in the hopes that they will demonstrate leadership on safety, inspire positive thinking by employees, use encouragement instead of blame, and employ incentives instead of punishment.
Safety Procedure	Proper Supervision by Safety Officer			The Safety Passbook App was set up and issued 1,073 reminders, 76 minor injury reports, and 121 safety updates in 2023. Employees were encouraged to look out for one another and flag any potential risks immediately. By upholding the spirit of mutual assistance in safety, employees can become safety partners and trust in each other.
Individual Responsibility	Strengthen Safety Cognition	Employee Mutual Assistance	 Employee Mutual Assistance & Safety Partners	The survey platform was used to promote relevant themes. Cartoons were used to introduce all employees to the results of different hazard types and the importance of prevention.
Performance	Safety Performance and Rewards	Performance and Promotion		
Teamwork		Safety Partner	 Performance & Promotion	Executive secretaries and stewards for environmental safety were chosen for performance bonuses and recognition on the basis of outstanding performance by their sites in safety competitions

Employee Participation and Communication

Employee consultation and participation are valued by AUO. In Taiwan, employees are authorized to nominate labor representatives for occupational health and safety in accordance with the Occupational Safety and Health Act. Once approved by the labor representatives of the Labor-Management Meeting, these representatives may attend the quarterly Occupational Health and Safety Committee (Safety Committee) meeting to amend health and safety work rules, conduct incident investigations, carry out workplace environmental monitoring, and participation in the decision-making on health and safety issues. The Labor-Management Meeting also conducts joint discussions on penalties for employees that break the rules and the method for selecting labor representatives. Any requirements relating to health and safety issues must be discussed and a consensus reached by the Safety Committee and Labor-Management Meeting. AUO has also incorporated the importance of safety communications into our "Environmental Health and Safety and Energy Policy." The communication mechanism has been strengthened to collect safety-related suggestions through different communication channels including the President's Mailbox, internal communication mailboxes, and the Labor-Management Meeting. Suggestions are thoroughly discussed by the relevant units before taking further action and tracking of improvements. There were 15 safety communication cases (not including European sites) in 2023 and 100% were dealt with appropriately. AUO hopes to ensure truthful reporting of problems by employees and continuous improvement through effective communications.

Material Topics

None of serious accidents, industrial safety accidents, and traffic injuries, as well as frequency of disabling injuries among personnel and contractors

Health and Safety Indicators

AUO strives to enforce our safety culture through improvements to potential hazards and risks such as close calls and observation of safety behaviors. Quantitative targets have also been set. We did fail to meet many of our indicators in 2023. Improvement measures have now been developed by AUO and we hope this will be reflected in the management outcomes. The majority of the 7 serious occupational injuries were related to crushing and cutting, slips and falls, collision and impact. The main reasons for this included environmental obstructions, inadequate safety protection on equipment, inadequate personnel training, and poor operator discipline. Improvement measures have been devised by AUO. We hope to improve our management performance in 2024 and ensure the safety of all employees and contractors.

2023 Occupational Injuries

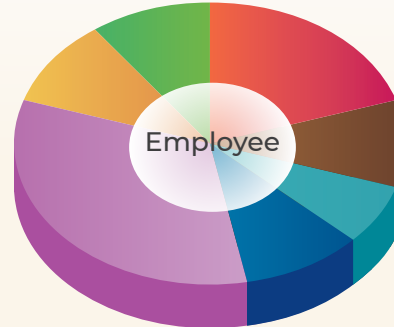
Serious Occupational Accidents (Note) 7 cases	No. of occupational disasters 40 cases
---	--

Frequency of disabling injuries (FR) 0.49	Industrial safety accidents 17 cases
---	--

Traffic injuries 150 cases	Frequency of disabling injuries for contractor 0.19
--------------------------------------	---

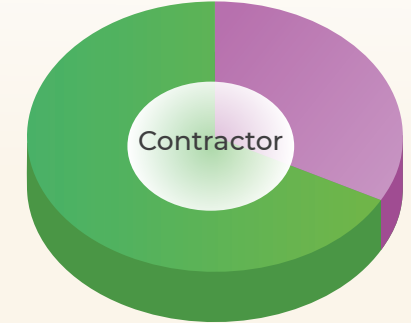
Types and Rates of Employee Occupational Injuries

- Slipping/falling 33%
- Pinching/rolling/crushing 20%
- Bashing/hitting/Musculoskeletal injuries 10%
- Falling 10%
- Spraining/bruising 10%
- Stabbing/scratching/cutting 10%
- Others 7%



Types and Rates of Contractor Occupational Injuries

- Falling 67%
- Slipping/falling 33%



Note: Serious occupational accident is graded by the Company based on the number of people injured and severity.

Prevention and Improvement of Occupational Injuries and Disasters

In 2023, workplace accidents, occupational safety incidents, and traffic injuries exceeded the company's self-management targets. AUO recognizes the need to accelerate improvement measures. To address traffic injuries, defensive driving training and promotion will be strengthened to enhance employees' awareness of traffic safety. The main types of occupational safety incidents include hazardous gases, chemical leaks, and electrical fires. To improve hazard identification and appropriately apply smart management tools, AUO officially introduced projects for special gas and chemical safety management, battery safety management, and implemented them through the safety subcommittees across various plant locations.

Optimization of the Safety Rule

Created the Seven Rules of "Tag, Permit, Prevent, Protect, Clearance, Passage, Shutdown" for safety so that they can be remembered by employees to protect themselves and others.

Introduction of Pre-Job Training Certification Scheme for Maintenance Workers

Inventory of maintenance operation risks, establishment of maintenance operation risk management scheme and SOP guidelines, strengthen enforcement and implementation of safety officers for maintenance operations, analysis past maintenance operation accidents and carry out related education and training, and addition of mechanism for inspection of maintenance operations.



Strengthening of Inspections

Inventory of operating hazards with a focus on high risks that used management tools such as Job Safety Analysis (JSA) and Kiken Yochi Training (KYT) on hazard perception for preventive management. On-site inspections and observations are employed for continued adjustment and optimization to progressively reduce the likelihood of risks.

Inventory of Machinery Handover Risks

Use the protection provided by comprehensive safety mechanism to prevent direct exposure of workers to hazardous energies. These include checking the integrity of safety interlocks for contact risks the boundary between different units. When an anomaly is resolved, the machine must be checked and reset from a safe area. Check whether safety interlocks include non-visible risks (e.g. X-Rays) from connected spaces.

Gas and Chemical Safety Management

AUO examines the root causes of accidents, and advanced management measures will be implemented through special gas and chemical workshops. Supply safety management includes tank truck filling image recognition, management of signaling on the parts management platform, and optimization of the steel cylinder return system. In terms of detection management, this includes increasing detection points, maintaining detectors, and establishing testing platforms, as well as implementing selection criteria and training for contingency protective equipment.

Battery Safety Management Program

AUO refers to FM 5-28 (Direct Current Battery System Design, Operation, Inspection, Testing, and Maintenance Guide) and FM 5-33 (Preventive Standards for Losses in Lithium-Ion Battery Electrical Energy Storage Systems). This includes battery monitoring management (setting battery monitoring indicators, remote alarm monitoring, visual inspection of electrolytes), setting up safety monitoring systems for charging stations, establishing acceptance standards for incoming new batteries, and conducting training and drills for contingency response in battery fire incidents.

Contractor Safety Management

Contractors are important AUO partners. AUO has therefore extended our safety culture management to contractors as well to create a healthy and safety workplace. An e-contractor safety management system was established by AUO for enforcing online self-management by vendors. Contractors are required to adhere strictly to the standard operating procedures defined for the all three stages (contracting, site access, and construction). AUO hosted more than a thousand training session to prevent contractor accidents and enhance their safety literacy during 2023. For site management, the introduction of a dynamic contractor management system provides real-time construction information and the status of hazard communication. AUO safety officers can therefore track key construction risks and conduct on-site inspections to ensure proper safety management during contractor work.

Contractor Education and Training Course

A total of 1,240 sessions were held and attended by 1,499 contractors

Qualification training
1,001 sessions

Supervisor training
239 sessions

AUO safety officer training
247 sessions

Suzhou Site - Safety Experience Center

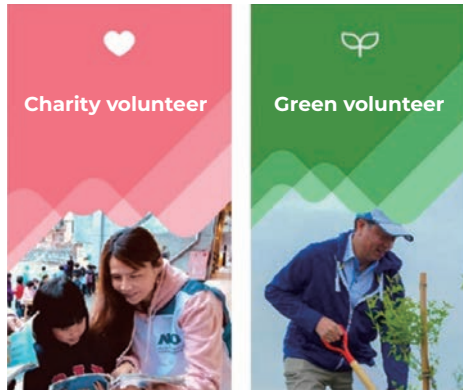
A Safety Experience Center was set up by Suzhou Site to conduct specialized safety training for safety officers, equipment personnel, ERT members, and workers in high-risk positions. Safety experience tours are also available for local businesses, government, and communities to show how safety management is being implemented at AUO and its results. A total of 79 groups were hosted and training provided for 2,714 people.



4.5 Social Participation

4.5.1 AUO Foundation

In 2019, AUO established the AUO Foundation with the aim of fostering four main volunteer categories, including charity, culture, green initiatives, and education. By collaborating with stakeholders, the foundation works on key actions to protect the natural ecology, promote popular science and environmental education, drive cultural innovation, and address public welfare concerns.



 [AUO Foundation website](#) 

Social Investment in 2023

 Achieved  Not Achieved

Category	Item	2023 Target	2023 Accomplish		2024 Targets
 Cash (NTD)	AUO Sustainability Scholarship	10 million		7.87 million	8 million
	Fund for Wish Program	4 million		3.99 million	Transitioning into a capacity-building program for social innovation organizations
	Sustainable Agriculture Alliance – vegetables, fruits and rice	11 million		10.85 million	11 million
 Time	Volunteer Service - Taiwan	8,000 Hours		9,726 Hours	8,000 Hours
 Activity	Green Party	Note	-	Planting 1000 seedlings	Transitioning into ecological conservation activities
	Ocean Party	Clearing 3 tons of marine waste		Clearing 2.89 tons of marine waste	Clearing 2.5 tons of marine waste
	Popular Science Education	4,600 person-times		9,548 person-times	4,600 person-times
	Environmental Education	3,700 person-times		11,164 person-times	4,200 person-times

Note: Target will be calculated using surface area of ecological reserves after program transformation in 2024.

4.5.2 Society Care

Sustainability Literacy Scholarship

AUO has been inviting employees to donate a day's pay to scholarships since 2006. Over NT\$160 million have been raised to date for scholarships that benefited more than 44,000 people; in 2015, AUO formed a partnership with the National Museum of Natural Science in Taichung and the Yuan T. Lee Foundation to broaden students' horizons through the DADA's Magic Science Camp 1-day camps. Since 2020, AUO has partnered with the Teach for Taiwan (TFT) Foundation to promote the realization of SDG 4 "Quality Education" ideals through School Sustainability Cultivation Project. The sustainability cultivation project is aimed at cultivating the sustainability literacy of students under the 2019 Curriculum Guidelines. AUO Foundation provides grants to rural teachers so that they can develop walk-study, practical workshops, environmental surveys and other topics based on children's requirements and discussions with students. By using more diverse learning methods to boost student enthusiasm and motivation for learning, precious non-cognitive skills can be cultivated. These will help students demonstrate their unique leadership skills in everyday life as well as enhance their sense of self-confidence and accomplishment.

AUO Sustainability Education Exhibition

AUO held the Sustainability Education Exhibition in 2023 to showcase the inroads made by the AUO Foundation on sustainability education. Students and teachers that took part in the School Sustainability Literacy Cultivation Program were invited to share their learning projects. Exhibition were also held for the popular science teaching plans from AUO environmental education fields, and video documentaries of on-campus learning. Seminars were held to share the experience on public welfare to highlight AUO's commitment to sustainability education as well as recruit more employees and educational NPOs to get involved in promoting sustainability education.

Wish Program

AUO launched the Christmas Wish program in 2022 to raise Christmas presents and donations for rural schools and social welfare institutions. To expand our influence and fulfill the philosophy of "it's better to teach a man to fish", AUO partnered with the Dodoker charity crowd funding platform in 2020 to provide professional mentoring to charity groups, and cultivate their fund-raising project skills. The WISH program was used to invite the general public to make a contribution. In 2023, the WISH Program continued to support green energy charity initiatives by donating solar panels to charity groups that reached the fund-raising target. These helped the organizations secure steady long-term yields from green energy. Employees were also given the opportunity participate in the lottery on green energy so that their donations contributed to both energy and welfare. More than 12,000 presents and NTD 27 million in donations were raised over the past two decades.

2023 Accomplishments

- More than **1,600** employees participated
- Physical and online science camps were held a total of **6** times. The camps benefited **667** student and involved **242** volunteer sessions
- Over NTD **7.87** million donated to benefit nearly **1,800** students
- The School Sustainability Literacy Cultivation Program produced **15** research projects and benefited more than **300** students



Teachers and students that took part in the School Sustainability Literacy Cultivation Program share their walk-study project

2023 Accomplishments

Christmas presents

- Raised **701** presents (Note)
- Benefited **15** institutions

WISH Foundation

- Raised nearly NTD **4 million** in donations
- **12** charities took part

Note: Each present was valued at around NT\$500.



AUO volunteers delivered the carefully prepared Christmas presents to Baoshan Elementary School and also organized exciting activities to celebrate Christmas together.



AUO Foundation donates solar panels to social welfare institution.

Charity Club Services

7 charity clubs were progressively established at AUO sites from 2013 onwards to fulfill the mission of social care. Volunteers from the sites were recruited to mentor disadvantaged children on a long-term basis. Wilderness and coastal clean-up events were also held to protect the environment. In 2023, the charity service clubs volunteered 582 times and accumulated 1,324 hours of volunteer service.

Overseas Accomplishments

99 Giving Day

99 Giving Day is an annual charity event that was first launched by AUO's China sites in 2017. A combination of online donations and offline charity markets channel the spirit of compassion among our employees to raise funds for charity. The event has been held for 7 consecutive years at the Suzhou site and for 3 consecutive years at the Kunshan site so far. A fund-raising team is organized by the president every year and charity markets are also held on site at the same time. Approximately NTD 65,000 in donations were raised in 2023.

One Bag of Blood Program

The One Bag of Blood Program is held at the Suzhou Site every year. In 2023, 213 people donated their blood to make a contribute to the health and welfare of society.

4.5.3 Green Living

AUO supported the spirit of SDG 13 "Climate Action", SDG 14 "Life Below Water" and SDG 15 "Life on Land" by promoting the "Green Party" series of mountain and sea initiatives. Planting of forests and ocean/coastal clean-ups served as the starting point for protecting the natural ecosystem of Taiwan.

Green Party

Green Party events are held by AUO every year to mobilize Group employees, their families, suppliers, and local communities for planting trees and caring for the ecology of Taiwan. In 2020, AUO signed agreements with the Forestry and Nature Conservation Agency (FNCA) of the Ministry of Agriculture to adopt protection forests in Houlong (Miaoli), Qingshui (Taichung), and Yujin (Tainan). In 2023, AUO issued the "Biodiversity Policy" along with a series of activities on living in harmony with nature.

2023 Green Party

The AUO "Green Party" at Taichung Site was held in collaboration with social innovation enterprises. The planting of around 1,000 Rhododendron to replenish the hedging, trimming of established trees on the site, site eco-tours, and DIY environmental education workshops helped the local community, local revitalization and corporate groups learn about the importance of living in harmony with nature and ecological conservation.



Horticulturist introduced people to different species, checked tree health, learned how to trim their branches and turn twigs into mulch.

5-Year Mikania Control Plan

AUO partnered with the Department of Environmental Protection of Taoyuan City and Hsinchu County, the Department of Agriculture of Taoyuan, and the Hsinchu Branch of FNCA, as well as local community, environmental, and revitalization groups to host Mikania eradication and river protection events as part of the 5-Year Mikania Control Plan. The plan consists of tasks in four areas. The first is the "Green Alliance" with the government, community, NGOs and schools; the second is the adoption of the local waterway, establishment of river patrols, and rehabilitation of the local ecosystem for "Green Rehabilitation"; the third is to use environmental education courses at the "Water Resource Gallery at the Longtan Site" (AUO environmental education facility) and digital learning to cultivate sustainability literacy in order to accomplish the goal of "Green Educational finally, "Green Circulation" provides circular recycling technology to social enterprises to create reuse value from Mikania Vine. The bounty on Mikania Vine offered by the government is re-invested in environmental education.



Volunteers work together to remove 1,311 kg of Mikania Vine, an invasive species.

Ocean Party

AUO launched the “Ocean Party” coastal clean-up initiative in 2022. As of 2023, 6 coastal clean-up events have been carried out across Taoyuan, Miaoli, and Taichung, resulting in 3,797 kg of marine waste being removed. A coastal clean-up event was held on the shore of Protection Forest 1340 at Waipu Fishing Harbor in Houlong, Miaoli, in 2023. More than 280 volunteers from the AUO Group, suppliers, and industry/university units took part to remove 1,236 kg of marine waste together. To educate coastal clean-up volunteers on the importance of plastic reduction at the source, ocean conservation, and low-carbon initiatives, we also invited hiinstudio to conduct environmental education before the clean-up, hired electric shuttle buses for the coastal clean-up, and invited International Coastal Cleanup (ICC) to record the event and collect data. Environmental education stalls were also set up to communicate to volunteers about the issue of plastic pollution. By choosing recycled products and taking part in plastic reduction at the source initiatives in everyday life, we can make a difference on reducing ocean pollution.



In 2023, AUO collaborates with the Hsinchu Branch of the Forestry Bureau to participate in the adoption and conservation of the beach along the coastline of Houlong Bao'an Forest Protection Area in Miaoli.

Promotion of Sustainable Agriculture

AUO launched the Group Purchasing project in 2008 that encouraged employees to give their preference to local agricultural products to reduce food mileage. The concept was extended to the ingredients of employee cafeterias, festival gifts, Shareholders' Meeting souvenirs, and support of agricultural products from local communities near our sites. AUO now partners with social enterprises and agricultural transportation/marketing companies to promote safe and high-quality Taiwanese fruits to support Taiwanese agricultural development through our actions.

2023 Accomplishments

- Employees have purchased NTD **3.35 million** in environmentally-friendly fruits and other agricultural products
- Purchased more than NTD **7.5 million** in high-quality local rice
- Purchased **1,826** festival gift boxes valued at more than NTD **1.1 million** from local communities and contractors



Cumulative Outcome

- More than NTD **28 million** in contract orders
- Purchased more than **720,000 kg** of rice

Community Feedback

Longtan Site

- Purchase **14.45 kg** of locally-grown quality rice to be used in group catering and wheels on meals for elderly people living alone
- Scholarships for **80** students from disadvantaged local families
- Local symbiosis: Adopted responsibility for cleaning the roads of Kaoyuan Village at a total cost of NTD **630,000**

Houli Site

- Support for local agriculture: Quality rice grown by Houli Farmer's Association was used in employee cafeterias. **4,110 kg** in quality local rice were purchased directly
- Community relations building: Sponsorship of emergency assistance and community events. AUO sponsored NTD **580,000** towards **116** projects in 2023

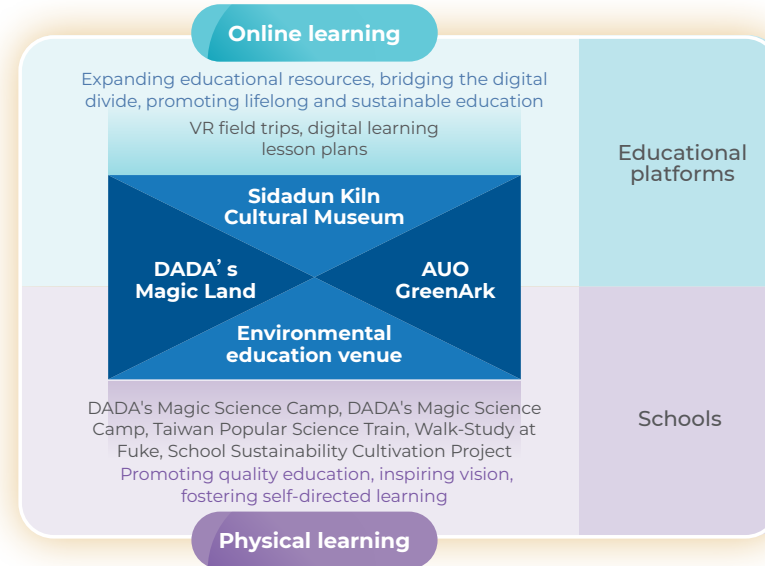
Overseas Accomplishments

An Acre of Farmland

AUO Suzhou Site is actively involved in ecological protection. We helped build the Fuhui Sanctuary Park and launched the “I Have an Acre of Farmland” eco-rice sanctuary park adoption campaign. In 2023, AUO employees adopted 10.9 acres of rice paddies and supported local agriculture through their actions.

4.5.4 Popular Science & Environmental Education

AUO is continuing to invest in popular science and environmental education for the general public. AUO Foundation has established environmental education venues at the Longtan Site in Taoyuan and Taichung Site. We are the only manufacturing enterprise to have two certified environmental education venues. At the same time, AUO supports the cultivation of scientists through the promotion of popular science education on optoelectronics. Physical and online learning channels as well as partnerships with education platforms, NGOs, and local schools serve to promote scientific knowledge and environmental awareness at the grassroots level.



DADA's Magic Land

AUO crafted "DADA's Magic Land" at the National Museum of Natural Science. The fun and interesting popular science education base features real-world puzzles games and interactive exhibits. In 2023, we continue to cultivate our three main internal/external volunteer teams on helping the audience learn about optoelectronics in a fun way from the exhibits. A total of 126,209 people visited the exhibit during the year. AUO will continue to consolidate online/offline volunteers and educational resources to provide diverse and innovative exhibition services, and cultivate environmentally literate optoelectronic scientists.

Volunteer Service

The exhibition is supported by our three main volunteer teams made up of the young and old. These include the NMNS volunteers responsible for routine venue maintenance, AUO corporate volunteers that assist on their own initiative during public holidays, and senior high school volunteers that provide their foreign language proficiency. In addition to volunteer services, AUO is also continuing to host empowerment training on basic optoelectronics and guided tours. These lower the threshold of service for volunteers and improve the quality of service. In 2023, volunteers took part in providing exhibition services 1,021 times.

Curriculum Services

Different types of courses were developed at the exhibition including the four DaDa's Classroom experience-based courses; the real-world puzzle game features puzzle-solving exhibits that explore scientific principles. Group bookings are available for guided tours with an appropriate level of detail and examples based on real-life scenarios. These assist participants with exploring optoelectronics science from a different perspective. The courses were attended 8,881 times in 2023. Total participation to date is 20,886.

DADA's Magic Science Camp

AUO drew on its core business to form a partnership with the National Museum of Natural Science and Yuan T. Lee Foundation on developing the 1-day DADA's Magic Science Camp. The camp is conducted both online and offline to overcome geographic constraints and allow students from different regions and ethnic groups to engage in self-directed learning and expand their scientific horizons. In 2023, 667 junior high school students that received the AUO Sustainability Literacy Scholarship were offered free places at the camp. A total of 3,708 students have benefited as of 2017.



During the classroom course of DADA's Magic Science Camp, students discover the three magical colors in white through hands-on experiments.

Teachers Workshop

AUO and the scenario-based science teaching materials team at Learning in Society (LIS) co-developed three sets of digital teaching materials. These included two videos on scientific principles and one set of guided e-learning materials on optics. The scientific principles videos were made available through LIS and Junyi Academy platforms. At the end of 2023, they had been used by 43,761 teachers and students as supplementary teaching and learning materials. For the guided e-learning teaching materials, a teacher's workshop was created in conjunction with LIS that was attended by 27 natural science teachers at elementary schools in northern, central and southern Taiwan. The digital teaching materials amplified the influence of optics education.



Elementary school natural science teachers taking part in the teachers workshop try out the optics pack.

Environmental & popular Science Education - Taichung Site

The environmental education facilities at AUO's Taichung Site include Green Factory, Green Energy, and Sidadun Kiln Culture. Two sets of courses for elementary, junior high, and senior high schools were developed based on the 2019 Curriculum Guidelines and SDGs. These courses have been conducted for 9 years and have been attended by 7,890 students from 118 schools. In response to global climate issues, the energy course expanded to include net-zero concepts in 2023, helping students understand the importance of energy use and its impact on our lives through interactive learning. In 2023, the literacy course was combined with AUO Charity Club services and the Wish Program, benefitting disadvantaged students. The course was attended by 2,357 participants that year and has reached a total of 5,862 participants so far.



Environmental education teachers lead rural students in learning about net zero concepts through everyday scenarios.

Environmental & Popular Science Education - Longtan Site

In 2023, AUO Green Ark at Longtan Site implemented intermediate courses and new teaching aids to enhance the learning experience. The environmental education program had 8 sessions and was attended by 197 teachers and students. AUO also partnered with the Laojie River Education Center to conduct outreach courses for schools, reaching 965 teachers and students. The "Language of Rivers and Tea Eco-Tour" was held for the second year, with 5 sessions in 2023. AUO was invited to become a local environmental education facility, with 124 participants from 33 units taking part in the tours.



Guided tour of Longtan Site discharge outlet (now sealed) conducted by volunteers.

Taiwan Popular Science Train

AUO took part in the 2023 Taiwan Popular Science organized by the National Science and Technology Council for the first time by released 3 experience-based courses on the themes of net zero carbon emission and sustainable energy. AUO used role-playing as scientists, engineers, and architects to introduce students to net zero knowledge through creative experiments. Teaching aids made from 100% recycled materials were also combined with everyday scenarios to encourage people to think about carbon reducing behaviors in everyday life. The course set off from Taitung Station and arrived at Keelung Station. The CEO of AUO Foundation and head of the Energy Department volunteered as well to encourage more corporate volunteers to take part. The event brought sustainability literacy education to the rural parts of eastern Taiwan and expanded the reach of popular science education. 587 teachers and students from more than 30 schools as well as 15 corporate volunteer sessions were involved during the event.



Amy Ku, CEO of AUO Foundation volunteered on the train to join rural children in learning.



Students used the torch to simulate the sun and work out how to maximize the efficiency of solar panels.



Camper van built from 100% recycled materials as a demonstration of wrappable solar panels.

Suzhou- Youth Empowerment Camp

Suzhou Site has invited high school students to take part in summer learning experiences in the form of the Youth Empowerment Camp since 2022. During the 2023 summer break, Suzhou Site partnered with the Suzhou Industrial Park Association of Enterprises with Foreign Investment (SIP AEFI) to co-host research and learning activities. A total of 42 students were invited to take part in the 1-day learning experience on display manufacturing and development history. The first safety training center in the industrial park set up by Suzhou Site was used to learn about the eight evacuation scenarios, and learn about safety in scientific systems. Through the Health Center at Suzhou Site, they learned about innovative sporting concepts based on the interaction of smart and health technologies. The opportunity to get hands-on in the design of industrial programs helped bridge the gap between students and industrial smart technology. Finally, a tour of Yeoyuanju showed the students how the residents of Quatang Barns used to live and gave them a better appreciation of AUO's investment in heritage conservation.



4.5.5 History & Culture

Sidadun Kiln Cultural Museum

The mission of AUO Sidadun Kiln Cultural Museum is to cultural preservation, sustainable development, and literacy education. In response to key international energy issues and net zero trends, energy creation (solar panels) and energy storage (containerized energy storage) were combined at the end of 2022 to transform the museum into a sustainability facility powered by 100% green energy. In 2023, AUO set up three exhibition areas on the themes of cultural preservation, smart technology, and sustainable net zero. With the assistance of AUO's Advanced Manufacturing Center, pedestrian flow technology was introduced featuring a fish-eye lens, algorithms, and proprietary AI models for implementing pedestrian counting and geo-fencing. The museum became a test site for AUO to promote smart technology and green energy to the outside world, as well as an important venue for business development and customer management. In terms of cultural preservation and sustainable net zero, AUO developed "Super Field Day", its first junior high school course that explores environmental changes and the use of energy through different eras from a local cultural perspective. A total of 164 teachers and students from 5 rural schools were invited to experience the course.



The introduction of smart pedestrian flow recognition technology showcased the integrated application of technology and humanities at AUO.



Guided students on an exploration of issues such as human living requirements, environmental sustainability and energy use as well as an experience of sustainability in the local environment.

2023 Accomplishments

- Hosted **70** groups and **17** schools
- Museum was visited **4,686** times



Cumulative Accomplishments (Note)

Note: from 2021 to 2023

- Reached **12,956** people
- Cultural volunteers took part **321** times

C Major Culture & Music Festival

AUO showed our support for Earth Day and Taiwan's key strategies for net-zero emissions in 2050 by hosting the "C Major Culture & Music Festival" at Sidadun Kiln Cultural Museum. AUO volunteers and their families, 10 suppliers, Cultural Affairs Bureau of Taichung City, local elementary and junior high schools, Central Taiwan Environmental Education Venues Alliance, and local revitalization associations were invited to take part in the event. The event embraced the theme of 3C (Culture, Carbon, Concert) for promoting plastic and carbon reduction. In addition to saxophone performance by a band up of senior managers from each site, there were also other activities including a green market, concert and DIY workshops. In keeping with the philosophies of environmental education and carbon reduction, circular cutlery were available for rent to advocate for using less disposable plastic cutlery. Reclaimed materials at the sites such as wooden pallets were used to build the stage and cardboard were used to build seating. Nearly 1,000 people took part in the event which encouraged participants to think about the environmental impacts of modern life, learn how to respect different cultures, and consider ways of living more sustainably.



Kunshan - Yeo Yuan Ju

The Quatang Barns were preserved but AUO when the Suzhou site was built and became Yeo-Yuan-Ju. The historic buildings embodying local people and culture were condensed to provide a glimpse into the livelihoods of Quatang people out of AUOers' respect for history and love of local culture. Yeoyuanju is one of the research and learning experience venues used by Suzhou site and SIP AEFI for the Youth Empowerment Camp they co-host. The event introduces more people to Yeoyuanju so they can learn about Quatang culture and AUO's investment in the preservation of cultural heritage. In 2023, Yeoyuanju received nearly 600 guests from the government, schools, customers, and suppliers.



Walk-Study at Fuke

The Fuke walk-study event was jointly developed by Taichung Site and Fuke Junior High School 13 years ago in 2010. In March every year, newly enrolled students go on a walking tour to learn about their homeland and explore the surrounding ecological landscape, history and culture, and industry development. In 2023, AUO enhanced the walk-student event by incorporating SDG 7 "Affordable and Clean Energy" and SDG 13 "Climate Action." Students were introduced to the important of energy issues and the urgent need for net zero targets. The introduction to the Cultural Museum and kiln site was also combined with SDG 11 "Sustainable Cities and Communities" so encourage students to think about the balance between culture and technological development. A total of 619 teachers and students took part in 2023. Up to 8,373 teacher and students have taken part since 2010.



Xiamen - Shantou Village

AUO Xiamen site is located at Shantou Village. The Minnan settlement with more than 170 years of history was systematically preserved by AUO in keeping with our love for cultural heritage. The key topics of 2023 Shantou Village summer camp included environmentalism, smart manufacturing, and cultural legacy. Employees and their children were invited to not only learn about the culture of the historic Minnan houses at Shantou Village, but were also introduced to smart manufacturing and environmental protection. The event not only communicated the AUO culture of combining people and technology but also strengthened the connection between the family and the Company.



5 Agile Innovation

5.1 Innovative R&D

- 5.1.1 Intellectual Property Rights
- 5.1.2 Intelligent Life
- 5.1.3 Sustainable Products

5.2 Smart Manufacturing

5.3 Affordable & Clean Energy

- 5.3.1 Energy Business Development
- 5.3.2 High-Quality Solutions
- 5.3.3 Green Energy Compatibility and Inclusion



Annual Highlights

Material Topics

- ◆ Technological innovation and market layout
- ◆ Sustainable products

With rich innovation energy and patent layout, AUO has been recognized by Clarivate and LexisNexis as **Top 100 global innovators**.

AUO connected upstream and downstream supply chains to form **a Micro LED ecosystem**, realizing diverse applications of Micro LED.

Ranked among the Top 3 global automotive display suppliers, AUO is driving a new experience with a series of automotive display solutions.

AmLED dynamic regulation and Cavity energy-saving technology create stunning images while reducing energy consumption.

Digital transformation and smart manufacturing has yielded fruitful results, **winning us the Manufacturing Leadership Award in consecutive years**.











Ranked Top 5 energy companies in Taiwan, with a power plant cumulative capacity of 515 MW, equivalent to the annual electricity consumption of 160,000 households.

Our Vision

AUO specializes in the R&D and manufacturing of display panel, and develops high-valued and differentiated product applications. Leading the industry with abundant R&D personnel and innovative technologies, AUO is committed to providing diverse vertical solutions through integrating core display technologies with AIoT.

Target and Progress

 Achieved  Not Achieved

Material Topic	2023 Target	2023 Our actions	2024 Target	2025 Target	2026 Target	Responses
 Technology capacity: Decrease energy consumption of IT Products (Note) Base year: 2021	-	AUO continues to develop technologies to enhance the transmittance of panel display cases and the light-emitting efficiency of backlight sources, as well as introducing low-energy ICs to reduce product energy consumption.	25%	30%	35%	5.1.3 Sustainable Products
 Technology capacity: Decrease energy consumption of car products (Note) Base year: 2021	-	AUO extensively uses Adaptive mini LED (AmLED) technology in car displays, which offers greater energy-saving benefits compared to traditional mini LED technology.	20%	30%	35%	5.1.3 Sustainable Products
 Technology Capacity: Increase the penetration rate of TV LCD panels (Note) Base year: 2021	R&D ongoing	 performance: R&D ongoing AUO continuously experiments with new materials in combination with pixel design to increase the penetrability of light in display cases, achieving the goal of energy saving.	R&D ongoing	>10%	>10%	5.1.3 Sustainable Products
 Re-establish product carbon footprint projects and systems in response to standards	System trial	 performance: System Trial AUO is developing systems based on an established methodology with a systematic data collection infrastructure in progress.	System integration	Product carbon information service	Product carbon information service	5.1.3 Sustainable Products
 Number of cases of modules required by the solar energy market	4 cases	 performance: 5 energy storage cases AUO provides customizable energy storage systems for businesses and households, offering complete electricity storage and energy solutions. 5 energy storage cases are planned to be implemented in 2023, with completion and grid connection expected in 2024.	4 cases	-	-	5.3.2 High-Quality Solutions
 Shipment volume of modules required by the solar energy market	435 MW	 performance: 473 MW AUO Energy Business collaborates with international companies to introduce high-efficiency mono PERC multi-wire modules, providing diverse and high-quality solutions for different green electricity market demands. The shipment volume of solar modules will reach 473 MW in 2023.	300 MW	-	-	5.3.2 High-Quality Solutions

Note: In order to be more aligned with the client's product, we are redefining and resetting the original goal for this issue. The new goal will now be targeted towards the benchmark product of each year's new case production.

5.1 Innovative R&D

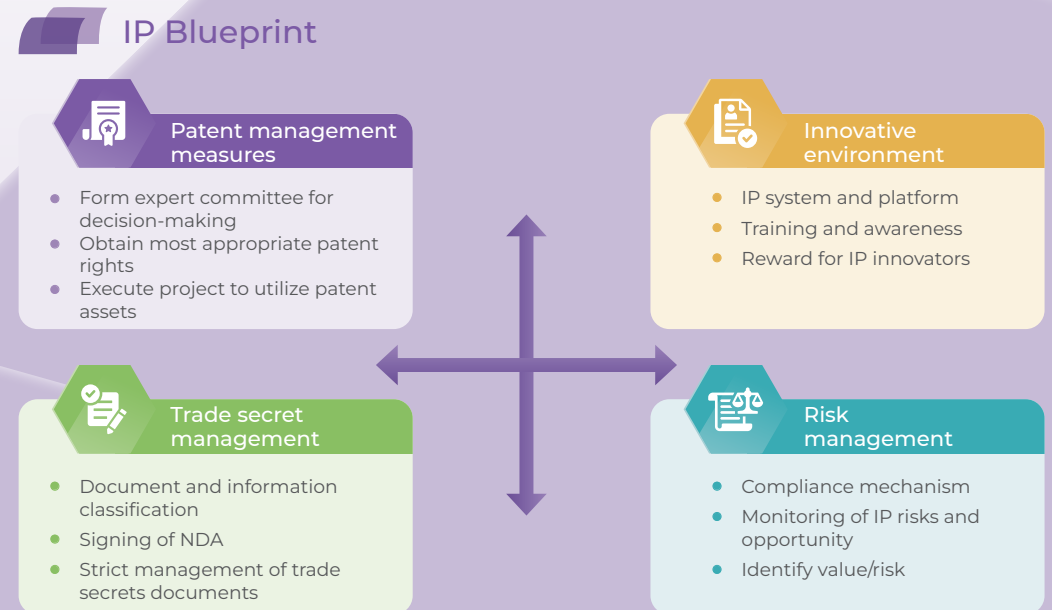
AUO is a force in the field of R&D and innovative technologies. Guided by the objects of biaxial transformation, the technology R&D team adopted a forward-looking development strategy, continued to inspire innovative thinking within the organization, developed pioneering display technologies, expanded into new application markets, and forged ahead to realize its future vision for humanity.



5.1.1 Intellectual Property Rights

Intellectual property (IP) rights are among the most important assets owned by AUO. The “Intellectual Property Management Policy”, “Innovation and Patent Management Rule”, “Rule of Rewards on Patents and Inventions” were devised by AUO based on the management requirements and goals of IP rights.

AUO values our own IP and respects the IP of other parties as well. Proactive IP management includes encouraging employee innovation and the creation of quality IP in order to enhance our competitive advantage and boost our corporate profitability; at the same time, the IP of other parties are carefully assessed to reduce the risk of patent violations. In 2023, AUO’s intellectual property management measures and systems once again obtained the AA certification from the Taiwan Intellectual Property Management System (TIPS), and received certification validity until December 31, 2025. Through an impartial third-party review and verification, it is proven that AU Optronics has reached a benchmark level in the field of intellectual property management, enhancing the ability to maintain the value and benefits of the company and shareholders.



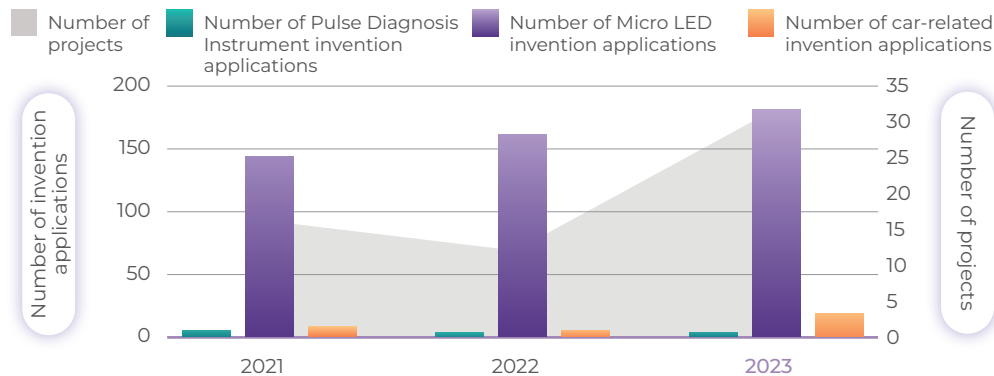
Key IP Management Approach

Innovation and Patent System/Platform	Education and Training on IP-Related Topics	IP Innovation Activities/Rewarding
Tracking and analysis of innovative proposal statistics, patent application and management, and patent strategy platform	Both mandatory and optional courses are conducted based on the target audience and actual requirements	Patent rewards, business secrets, and external publication rewards
	In 2023, 4 courses were designed on patent topics in practice. 8 sessions attended by 176 people were held; 4 courses were designed on IP management. 6 sessions attended by 77 people were held.	In 2023, the Taiwan factory publicly awarded 81 patent certificates at the business presentation meeting and also granted 18 superior patent awards.

IP Strategy and Performance

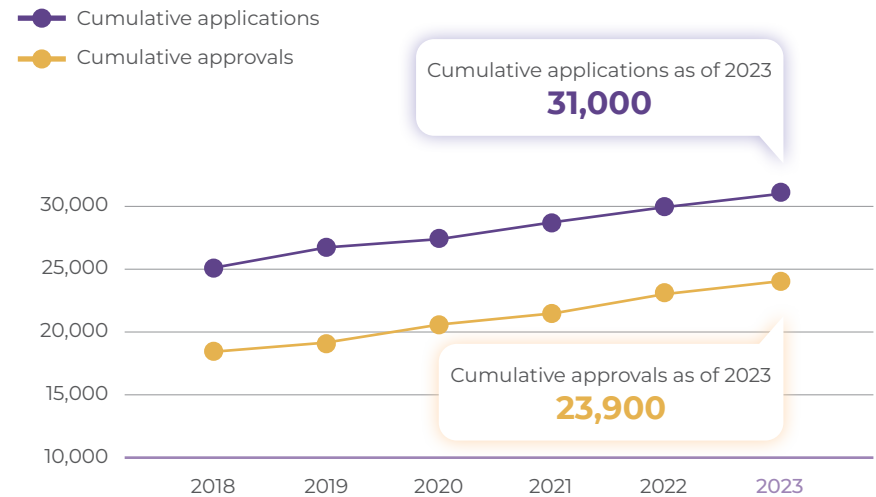
In order to strengthen AUO's patent layout in high-value-added products and to implement the strategic goals of biaxial transformation, we continue to launch technical development projects aimed at creating high-value patents in the technical domains of enhancing display technology value (Go Premium) and deepening vertical market applications (Go Vertical) (hereinafter referred to as patent cultivation projects). The number of patent cultivation projects for 2023 will still maintain a double-digit figure. The number of invention patent applications in the field of value addition remains above 300, while strengthening the layout of key technologies. For example, in the field of panel value-added technology, the number of invention applications for Micro LED in 2023 is 188; the number of invention applications for automotive displays is 21. In the field of non-panel technology, the number of invention applications for medical-related devices such as pulse diagnosers in 2023 is 4. We are focusing on further optimization and value addition, improving production yield, strengthening optical efficiency and extending applications.

Number of Patent Incubator Projects and Invention Applications for Critical Technologies



AUO's patent strategy not only maintained a high level of growth in quantity to be ranked No. 3 among Taiwanese legal persons in terms of patent applications and approvals in 2023. Our overall performance was also recognized by international institutions leading to the special honor of being a Top 100 Global Innovators 2023.

Cumulative patent applications and approvals in recent years



Green Patents

AUO actively develops production processes and products linked to energy conservation and carbon reduction. If an innovative technology reduces power consumption or involves alternative energy supplies, then it can assign to the energy conservation and carbon reduction sector. Examples of power consumption reduction included mini LED, Micro LED, OLED, LED light bar and E-paper; alternative energy included production processes, equipment and products related to solar cells. The AUO portfolio included around 4,146 patents relating to energy conservation and carbon reduction in 2023. A relatively high proportion was related to OLED and Micro LED. Micro LED saw the most significant growth in 2023 with patent approvals growing by 71.1% compared to 2022.

5.1.2 Intelligent Life

AUO has 26 years of experience in display technologies. We overcame countless challenges and changes to become the leading panel maker in the world. As part of our biaxial transformation in recent years, we diversified our investment portfolio and establish a partner ecosystem to strengthen our operational resilience.

Go Premium: Value-added Display Technologies

Micro LED technology

Micro LED has become the dominant next-generation display technology due to its high resolution, high brightness, low power consumption, and high reliability. The technology involved in reducing LEDs to sub-micron crystals also means an exponential increase in the complexity of the testing and repair processes required for mass transfer to the driving backboard. The high cost and R&D challenges mean that the development of Micro LED display technology takes time. AUO labored for a decade to improve product yield and master the mass transfer technology. The supply was also integrated to build elite teams that form a complete Micro LED ecosystem. The successful development and introduction of emerging display technologies such as transparent, concealed and folding displays has now produced an explosion in Micro LED applications.



First Micro LED Smart Watch in the World (Note 1)

In 2021, AUO launched a 1.39" Micro LED display with the highest pixel density in the world. Increasing maturity of related equipment and components saw AUO overcome the technical hurdles needed to bring a commercial 1.39" smart watch to the market in 2023. In addition to having a circular shape that is suitable for smart watch designs, the display featured 326 PPI pixel density, high color saturation, and high contrast, as well as improved angular color shift and service life at high brightness. The new display satisfied the dual requirements of energy-efficiency and clarity of displayed information outdoors in bright sunlight.



The First 14.6" Folding Flex Micro LED Display in the World (Note 1)

Micro LED can be used to make wrap-around and stretchable displays. It can also be cut into special shapes and laminated onto any curve surface with ease. When combined with TFT driving technology, the result is a soft display that can be made into curved or folding displays. The world's first 14.6" folding display based on Micro LED technology features a proprietary bend-resistant folding structure. The high-quality display with a bend radius of just 4mm offers consistent brightness, contrast, and colors at any viewing angle. The result is a folding display product that delivers exceptional user experience.



13.5" Transparent Micro LED Panel with World-Leading Resolution

AUO overcame challenges in design and production processes to break away from conventional LCD and OLED display technologies and launch a 13.5" transparent Micro LED panel with a world-leading resolution of 163 ppi. A transparency of up to 55% and ultra high brightness of 5,000 lumen lets users enjoy a high-quality audio-video experience in a high-tech package. AUO is also actively pitching the technology at the smart vehicle market to expand the potential applications for transparent displays.

- SDIA Innovative Display Award - Gold Prize



Large size Micro LED Transparent Display

Transparent displays serve as a critical medium for accelerating integrated real-virtual interactions and can be expanded to a wide variety of applications. AUO combined glass substrate with Micro LED display technology to take advantage of microscopic LED crystals' high optical transparency, LTPS technology and a bezel-free design to deliver 600 nits of full-screen brightness, transparency greater than 60%, and wide color gamut performance that is 110% greater than NTSC (Note 2). When compared to transparent OLED display products, AUO's Micro LED transparent display technology wins out in terms of transparency and high brightness. The ease of stitching Micro LED displays together means it can also be used for an even greater variety of applications of sizes.

- SDIA Innovative Display Award - Silver Prize
- Gold Panel Award
- Hsinchu Science Park Innovative Product Award

Note 1: Market data gathered by AUO as of April 12, 2023.

Note 2: U.S. National Television System Committee.

Go Vertical: Deepening applications in vertical fields

Smart Mobility



- CES Innovation Award

Interactive Transparent Smart Car Window

The seamless integration transparent displays and touch control functions into side windows caters for a variety of user needs from basic entertainment functions, online meetings to interactive AR experiences. The window can also be connected to external cameras to improve safety by reminding passengers to look out for passing cars and check their surrounding environment.



- CES Innovation Award

Rollable Rear Seat Entertainment Display

The world's first rollable display(Note) developed by AUO leverages the flexibility and bendability of Micro LED. The display can be rolled up and concealed within the front seat backrest when rear-seat passengers are not using it, offering greater design flexibility. This feature gives rear-seat passengers a comfortable and spacious ride with clear and bright, high-definition image quality in the space-limited cabin.

Note: Market data gathered by AUO as of November 16, 2023.

Smart Retail

Paperless New Retail

Space4m, an AUO subsidiary, supports real-time remote management and purchasing of marketing content to stores throughout Taiwan by the head office. The elimination of conventional printed posters and price tags reduces the need for printed materials. As of July 2023, more than 1 million posters have been distributed to more than 8,800 service locations for nearly one hundred customers.



Smart Medical

Digital Testing for Traditional Herbal Medicine

AUO Health, an AUO subsidiary, developed the "Tongue Image Capture System" carries out a two-stage image calibration process based on standard environmental parameters, dedicated tongue color cards, and color restoration algorithms. A.R.T. display is used to ensure color fidelity and prevent inaccuracies due to ambient lighting, display monitor or the human eye in the past.



Smart Education and Enterprise

Smart P.O.D. (Place-on-Demand)

AUO Display Plus, an AUO subsidiary, developed a smart pod solution equipped with sound insulation, environmental control system, and smart electrochromic glass that can activate the privacy function as necessary. The user simply scans the QR Code on the door and follows the instructions to make a booking for a personal work or conferencing space. The pod was introduced to the departure lounge at Taoyuan International Airport in 2023. The protection it provided against noisy environments and crowds improved the waiting experience for busy travelers with hybrid offices.



Smart Services

Senior Healthcare

AUO Care, an AUO subsidiary, developed the "eCaaS Ageless Community Service System" can be integrated with the management team's professional care module and financial system to generate management reports. Lifestyle functions such as PoS consumption, sports & health management, access control and location services are also integrated. The "Safeguard Solution" uses the Safeguard platform for unified monitoring and management of IoT devices to assist long-term care institutions with providing a caring service.



External Partnerships

Smart Non-Contact Vital Signals Monitor

Smart Non-Contact Vital Signals Monitor is based on millimetric liquid crystal array antenna technology developed by AUO. A combination of in-house development and industry-university collaboration with National Taiwan University and National Taiwan University of Science and Technology served to accelerate innovative development. The patented liquid crystal millimetric radio wave control technology improves the signal-to-noise ratio and detection range to provide a heartbeat detection accuracy of over 90%; specialized low-electromagnetic loss wiring, high-speed filter circuit, and AAI real-time status recognition technology effectively increases the recognition rate for vital signals by more than 30%. The result is greatly improved detection performance and accuracy. The longer detection range and enhanced resistance to interference provided by the millimetric liquid crystal array antenna can automatically track displacements caused by changes in user posture to provide reliable, non-contact monitoring of user respiration and heart rate as well as bed-exit detection at long range. The product was designed specifically for solving the shortage in nursing manpower. It is particularly well-suited to reducing the burden on caregivers in a nursing center, retirement village, or seniors living alone setting. The technology has now been successfully commercialized through AUO Care, one of our affiliated companies, and is now being promoted to long-term care institutions.

5.1.3 Sustainable Products

Material Topics

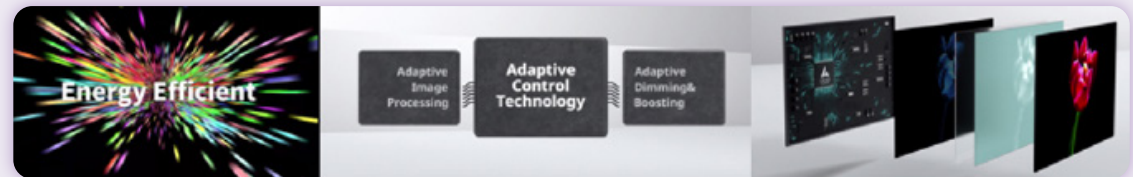
Technical capacity: Reduce the energy consumption of IT productions, reduce the energy consumption of car products, improve the penetration rate of TV LCD panels

Development of Energy Efficiency Products

Displays ranging from small devices such as personal smart phones, tablets, notebooks, and desktop PCs to large devices such as TV and outdoor signage are used extensively in everyday life and work. The huge number of electronic products is expected to consume very significant amounts of electricity. In our quest to become a world-leading supplier of green products, AUO is working hard to reduce the energy consumption of our products. Existing products with outstanding energy-efficiency are used as the starting point for the development of displays with even lower energy consumption. Clear targets have also been set for future breakthroughs.

mini LED Adaptive Control Energy Efficiency Technology

AmLED (Adaptive mini LED) features mini LED backlighting upgraded with AUO's proprietary adaptive control technology based on the two key functions of "Dynamic image processing" and "Dynamic contrast and peak brightness adjustment" working hand-in-hand. Precise and effective real-time dynamic adjustment of individual zones based on the usage scenario generates breathtaking imagery while reducing energy consumption even further. AmLED technology was extensively applied to automotive displays in 2023. The technology has now been introduced into the design of 19 projects and is expected to improve energy efficiency by more than 20% compared to conventional non-mini LED backlight products.



mini LED Cavity Energy Efficiency Technology

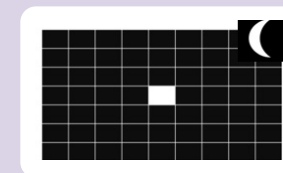


The Cavity (Note) design confines light from mini LED to a small area to prevent dissipation. For smaller display areas, a Cavity-based design lets a smaller power supply drive the pixel illumination. If Cavity is not used then a higher current is required to achieve the same effect. In automotive displays for example, this translates into an energy saving of 3% due to the number of small icons that require high brightness. The high-efficiency mini LED Cavity design was incorporated into 14.5" automotive products in 2023.

Note: Cavity uses a reflective cavity to direct and concentrate LED light for improved efficiency.



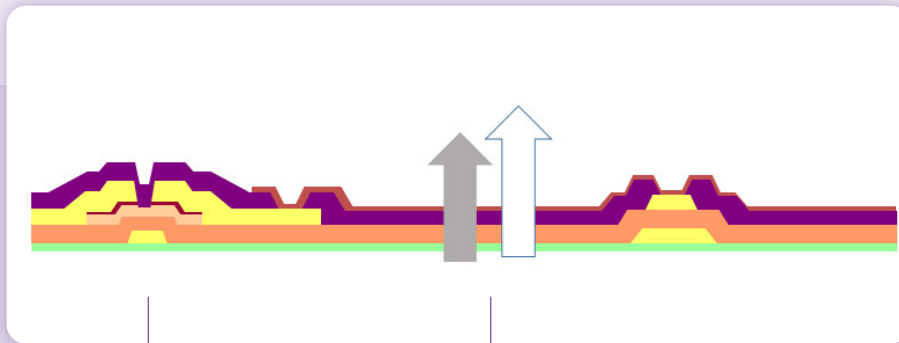
Non-Cavity design



Cavity-based design

Notebook Display Products: Improving Pixel Penetration and Array Transparent Film Penetration

In 2023, energy savings for notebook display products came mainly from increase aperture ratio and decreased shielded area in pixel design. AUO also focused on improving the transparency of the Array (thin-film transistor array) substrate's transparent driver layer by using the semiconductor thin-film production process to form transparent films with a ITO (Indium Oxide) transparent conductive layer. Transparency was still affected by the production technique however so AUO optimized the Array production process parameters and improved the transparency of the transparent film. Together, the two improvements mentioned above improved product energy efficiency by 3%. The technology was applied to 16" notebook products in 2023.



Shielded area

Increase in process precision to reduce line width and shielded area

Transparent area

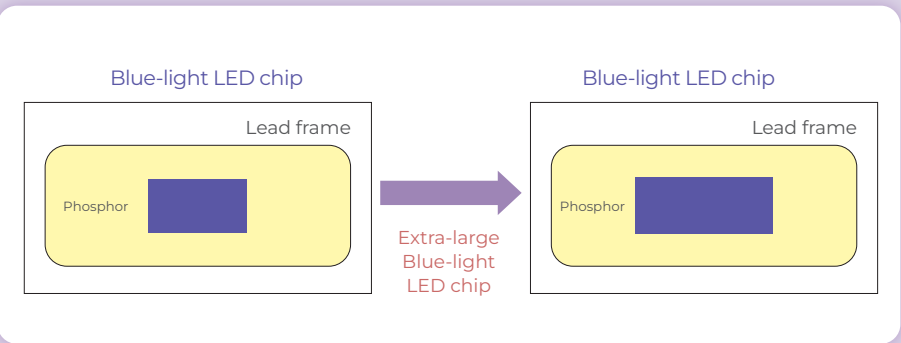
Optimization of process parameters to improve the transparency of the transparent film

Desktop Display Products: Compliance with Energy Star 9.0 Energy Efficiency Standard

AUO responded to customer requirements on energy-efficiency of desktop display products by complying with the Energy Star 9.0 standard (Note), the strictest standard to date. Improvements included increasing the light-emitting surface area of the blue light LED chip, improving the light-emission efficiency of the LED, and using high brightness guide plates and optical film. We also optimized the color filters to improve their compatibility with LED, as well as the aperture ratio and power management IC architecture. These improvements were applied to the new 23.8" desktop display developed in 2023, resulting in a 25% reduction in product energy consumption compared to the baseline desktop display in 2021.

Note: Energy Star is a consumer product energy-efficiency standard and program launched by the US EPA in 1992. The standard is updated every few years with new product energy-efficiency targets. Manufacturers that voluntarily cooperate with the program may attach the Energy Star label to qualified products. The standard is also a requirement in US government procurements contracts.

Illustration of high-efficiency LED



Product Carbon Footprint

AUO began investing in product carbon footprint (CFP) verification in 2009. Due to the growing global push on product CFP in recent years, we began conducting more detailed inventories for calculating product CFP. Methodology framework was reviewed by AUO in accordance with the product CFP standard (ISO 14067). Sound calculation methodologies were defined for each stage of the product life cycle from raw materials, manufacturing, use, distribution and sale, and disposal. Establishment of methodology was completed in 2022. Preliminary calculations for 22 selected indicator products were completed in 2022. System development was carried out in 2023 based on established methodology. We are now working to deploy systematic means of collecting related data. AUO also began requiring data on CFP-related factors from the supplier chain. Improving the quality of carbon emission factor data will facilitate further analysis by satisfying the requirements for CFP objectivity.

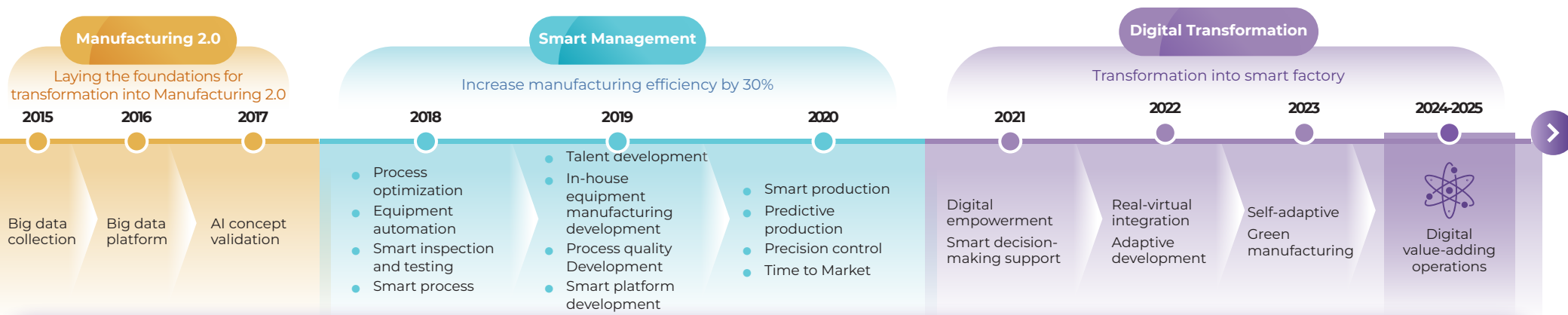
Sustainable Materials Course

AUO incorporates the sustainability of materials into considerations during the product research and development stage. Periodically, we organized educational training sessions with a focus on sustainable materials and invite relevant teams involved in R&D and production to participate, continuously enhancing our green development capability. In 2023, the training program's topics include green product regulations and certifications, hazardous substance management, and recycled material validation, etc.

5.2 Smart Manufacturing

AUO believes the smart manufacturing is one of the keys to solving the challenges of energy efficiency and product diversity. It is also an important pathway for boosting our own competitiveness and transitioning to competition on value. AUO will therefore continue to provide customers and the industry with high value-added products and high-performance, high-reliability solutions through smart manufacturing in order to identify even more opportunities for innovation and sustainability.

Smart Manufacturing Milestones and Vision



2023 Performance

- **Cultivate AI Talent:** AI courses offered by AUO University to continue strengthening theory and practice on different levels in multiple technical fields. Between 2018 and 2023, advanced and high-level training courses were completed by a total of 1,600 people. A review mechanism (Note) was also used to build a talent pool. There are now 888 certified Level 2 and Level 3 experts.
- **Establish R&D centers:** AUO partnered with four top universities on joint R&D centers. We are strengthening our R&D capability through industry-university collaboration, recruiting talented professionals from different field, and also reaching out earlier to top talent.

- **AUO Smart Expo:** AUO hosted our 6th AUO Smart Expo in 2023 to not only showcase our accomplishments in smart and innovative applications, but also to continue promoting the spirit of manufacturing reform. This year was the first time that AUO has shown our results and progress in smart manufacturing to the outside world. The event was a success in promoting networking and exchange between industry businesses as well as academic and research institutions.
- **Recognition:** The promotion of smart manufacturing proved very rewarding for AUO and has also garnered the recognition of many local and international awards. Recognition from these bodies serves as a testament to the transformation of AUO. They also help AUO adjust our future course and cement our leadership in the field of smart manufacturing.

Note: Levels range from 1 to 3. Higher level indicates greater expertise.



Consecutive Win

U.S. Manufacturing Leadership Awards (MLA)

AUO was awarded for “Digital Supply Chains”, “Transformational Business Cultures”, and “Manufacturing in 2030 Award”

Global Corporate Sustainability Award - Best Practice Award

Forging Green Manufacturing Through In-depth R&D

The AUO smart manufacturing roadmap is based not only on the integration of IoT, digitization, cloud services, and communication technologies to build cyber-physical integrated manufacturing model. We also aim to expand this to include agile and flexible strategic production, employee empowerment, and sustainability strategy. Our goal is to become a role model for green manufacturing through enhanced productivity and efficiency. To strengthen our R&D, AUO and partners invested in the development of Cyber-Physical System. Multiple AI systems were linked together to realize a self-adaptive integrated system that fulfills the spirit of green production.

AUO Smart Expo

The Smart Manufacturing Expo has been held annually by AUO since 2018. The many accomplishments of each unit are brought together at the exhibition venue so employees can learn and network with each other, and provide them with inspirations on manufacturing reform. In 2023, the event was renamed as "AUO Smart Expo" in its sixth year. Theme was also expanded beyond manufacturing so that more units could participate. The inside venue showcased entire processes from R&D, supply chain, and manufacturing units while the outside venue encompassed the environmental safety, sustainability, and energy businesses, as well AUO subsidiaries such as AUO Envirotech and AUO Digitech. To encourage industry networking and exchange, AUO invited our peers, other industries and the academia to view the expo as well to give them an in-depth understanding of our investments and results. We hope to realize upgrades at our partners in this latest wave of transformations. During the expo, AUO also hosted 26 technical forums on topics. The sharing and testing of research results between professional digital talent within and outside of the Company was used to accelerate the pace of digital transformation by inspiring creative sparks and total participation by all employees.



Smart Manufacturing Expo at Overseas Site

AUO sites in China also held their own smart manufacturing expo to showcase their smart and innovative applications, and to continue promoting the spirit of manufacturing reform.

Suzhou Site

The exhibition at Suzhou Site focused on accumulation of experience and output services from internal/external fields. The internal field centered on a smart manufacturing system with level 4 maturity that fuses together AUO total solutions in 9 fields to help businesses embrace smart manufacturing in the digital age. For the external field, AUO is a global leader in the supplier of "smart and digital transformation" consulting services. AUO has so far used its wealth of experience to help industries realize their smart transformation.



Xiamen Site

2023 was year zero for ESG at Xiamen site so an ESG booth was set up in the Smart Campus Pavilion to communicate AUO's sustainability philosophy to both outsiders and employees. Posters, videos, models of the distributed PV system on the site, model of the sewage treatment works, and plastic recycling machines showed visitors from inside and outside of AUO how we are implementing the philosophy of sustainable development during production, manufacturing, and everyday life.



Kunshan Site

At the Kunshan Site, the Smart Energy area for example focused on the latest energy-efficiency philosophy and practices. In addition to the display of an advanced energy management system and monitoring equipment, it also introduced project management and precision management methods; cutting-edge AI energy-efficiency technology was also on display to show how AI algorithms were used to optimize parameters and realize energy-efficiency targets.



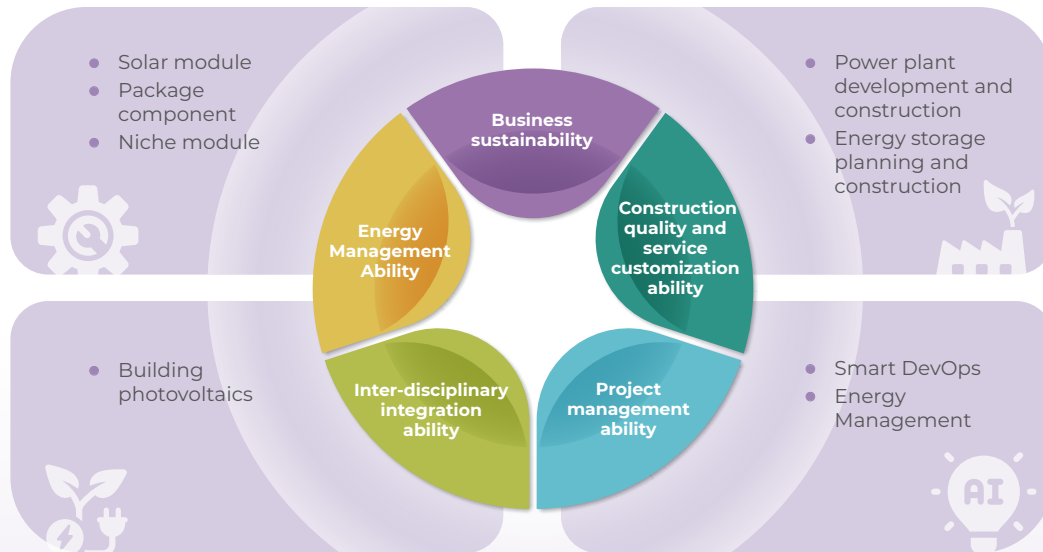
5.3 Affordable & Clean Energy

As a supplier of energy solutions, AUO is actively supporting green transformation in the industry through its R&D and innovations in key fields. AUO therefore uses its extensive experience, technology, and complete eco-system to supply the most reliable and diverse selection of products and services. Now that Taiwan is committed to Net Zero by 2050, AUO will strive to build the foundations for competitiveness, circular sustainability, safety and resilience. We will assist the industry with improving its renewable energy independence and diversity, and play a key role in promoting energy transformation.

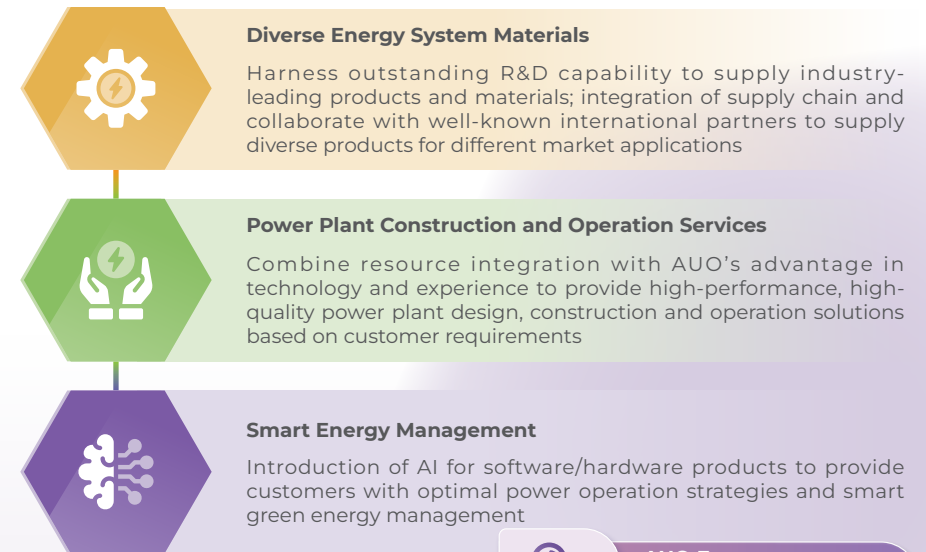
5.3.1 Energy Business Development


Taiwan is an island blessed by the bounty of nature. Innovative PV technologies have now reached maturity so generation costs are gradually coming down. PV also has many applications in everyday life so it now has a key role to play in Taiwan's energy transformation. AUO has many years of experience in running PV businesses. We've expanded beyond PV module manufacturing into power plant construction to provide total solutions for energy production, energy storage, energy conservation, and energy management. We actively build reliable and sustainable clean energy. We also work through supply chain partners and sharing of resources to construct five core competencies, four key markets, and three strategic services.

Five Core Competencies and Four Key Markets



Three Main Services



 [AUO Energy Business website energy.auo.com](https://energy.auo.com)

Awards

The SunSteel can flexibly be used in various buildings and blend in seamlessly. It has received certifications from Germany's Rheinland IEC 61215 and IEC 61730, as well as VPC safety performance and weather resistance. Not only can it generate green electricity, but it can also reduce indoor temperatures by more than 3 degrees, contributing to the goal of building carbon reduction. The modular technology of solar modules and peak wave plates greatly simplifies the installation complexity of traditional photovoltaic mounting systems. Not only does it save on the use of system bracketing, but it also allows for quick installation on-site, reducing work hours and maximizing power generation benefits.



5.3.2 High-Quality Solutions

AUO expanded from PV module manufacturing into the power plant investment, construction, operation and maintenance. The completion and connection of our first rooftop PV plant in 2012 generated public interest and led to our peers following our lead. Since then, we have continued to build up our ability to provide general contractor services on PV projects for everything from development, design, purchasing to construction. The variety of energy system materials provided by AUO along with its expertise and experience in power plant construction, maintenance, and energy management means we can offer customers high-quality, high-performance, integrated and customized total solutions. In addition, we are also moving aggressively into the low-carbon building industry by integrating PV applications with architecture. In this way, the urban blueprint of energy self-sufficient buildings can be realized.

Material Topics

Shipping of modules required by the PV market

Diverse and High-performance Energy System Materials

AUO supplies a complete range of mono-crystalline Si modules. The multi-busbar half-cut module incorporates climate-resistant design to block out moisture. It is also resistant to salt-fog corrosion and Level 17 wind gusts, making it suitable for windy, moist and salt fog environments. In 2021, we formed a formal partnership with Longi, a leading international vendor, to introduce the mono-crystalline PERC multi-busbar high-efficiency module. We can now offer an even greater range of high-quality solutions for green electricity markets. PV module shipments reached 472 MW in 2023.

Material Topics

Power Storage and Residential Energy Solutions

Smart Energy Management System

The energy transformation is accelerating the adoption of energy storage and powered vehicles such as electric vehicles and charging pillars. AUO Energy Business is now investing in the EnLink energy management system for software and hardware integration. The system is equipped with a range of powerful micro-grid controllers that can collect energy data from energy storage systems, PV systems, EV charging pillars and other devices. The data is compiled at a higher level by the energy management system than presented through a mobile app or tablet for visualized management. A Instantaneous power consumption is simulated in a dynamic manner along with a clear representation of energy ratios. The user can engage in remote monitoring and dispatching to effectively reduce energy consumption, improve self-consumption of green electricity, and optimize electricity costs. For enterprise and residential users, it offers an energy management system that is more current, appropriate, and efficient. AUO carried out 5 energy storage projects in 2023 and these are expected to be progressively connected to the grid in 2024. In addition, we are also using our expertise and experience in software-hardware integration to assist customers with realizing their roadmap for energy transformation.

Energy Management Total Solution



Total Provider of Power Plant Construction and Operation Services

AUO is committed to promoting green energy and living based on high quality and safety standards. Since 2011, we have built 516 MW of installed capacity at 409 power plants throughout Taiwan. These included 181 MW in rooftop projects, 318 MW on ground-side projects, and 17 MW on floating projects. Project sites ranged from advanced factories, agriculture and livestock industry, car park canopies and ground-side installations. Total annual power production is approximately 650,000 MW, sufficient to power 160,000 homes and equivalent to a carbon reduction of 325,000 metric tonnes Co₂e per year. We now not only possess extensive experience with factory rooftop and ultra-high-voltage ground-side transformer stations, but have also won recognition from the Taiwan Excellence Awards and TOP Solar Awards. We are now ranked among the Top 5 energy companies in Taiwan.

AUO Energy Shop

During the service process, the AUO energy team noticed that customers were increasingly looking for PV power plant components and having difficulty meeting that demand. In the spirit of "one-stop shop", the AUO Energy Shop was set up to provide an online-to-offline (O2O) omni-channel platform. The Mall offers product packages for PV modules, monitoring software/hardware, inverters, relays, wiring & cable, and environmental monitoring. It also provides a dedicated consulting channel for private users. Through the Mall, customers have first-hand access to new product launches and promotions. The integration service quality component brands and products help to increase penetration of green energy.



最完整的一站式採購平台

全方位服務滿足多元素場需求
嚴格挑選品牌陣容，優化您的案場體驗

5.3.3 Green Energy Compatibility and Inclusion

AUO worked closely with our industry partners to develop even more high-quality products and solutions; we also follow the three axes of environmental compatibility, local inclusion, and sustainable development by actively engaging with charitable activities. We provide local residents near PV plants with subsidies for counseling on health, economic, industry, environment, and ecology. We hope to help bring about a balance between people, environment, ecology and development.



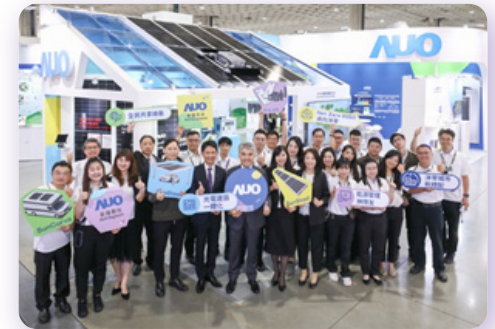
Industry-University Exchange

Building-integrated Photovoltaics Conference

As part of its expansion into architecture, AUO Energy Business held the “Building-integrated Photovoltaics (BIPV) Conference” at its Taichung site. Industry pioneers were invited to share their experience with low-carbon buildings based on the philosophy of resource sharing. We hoped the conference will lead to joint cooperation on energy conservation, carbon reduction, and green energy, or even realize the vision of zero-energy buildings. The Symposium compiled suggestions from the academia and invited experts to give topical lectures on low-carbon building pathways and techniques, and the influence and importance of PV systems in net-zero buildings. At the same time, 10 reputable companies with a long history in Taiwan were recruited to exhibit and share the latest technologies and products. Through the Symposium, AUO was able to network and collaborate with more than 300 partners to develop even more BIPV solutions, launch a joint effort to build the next generation of smart green buildings, and work together to enhance the resilience of the green energy industry.

Energy Taiwan 2023

For Energy Taiwan 2023, AUO chose “Building a Sustainable, Low-carbon Net Zero City through Building-integrated Photovoltaics” as its theme for exploring the possibilities of net zero through innovative technologies and total green solutions. Highlights of the exhibition included BIPV building materials, hand-picked system packages, energy management software/hardware integration, clean energy applications, and energy efficiency solutions. The display not only attracted a constant stream of interested buyers and visitors but also promoted mutual learning and exchange between industries.



Local Inclusion

<p>Environmental Sustainability</p> <ul style="list-style-type: none"> • Industry-government-university collaboration and exchange • Promotion of environmental education knowledge • Ecological and environmental monitoring 	<p>Industrial Economy</p> <ul style="list-style-type: none"> • Community support station • Long-term care and group meals for seniors • Create and mentor local employment 	<p>Cultural Legacy</p> <ul style="list-style-type: none"> • Liaise with experts and academics to develop preservation plan • Revitalization of heritage structures • Implementation of field research site • Tribal craft legacy 	<p>Community Engagement</p> <ul style="list-style-type: none"> • Caring for rural students • After-school tutoring fund • School landscaping • Adoption and cultivation of young national athletes • Promotion of bilingual education in indigenous townships
---	--	---	---

Adoption and Cultivation of Young National Athletes

Domestic sports resources are mostly channeled towards the cultivation of tier-1 national athletes and this may indirectly put pressure on resources for young people. In 2023, StarShining Energy began actively promoting the “circle of philanthropy.” By combining philanthropy with sports and launching a sports support strategy based on in-depth engagement, the company sponsored outstanding young athletes so they could put their talents to good use, change their fate, and represent their country on the international stage.

Rural Student Tutoring Fund

StarShining Energy's core business is PV power plant investments and operations. The Company also takes an interest in local education. Since 2022, StarShining has conducted popular science education at Sialun Elementary School and Dinghu Elementary School. Teachers and students were guided through an= scenario-based environmental education curriculum involving interactive games, team competitions, prize quiz, and hands-on experiment. In 2023, donations were made to the tutoring fund at Yiwu Junior High School and Wenguang Elementary School in Kohu Township, Yunlin County to help students concentrate on their studies and improve their academic performance. More than 280 local students benefited from the donations.

Green Energy Park

AUO not only provides total renewable energy solutions. In keeping with our philosophy of sustainable green energy that puts people and the environment first, AUO is also continuing to support the government's green energy policies, engage with the local community, and create local job opportunities in order to make a contribution to sustainable energy development in Taiwan.

Ecological Research Project

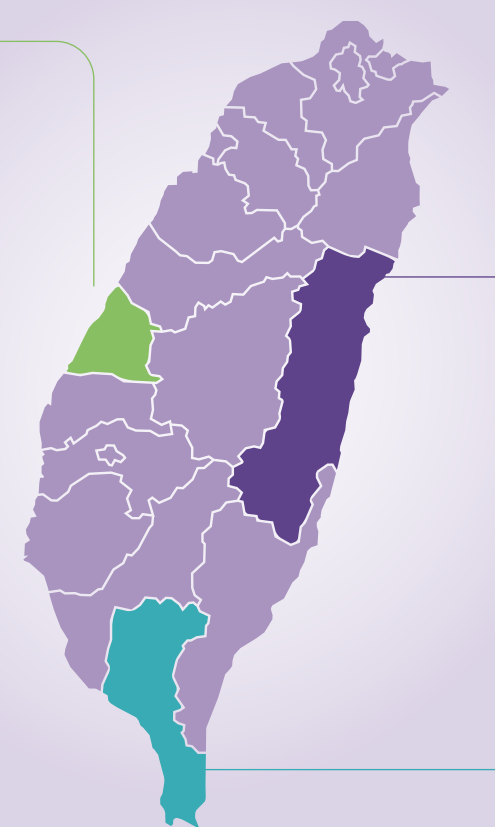
Shengfeng Environmental and Green Energy Park is owned by StarShining. This environmental and ecological field research site hosts the first flux tower in Taiwan to be constructed at a PV site. A memorandum of understand and long-term industry-university collaboration project was signed with National Dong Hwa University during project development. The Center for Interdisciplinary Research on Ecology and Sustainability would carry out research on plants, animals, soil, and pollination within the park. A flux tower would also be set up for experimental purposes. In addition to realizing the exchange of information between the industry and universities, academic research and science-based evidence will hopefully clarify how the construction of a PV site may impact on the existing ecology. The information can then be used to set up a platform for community engagement and a guide for policy development.

Grid connection and power transmission in 2023

Yunlin - Maocheng Green Energy Education Park

Installed capacity: **178 MW**


Maocheng Environmental and Green Energy Park is located southwest of Provincial Highway 17 and the West Coast Expressway (Provincial Highway 61) in Kouhu Township, Yunlin County. The 163 hectares project site had been assessed as non-arable due to severe soil salinization. 178 MW in installed capacity was constructed and connected to the grid in June 20223. The daily power output of 623,735 kWh is expected to make a substantive contribution to Taiwan's power grid. Landscaping was carried out throughout the site with provisions for a forest reserve, Oldham Elaeagnus rehabilitation corridor, forest timber reclamation center, water bird observation area, agro-photovoltaics (Agro-PV) demonstration area, and Bald Cypress eco-pond. An expanded green belt of 20m was also retained. The water bird observation area was set up in collaboration with the Taiwan Biodiversity Research Institute of Ministry of Agriculture. Greenhouses were built in the agro-PV demonstration area and an industry-university collaboration contract was signed with National Chung Hsing University for carrying out research into agricultural specialty products with high economic value. We will also continue to provide local farmers with technical assistance in order to fulfill our corporate social responsibility and promote industrial-economic development. At the same time, grassroots environmental education has been established in the Kouhu region. We are also promoting and sponsoring the after-school tutoring funds and green school landscaping projects at Wenguang Elementary School and its sub-schools, and Yiwu Junior High School.

Grid connection and power transmission in 2022

Hualien - Shengfeng Environmental and Green Energy Park

Installed capacity: **75 MW**



Grid connection and power transmission in 2022

Pingtung - Shengli Cultural Heritage and Green Energy Park

Installed capacity: **7 MW**





Subsidiary

AUO Crystal Corporation

AUO Crystal Corporation (AUO Crystal) is a subsidiary of AUO Corporation, possessing advanced silicon wafer manufacturing technology. In collaboration with international corporations, AUO Crystal develops and manufactures materials for photovoltaic and semiconductors and also offers processing services. The company provides customized solutions for silicon-based materials, keeps innovating to create value for clients and harnesses sustainable environment.

Scope of the Report: January 1, 2023, to December 31, 2023

Contact: HR@auocrystal.com



External Assurance: All relevant data have been verified by third-party organizations and presented using internationally recognized indicators. ISO 14064 GHG emissions were verified by DNV based on ISO 14064. GRI was assured by KPMG based on ISAE 3000.

Company name	AUO Crystal Corporation
Founded in	22 nd May 2009
Chairman	Shih-Kun Chen
Headquarter	No. 335, Sec. 2, Houke Rd., Houli Dist., Taichung City, Taiwan
Main product and technology	PV Mono Ingot & Wafer, Semi Parts & Wafers
Operation	Taiwan (Taichung), Japan (Tokyo, Kochi)
Website	https://www.auocrystal.com/
Revenue (NTD thousand)	4,814,906
Income After Tax (NTD thousand)	-398,798

1. Product & Technology

Material Topics

Technological innovation and market strategy,
Sustainable products

Semiconductors	Photovoltaic	Silicon Materials
<ul style="list-style-type: none"> Semiconductor Silicon Wafer Semiconductor Silicon Materials 	<ul style="list-style-type: none"> Photovoltaic Monocrystalline Ingot Photovoltaic Monocrystalline Wafer 	<ul style="list-style-type: none"> Purified Silicon Powder (Note 1)
		

Note 1: Silica powder is a sub-nanometer flake-like material, with high purity and stable quality. It can be applied in metal smelting, fireproof materials, silicon methanes, and production of lithium battery anode materials.

1.1 Technological Innovation & Market Strategy

AUO Crystal has been deeply cultivating monocrystalline silicon materials for more than ten years. It has the ability to develop and manufacture high-quality monocrystalline silicon wafers, and it constantly improves in material research and development and process technology and closely cooperates with customers. Besides developing items that comply with market trends and demand, it is also committed to improving product performance and enhancing carbon reduction benefits. AUO Crystal implements strategies of technical innovation and market layout, both maintaining competitiveness and contributing to the mitigation of global warming.

Technical Innovation	<ol style="list-style-type: none"> 1 Silicon crystal process optimization: By continuously improving the manufacturing process, the physical properties of silicon crystals are improved to enhance the overall quality. 2 New type of silicon crystal materials research and development: Invest in the research and development of new types of silicon crystal materials, including super-large silicon ingot or other advanced forms of silicon crystals, to improve the performance and application range of materials.
Market Layout	<ol style="list-style-type: none"> 1 Expand application scope: Seek to expand the market in different application fields, such as semiconductor manufacturing and automotive batteries, to reduce the risk of a single market. 2 International market expansion: Cooperate with global customers to establish a solid international supply chain. 3 Cooperation and mergers: Cooperate with other technology companies or carry out strategic mergers to strengthen technical capabilities and market position.

1.2 Sustainable Products

Sustainable Agricultural Fertilizer

AUO Crystal is aligned with SDG 12 - Sustainable Consumption and Production, by recycling the silicon by-products produced during the manufacturing process into fertilizers. By cooperating with local farmers and small-scale farming partners, we provide high-quality agricultural materials and engage in technical exchanges. This proves beneficial for plant health and reduces disease indices, also increasing rice production by around 12%. In addition to replacing chemical fertilizers and exemplifying the value of the circular economy, it significantly reduces environmental damage.



Hazardous Substances Management

GRI 416-1

All of AUO Crystal's products have been tested by a third-party independent organization and do not contain harmful substances. They comply with RoHS, REACH, and customer requirements

2. Sustainable Management

Material Topics Business risk, Sustainable governance operation, Stakeholder, Supply chain management

2.1 ESG Committee

To reference global business development trends, promotional plans effectively, integrate horizontal resources, enhance the management efficiency of social responsibility, meet the expectations of stakeholders on environmental protection, social care and corporate governance, and ensure the sustainability of corporate operations, AUO Crystal established the ESG committee in 2022. The committee is chaired by the chairman of the board, with each chairman of the groups being appointed from the first-level executives. Under the committee, general affairs are arranged, and a secretary office is established to coordinate committee information and operations. The committee is divided into several groups including the Sustainable Technology Group, Sustainable Manufacturing Group, Photovoltaic (PV) Business Group, Semiconductor (SEMI) Business Group, Sustainable Supply Chain Group, Corporate Care Group, and Risk Governance Group. Through monthly meetings, the committee sets goals and tracks progress, connects internal departments and allocates resources to jointly implement ESG action plans.



2.2 ESG Guiding Principles: CSR3

The operation of the committee is guided by the “CSR3” principles, which comprises Corporate Governance, Social Engagement, Reduce, Recycle and Reuse.

C Corporate Governance

- Law compliance and business integrity
- Valuing shared value and giving back
- Effective risk management maintains operational stability
- Encouraging the research and development of innovative technologies

S Social Engagement

- Promoting human rights and employment freedom
- Upholding the commitment to sustainable development
- Providing a safe, healthy and harmonious workplace environment
- Cultivating social culture and public welfare concern

R Reduce

- Improving production efficiency
- Designing energy-saving processes and equipment
- Implementing energy management

R Recycle & R Reuse

- Committed to green production
- Creating recycling use to reduce waste and create value
- Actively preventing pollution and reducing environmental load

2.3 Stakeholder Engagement

Stakeholder Engagement Achievements GRI 2-29

Stakeholder	Relevance and Collaboration Focus with AUO Crystal	Communication Channels	Communication Topics	2023 Achievements
Government/Academic Experts	By irregularly participating in seminars and symposiums, consulting with experts, and gaining external professional perspectives, to quickly grasp industry trends and key regulations.	<ul style="list-style-type: none"> Symposiums Conference External communication mailbox 	<ul style="list-style-type: none"> Industry-academia cooperation Environmental safety and health practices Regulatory consultation 	<ul style="list-style-type: none"> Participated in 49 government-hosted symposiums/conferences Cooperated with government agencies for supervision and auditing for 8 occasions
Suppliers	Manage suppliers and subcontractors based on the ESG concept, and ensure the quality of cooperation through capability assessment, regular audits, and evaluations.	<ul style="list-style-type: none"> Project meetings On-site exchanges Supplier audits Integrity mailbox 	<ul style="list-style-type: none"> Sustainable development Circular economy Operational risks 	<ul style="list-style-type: none"> Supplier QBR evaluation score of 78.91
Customers	Proactively respond to customer needs, fully understand customer perspectives on ESG issues, analyze international implementation trends, actively participate in customer implementation plans, and incorporate new perspectives and practices into AUO Crystal's management system.	<ul style="list-style-type: none"> Project meetings Customer satisfaction surveys 	<ul style="list-style-type: none"> Sustainable products 	<ul style="list-style-type: none"> Average customer satisfaction rate of 80.9%
NGOs	Proactively collaborate with NGOs and social enterprises to promote projects, combining their expertise and passion to expand project influence.	<ul style="list-style-type: none"> AUO Foundation External communication mailbox 	<ul style="list-style-type: none"> Environmental education promotion 	<ul style="list-style-type: none"> 1 Green Party event 1 FNG generational design waste reduction activity
Media	Actively communicate the progress of sustainable business development to relevant stakeholders through diverse social media channels.	<ul style="list-style-type: none"> Exhibitions Press releases Social media 	<ul style="list-style-type: none"> Operational performance ESG brand 	<ul style="list-style-type: none"> 1 YouTube video
Employee	Care for employees' physical and mental well-being, and pay attention to employee welfare, shaping a friendly workplace. Create an internal sustainable environment and establish a culture of sustainability in AUO Crystal.	<ul style="list-style-type: none"> Internal announcements Club activities Labor-management meetings Employee welfare committee Internal communication mailbox Business briefings 	<ul style="list-style-type: none"> Operational status Social participation Employee care 	<ul style="list-style-type: none"> 4 labor-management meetings 4 employee welfare committee meetings 1 business briefing 3 club activities Sustainable series courses
Investors	Proactively communicate with investors based on principles of openness and transparency, demonstrating transformation capabilities and sustainable performance. Actively communicate with investors to update them on operational status and reduce concerns.	<ul style="list-style-type: none"> Annual board meetings Financial reports 	<ul style="list-style-type: none"> Operational performance 	<ul style="list-style-type: none"> Disclosed Financial informations
Student	Actively recruit outstanding talent through campus recruitment.	<ul style="list-style-type: none"> Campus recruitment External communication mailbox Job search website 	<ul style="list-style-type: none"> Employment and benefits Brand image 	<ul style="list-style-type: none"> Participated in 2 campus recruitment events
Neighborhood and community	AUO Crystal's manufacturing site includes Holi and Kochi in Taiwan, and continuously cultivates community relationships, maintaining good interaction with local residents through community activities.	<ul style="list-style-type: none"> Regular on-site visits and care Irregular community events External communication mailbox 	<ul style="list-style-type: none"> Promotion of agricultural products Site environmental maintenance communication 	<ul style="list-style-type: none"> 4 agricultural product group purchases 4 cases of emergency relief

Everyone ESG Training

The ESG Committee produced “AUO Crystal X ALL in ESG” e-Learning materials, conveying the urgent concept of a sustainable environment, and established the perception that everyone, every day, and everything is closely related to sustainability. The content of the materials covers elementary education on sustainable development, AUO Crystal's goals and actions, creative examples sharing, and continuous participation of colleagues. Within two months of launch, all 741 members completed the training.



2.4 Risk Management

Management Organization and Policy

GRI 2-12

AUO Crystal establishes a risk governance group under its ESG committee, with the Chairman acting as the highest manager. To enhance corporate governance and risk management capabilities, AUO Crystal continuously optimizes risk management policies and procedures. The “Risk Management Policy and Procedure” are in place to ensure the effective implementation of risk management practices.

Supply Chain Management

GRI 2-6

AUO Crystal manages its suppliers and contractors based on the three major aspects of ESG, which includes quality/service level, green products, operational manufacturing, cost, environmental safety and health risks, labour management, and ethical standards. The company assesses the capabilities of new suppliers/contractors, and only those who pass the audit can become partners. For existing partners, regular audits and evaluations are conducted to ensure the quality of cooperation. AUO Crystal abides by the highest standards of business ethics in all transactions with partners and has set up a mailbox for reporting illegal activities: integrity@auocrystal.com.

Supply Chain Formation

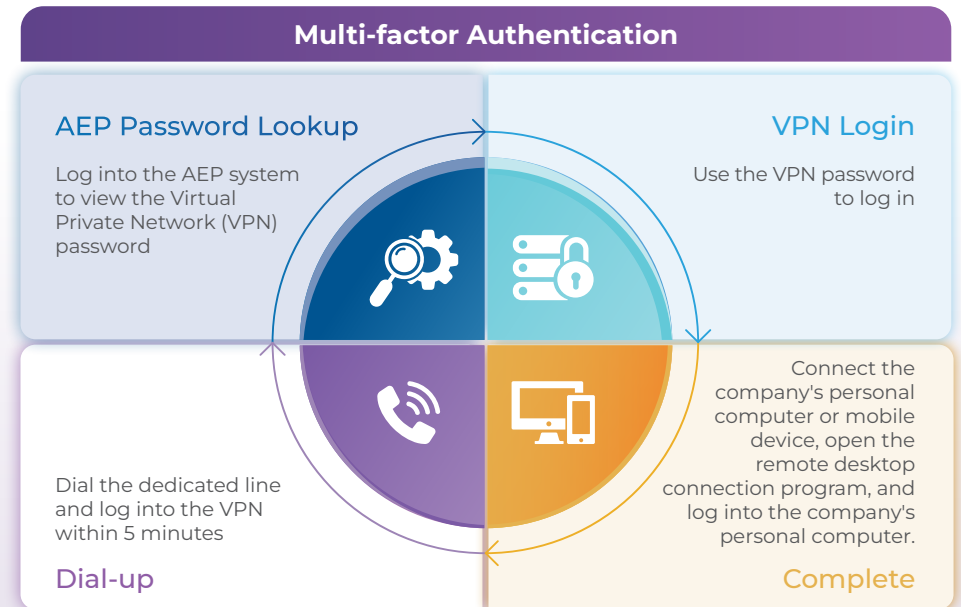
Type	Number of suppliers
PV	345
SEMI	83
Silicon materials	32
Facility construction	68
Waste	8

Supply Chain Risk Management

Subject	Management Practices
New suppliers	Sign three major documents (Integrity/Confidentiality/ Non-infringement)
Existing suppliers	Participate in quarterly business review meetings (QBR) or semi-annual evaluations for key materials

Information Risk Management

In order to minimize the potential leakage of official secrets and enhance the overall security of the company's information environment, AUO Crystal has implemented a number of preventative measures to raise employees' awareness of information security and avoid losses due to personal negligence. The measures implemented in 2023 include seven announcements related to information security; the introduction of multi-factor authentication, along with the launch of an online course called e-Learning; and conducting exercises on social engineering fraud prevention, with a total of 788 participants and a pass rate of 95%.

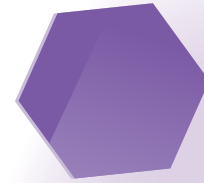


3. Environment Sustainability

3.1 Environmental Data Disclosure

Material Topics Circular and clean production, Climate change

Reduce



Energy Consumption GRI302-1

Item: Unit: GJ		2023	2022
Total energy consumption	Renewable	2,633	2,338
	Nonrenewable	269,953	379,761
Purchased electricity consumption		0	0
Self-Generation and Parallel Sale	Renewable	2,340	2,338
	Self-Generation electricity consumption	293	0
Purchased electricity consumption		269,858	379,651
Purchased steam consumption		0	0
Natural gas	Nonrenewable	0	0
Liquid petroleum gas (LPG)		0	0
Diesel		95	110
Gasoline		0	0

Note: The conversion coefficients of natural gas, liquefied petroleum gas, diesel and gasoline are referred to the calorific value data announced by the Bureau of Energy, Ministry of Economic Affairs

Energy Intensity GRI 302-3

Item	2023	2022
Electricity consumption per output sheet substrate area (KWH/m ²)	20.19	- (Note)
Energy consumption per output sheet substrate area (GJ/m ²)	0.07	- (Note)
Electricity consumption per unit revenue (KWH/NTD 1,000)	15.59	15.00
Electricity consumption per unit revenue (GJ/NTD 1,000)	0.06	0.05

Note: Starting from 2023, the calculation will be based on the unit area of output, due to different calculation methods, hence the information from 2022 is not disclosed.

Reduce Energy Consumption GRI 302-4

Item	2023	2022
Energy saving rate	1.08%	0.83%

Note: The calculation method is the total amount of electricity saved by annual power-saving measures in Taiwan's production area/ the actual annual power consumption.

Emissions GRI 305-5

In 2023, the total greenhouse gas emissions decreased by 16,681.01 metric tons of CO₂e compared to 2022.

Item: Unit: ton CO ₂ e	2023	2022
Scope 1	116.57	149.55
Scope 2	37,030.46	53,678.49
Scope 3	Not yet investigated	Not yet investigated
Intensity (Note)	0.008	0.01

Note: The calculation method is (Scope 1 + Scope 2) /annual operating revenue (NTD 1,000).

Reduce Product Energy Consumption GRI 302-5

Product	Energy consumption
Crystal ingot	Increase 34.77%
Wafer	Increase 23.53%

Note: Compared to the baseline year of 2022, the decrease in production has led to an increase in energy consumption per unit.

Air Pollutant Emissions GRI 305-6 GRI 305-7

Item (Unit: CFC-11 equivalent tonnes)	2023	2022
ODS	0	0
NOx	0	0
SOx	0	0
POP	0	0
VOC	39.18	46.50
HAP	0	0
PM	0.032	0.05

Recycle & Reuse

Materials Used (Volume) GRI 301-1

Item	Type	Tons
V-poly	Nonrenewable	191.89
	Renewable	304.28

Materials Used (Percentage) GRI 301-2

Item	Type	Tons
V-poly	Nonrenewable	38.67%
	Renewable	61.33%

Water Withdrawal GRI 303-3

Item (Unit: 1,000m ³)	2023		2022	
	Surface water (including rain water)	Total	Surface water (including rain water)	Total
	Fresh water		Fresh water	
All region	493.60	493.60	726.92	726.92

Water Pollutant Discharge GRI 303-4

Waste water (1,000 m ³)	395.769
COD (tons)	78
BOD (tons)	6
SS (tons)	21

Waste GRI 306-3 GRI 306-4 GRI 306-5

Item (Unit: tons)	2023			2022		
	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Hazardous waste	0	0	0	0.65	0	0.65
Non-hazardous waste	1,079.28	916.14	163.14	1,742.31	1,498.22	244.09

Water Discharge GRI 303-4

Item (Unit: 1,000m ³)	2023		2022	
	Surface water (including rain water)	Total	Surface water (including rain water)	Total
	Fresh water		Fresh water	
All region	395.77	395.77	571.25	571.25

Waste Diverted from Disposal & Directed to Disposal GRI 306-4 GRI 306-5

Item	Type (Unit: tons)	2023		2022		
		Offsite	Total	Offsite	Total	
Hazardous waste	Disposal	Total	0	0	0	0
		Incineration (with energy recovery)	0	0	0	0
		Incineration (without energy recovery)	0	0	0	0
		Landfilling	0	0	0	0
		Other disposal operations	0	0	0	0
Hazardous waste	Recovery	Total	0	0	0	0
		Preparation for reuse	0	0	0	0
		Recycling	0	0	0	0
		Other recovery operations	0	0	0	0
Nonhazardous waste	Disposal	Total	163.14	163.14	244.09	244.09
		Incineration (with energy recovery)	163.14	163.14	238.47	238.47
		Incineration (without energy recovery)	0	0	5.62	5.62
		Landfilling	0	0	0	0
		Other disposal operations	0	0	0	0
Nonhazardous waste	Recovery	Total	916.14	916.14	1,498.22	1,498.22
		Preparation for reuse	0	0	0	0
		Recycling	916.14	916.14	1,498.22	1,498.22
		Other recovery operations	0	0	0	0

3.2 Enhancement Project & Achievement

Installation of Solar Energy Generation Devices on Rooftops

According to the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" AUO Crystal has completed the construction of rooftop solar power generation equipment totaling 970KW in 2023. It has fulfilled its obligation to use renewable energy ahead of schedule for major power users and effectively provided green electricity for in-house use.



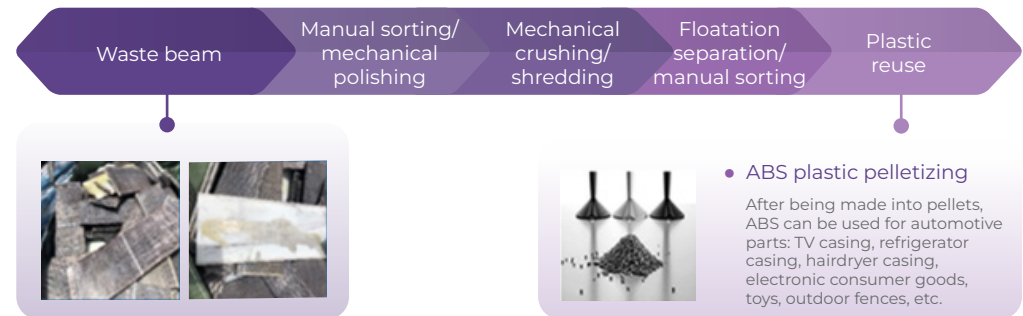
Promotion of Plastic Reduction Awareness

AUO Crystal arranges a mobile "PET Bottle Recycling Processing Machine - Hao Gui Su Vehicle" at the factory. Under the enthusiastic explanation of volunteers, through a fun and simple way, colleagues put the used PET bottles into the Hao Gui Su Vehicle by tossing bottles. The event promoted colleagues to understand the concept of circular regeneration, implementing proper classification to achieve resource reuse, reducing the impact on the environment.



Process-derived Waste Reduction and Value Innovation

To achieve sustainable resource reuse, AUO Crystal prioritizes source reduction (Reduce), reuse in the process (Reuse) principles during waste disposal, and then produces resource-by-products. It then commissions qualified businesses to carry out recycling (Recycle), and finally treats it by incineration or landfill to ensure the effective use of resources and the development of circular benefits. In 2023, 32.90 tons of ABS BEAM were recycled, saving NTD 427,600 in treatment costs.



4. Inclusive Growth

4.1 Disclosure of Employee-related Data

Material Topics

Talent recruitment and retention

Employee Welfare

GRI 401-2

Item		Global	Total
Childbirth subsidy	Persons	13	13
	NTD	28,000	28,000
Childcare subsidy	Persons	104	104
	NTD	232,000	232,000
Funeral condolences	Persons	72	72
	NTD	72,000	72,000
Wedding subsidy	Persons	15	15
	NTD	45,000	45,000
Emergency assistance	Persons	0	0
	NTD	0	0
Hospitalization condolences	Persons	17	17
	NTD	17,000	17,000
Group insurance	Persons	752	752
	NTD	3,277,075	3,277,075

Parental Leave

GRI 401-3

Item	Male	Female
Number of employees eligible for parental leave	39	21
Total number of employees actually using parental leave	7	6
The number of employees expected returning to job after parental leave during the year	6	8
The total number of employees actually returning to job after parental leave	4	2
The total number of employees returning to job and still on the job for 12 months after parental leave	1	3
Reinstatement rate after parental care leave	67%	25%
Retention rate after parental care leave	100%	60%

Note: In 2022, there was 1 male employee who actually returned to work after parental leave, and 5 female employees.

Employee Remuneration

AUO Crystal values its employees and adopts a diversified salary and benefits system, offering competitive salary levels. Depending on the company's operation status and individual performance, salary adjustments and bonus distributions are made.

Employee Diversity

GRI 405-1

Category	Item	Male	Female	Under 29	39~49	Over 50	Physical and mental disabilities
Total	Total employees (%)	80.97%	19.03%	15.65%	78.68%	5.67%	0.81%
Management	Junior level management (%)	80.77%	19.23%	0	92.31%	7.69%	0
	Mid-level management (%)	100.00%	0	0	72.22%	27.78%	0
	Senior level management (%)	92.31%	7.69%	0	23.08%	76.92%	0
	Total Management (%)	89.47%	10.53%	0	70.18%	29.82%	0
Employee structure	Indirect labor (%)	79.17%	20.83%	2.16%	81.25%	12.08%	1.67%
	Direct labor (%)	81.84%	18.16%	13.50%	77.45%	2.59%	0.40%

Employee & Contractor Covered by Occupational Safety and Health Management System

GRI 403-8

Item	Persons	Percentage
Employee	741	100%
Contractor	685	100%

Work-related Injuries

GRI 403-9

Item	Employee			Contractor		
	Total	Male	Female	Total	Male	Female
Number of occupational injury deaths	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0
Ratio of serious occupational injuries	0	0	0	0	0	0
Number of recordable occupational injuries	2	2	0	0	0	0
Recordable lost-time injury frequency rate	1.37	1.70	0	0	0	0
Working hours	1,455,056	1,176,144	278,912	24,528	22,076	2,452

Note: The calculation is based on the average number of daily applications, with one form representing 2 days, 8 hours per day, and 3 people per form.

Work-related Ill Health GRI 403-10

Item	Employee			Contractor		
	Total	Male	Female	Total	Male	Female
Number of recordable occupational diseases	0	0	0	0	0	0
Number of occupational disease deaths	0	0	0	0	0	0
Ratio of occupational disease deaths	0	0	0	0	0	0
Main types of occupational diseases	0	0	0	0	0	0

Programs for Upgrading Employee Skills GRI 404-2

AUO Crystal provides diverse learning resources and channels, including new employee education and training, as well as a variety of courses in management, professional development, quality, and personal growth. In addition, we have designed a GAP table based on job positions, allowing employees to choose their own professional development paths and encouraging cross-functional learning. Furthermore, in response to global sustainable development, we place greater emphasis on training greenhouse gas inventory seed personnel and promoting ESG sustainability awareness and commitment among all employees.

Average Hours of Training GRI 404-1

Region	Indirect labor	Direct labor	Management	Non-management	Female	Male
Global	2,613	482	862	2,233	886	2,209

Percentage of Employees Receiving Regular Performance & Career Development Reviews GRI 404-3

Region	Indirect labor	Direct labor	Management	Non-management	Female	Male
Persons	240	501	57	684	141	600
Percentage	32.39%	67.61%	7.69%	92.31%	19.03%	80.97%

4.2 Social Engagement

Adoption of Gaomei Wetlands

AUO Crystal Happiness Seed Club and the Taichung City Government's Environmental Protection Bureau have signed a coastal adoption agreement to adopt the Qingshui Coast for sustainable cleanup and maintenance to keep the coast of Taiwan beautiful for a long time. Passionate volunteers participate in ocean protection, sweating under the blazing sun to remove the environmental garbage. The event cleaned up about 81 kg of general garbage and recyclables, restoring the pristine appearance of the Gaomei Wetlands beach.



Promote Food and Agricultural Education

Instilling Environmental Values from a Young Age To promote food and agriculture education and implant sustainable environmental knowledge and ideas, AUO Crystal collaborates with universities to introduce beetles to nearly 50 children in the Happiness Seed Club, and experience DIY beetle eco-boxes. They use waste wood, space bags, and fallen leaves compost, and other agricultural waste for recycling. Through these entertaining and educational activities, they cultivate respect and gratitude for food, producers, and the environment.



Group Buying of Agricultural Products

To reduce carbon footprints and continue giving back to the community, AUO Crystal has been working with local farmers' associations and small farmers to group-buy agricultural products. In 2023, cooperation will be established with local farmers from Houli Farmers' Association, Gaoshu in Pingtung, Lishan in Taichung, and others to group-buy holiday and everyday fruits including snow jujube, honey pear, snow pear, mountain honey peach, red jade honey peach, sugar tangerine, organic rice, and pastured eggs. A total of 102 people participated, with a subscription amount of about NTD 140,000.



AUO Display Plus

AUO Display Plus is a global leading supplier of industrial and commercial application displays, providing customers with a variety of customized products. As an affiliate of AUO corporation, AUO Display Plus draws from over 20 years of display technology and professional experience, driving AIoT innovation and actively deepening its reach into vertical fields such as enterprise, education, healthcare, and transportation. This ensures intelligent display solutions are ubiquitous.



Company name

AUO Display Plus

Founded in

28th May 2020

Chairman

Frank Ko

President

Frank Ko

Headquarter

No. 1, Gongye E. 3rd Rd., East Dist., Hsinchu Science Park, Hsinchu City 300091, Taiwan (R.O.C.)

Main product and technology

Industrial and commercial application displays, intelligent solutions for fields such as enterprise, education, healthcare, and transportation

Operation

Taiwan (Headquarter), United States, Netherlands, Japan, China, Canada

Website

www.auodplus.com/en-global

Innovative Products and Services in Response to SDGs



Real-time 3D Solutions for Surgical Robots

AUO Display Plus, together with its partners, has developed the SurgiEyes solution, specifically designed to provide real-time and immersive 3D imaging for robotic surgery. With AUO Display Plus's uniquely developed display, its 3D vertical wide-view technology enables the team to see the correct 3D image whether standing or sitting. Deep Red Color Accuracy technology allows the medical team to clearly see easily overlooked details such as tissue structures or edges. Taking da Vinci surgery as an example, originally only the chief surgeon was able to see the 3D live images. With the integration of AUO Display Plus's SurgiEyes solution, the entire surgery team can now view consistent 3D images. This aids in focusing on lengthy surgeries and improving the quality of the operation. Extended applications in teaching and real-time surgical discussions can help shorten the learning curve for robotic surgery teams in training, or for doctors new to surgical robots, contributing to the cultivation of more medical professionals.

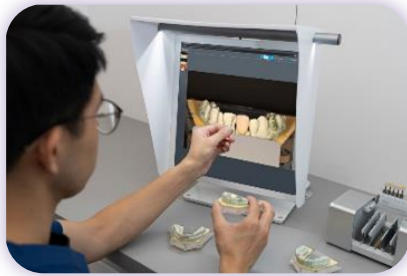




Dental Technological Digital Solutions

In 2023, AUO Display Plus established "DentLabX Co., Ltd.", focusing on providing dental and prosthodontic technological digital solutions, products, and services. Their "Digital Dental Technology Management System", a digital management tool for the entire process of prosthodontics from order acceptance, manufacture, quality assurance to shipping, enables operators to keep abreast of operational conditions, efficiently conduct quality management, understand input-output conditions, aiding the digital transformation in the dental field.

Addressing the complex pain points of denture production process, with the "Intelligent Dental Shade Matching Function" and "Dedicated Smartphone/Tablet App", through A.R.T. Anti-Reflective Technology, optimizes the shade comparison process, substantially reducing denture production communication costs and remanufacturing proportion, simultaneously preventing waste of denture materials.



Pulse Diagnosis System

The pulse diagnosis system inherits AUO's exquisite sensor technology, replicating the tactile sensation experienced by traditional Chinese medicine practitioners during the 'lifting, pressing, and searching' pulse taking process. This system converts traditional Chinese pulse diagnosis into objective data, delivering reliable test results. The pulse diagnosis system contains a highly sensitive multi-point array pressure sensor and an automatic computer-controlled lifting system. This overcomes the drawbacks of traditional pulse diagnostic tools, such as time-consuming single-point measurements and inaccuracy in measurement locations, enabling more precise capture of the examinee's pulse physiological signals. Additionally, the system automatically generates visual and graphic reports after the test, assisting Chinese medicine doctors and the public in diagnosis explanation and subsequent test result record keeping, realizing the digitalization and standardization of Chinese medicine testing. AUO first obtained permission for this class II medical device from the Taiwan Ministry of Health and Welfare's Food and Drug Administration. It is currently collaborating with the National Institute of Chinese Medicine and China Medical University, among others.



Smart Education Integration Solution



- Meeting local energy efficiency and environmental certification requirements



Energy efficiency label



Environmental label certification



Waste Electrical and Electronic Equipment (WEEE)

AUO Display Plus provides a comprehensive smart education integration solution, bringing a higher interactive, highly applicable course model for teachers and students.

Online integrated offline hybrid teaching model, remote classroom learning is not limited

The classroom introduces video live recording equipment to create a zero-time difference lecture hall; all equipment is integrated into the audiovisual master cabinet, management, storage, and security are all in one.

For diversified courses and needs, only one key switch is required

A wide range of course modes have been written into the system, one button to quickly switch modes, including presentation mode, movie mode, computer class mode, and live recording mode. The lecture hall is equipped with environmental control system software, which can operate all the equipment in the classroom on the digital podium tablet. Using preset course modes can easily switch with one person in control.

Large-size display reduces visual dead angles

With a large-size, non-reflective high-definition LED display, resolving spatial visual dead angle issues.

Rich professional lecture hall equipment

In addition to smart display equipment, it also introduces teleprompters, cameras, and other professional presentation equipment, taking the application of the lecture hall to a higher level.



AUO Envirotech

AUO Envirotech, with nearly 20 years of experience in the establishment and operation of tech factories, continually advances technology to implement the concept of a circular economy, offering solutions such as corporate carbon management, water treatment, and smart control technology.

Company name	AUO Envirotech
Founded in	23 rd January 2017
Chairman	HC Lee
President	HC Lee
Headquarter	9 F., No. 198, Jingmao 2nd Rd., Nangang Dist., Taipei City 11568, Taiwan (R.O.C.)
Main product and technology	Environmental sustainable solutions such as water resource treatment technology and EPC projects, energy-saving equipment and engineering, facility intelligent management, and carbon management platforms.
Operation	Taiwan, China(Suzhou, Kunshan)
Website	https://www.auoenvtech.com/

Innovative Products and Services in Response to SDGs



Water Resource Management- Crystallization Drying Technique



AUO Envirotech's highly efficient water recycling technology uses repeated recycling processes to concentrate and reduce the volume of water used in manufacturing, eventually achieving zero emissions through high-efficiency evaporation equipment. To further reduce energy consumption, AUO Envirotech employs energy-saving and efficient crystallization technology. By using vacuum and steam mechanical booster methods, the evaporation process is made more energy-efficient and carbon emission is decreased compared to traditional methods. The hot water from condensation is again heat-recovered and used for mother liquor heating, minimizing overall energy consumption. Further, AUO Envirotech uses energy-saving and efficient crystallization technology to concentrate ammonium sulfate mother liquid and produce crystals, which after centrifugation and drying processes, are converted into high-quality ammonium sulfate crystals, realizing resource recycling and reuse.



Comprehensive Carbon Emission Management Services



AUO Envirotech starts from the enterprise-level thinking of carbon management, offering companies a complete low-carbon transformation service in three aspects. The AUO Carbon Agent (ACA) is the first step in enterprise carbon management. Complying with ISO international standards, the platform can calculate the carbon emissions of the organization and product carbon footprint, examine carbon emission hotspots at various stages of the product life cycle, and assist in long-term monitoring, decision-making, and continuous improvement of carbon emissions. The GPARS Material Data Management Platform helps companies select non-toxic low-carbon materials in the research and design stage. The Low-Carbon Intelligent Building Platform can collect parameters such as building electrical equipment and indoor and outdoor data, and monitor and control the devices automatically with IoT, helping buildings achieve net-zero goals. In addition, in the manufacturing production factories, they integrate the FMCS Low Carbon Factory Equipment Management Platform and Energy Management Platform to perform on-site energy monitoring and energy-saving improvements.

Highlights

Water Treatment Technology Assists in the Construction of Reclaimed Water in the Central Taiwan Science Park

As water treatment experts, AUO Corporation and AUO Envirotech, are participating in the “Shueinan Water Resource Recovery Center Effluent Recovery New Build, Transfer and Operating Project (BTO)” conducted by the Water Resources Bureau of Taichung City Government. With abundant wastewater treatment and recovery technology and experience, they are helping to reuse the effluent originally discharged from the water resource center as reclaimed water. It is expected that at least 10,000 CMD of reclaimed water will be provided in the initial stage of water supply to nearby AUO Taichung plant and other enterprises, effectively alleviating the risk of water shortage in industries.



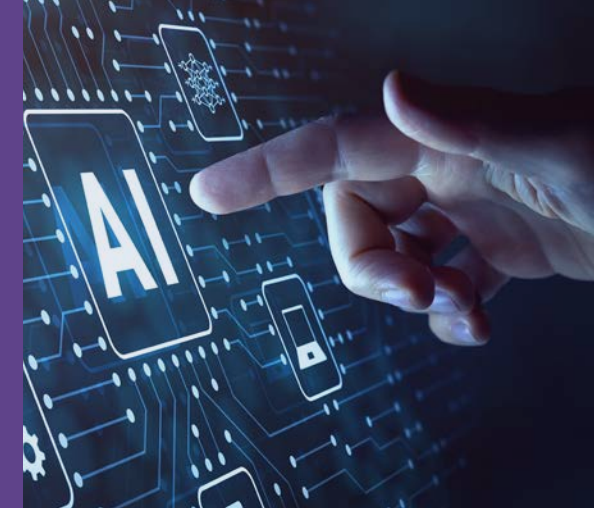
Micro Alkaline Water Technology Promotes Dengue Prevention Global Warming Increases the Risk of Dengue Transmission

AUO Envirotech is collaborating with Yungkang Elementary School in Tainan City and Taiwan Semiconductor Manufacturing Company (TSMC) Charity Foundation to carry out scientific activities to prevent dengue fever. AUO Tech’s micro-alkaline water technology, which uses magnetization and near-infrared light, can improve water quality and reduce environmental odors, thus minimizing the breeding of mosquitoes. This process requires neither energy consumption nor the addition of pharmaceuticals, so it enhances people’s quality of life in an eco-friendly way. Currently, this technology has been applied in a variety of areas such as recreational facilities, aquaculture industries, campuses, etc.



AUO Digitech

AUO Digitech is a subsidiary of AUO corporation, providing smart manufacturing solutions and digital transformation services. It integrates people, machines, materials, methods, environment and artificial intelligence in manufacturing, offering all-in-one solutions that assist companies in their digital transformation.



AUO Digitech's Subsidiary

Company name	Main product and technology	Website
AUO Digitech	Corporate Sustainability Development Research Institute, Smart industrial service solutions	http://www.auodigitech.com
AUO MegaInsight	Industrial software, Digital transformation strategy consulting services, Smart factory construction services	https://ami.auodigitech.com/
Aedgetech	Industrial automation services, Edge intelligence services, Industrial AI Platform	https://ati.auodigitech.com/

Innovative Products and Services in Response to SDGs



The Smart Grid -
iFEMS Smart Cloud Energy Data Monitoring Solution



iFEMS is a smart energy management platform capable of analyzing energy data. Using IoT technology, it monitors factory energy-consuming equipment and collects energy usage data through application components such as SPIIDER current sensors. The information, after data analysis, deconstruction, and fusion, is presented with high readability charts, enabling precise and intelligent management by energy managers. This solution has been implemented in AUO fabs, helping save 4,745 tons of carbon emissions per year, saving 9,300,000 kWh of electricity, and about NTD 20.6 million in electricity costs. Additionally, this solution has been introduced in the glass, optoelectronics and metal fastener industries, successfully reducing 30% of energy setup costs and 70% of meter reading manpower, and increasing management efficiency by 50%.



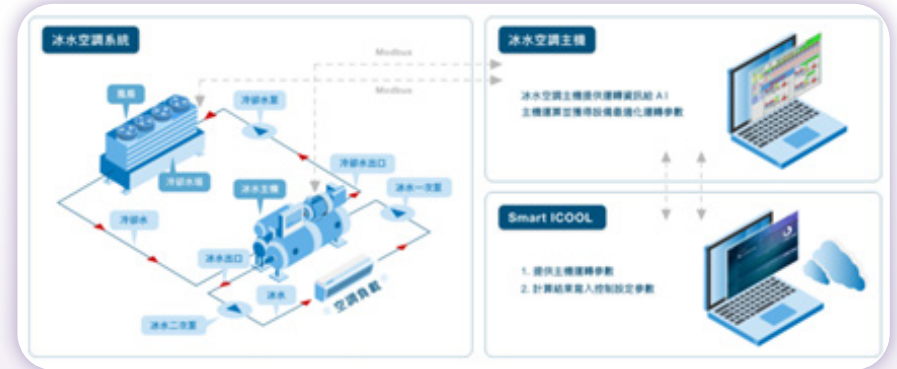
Company name	AUO Digitech
Founded in	20 th July 2021
Chairman	Paul SL Peng
Executive vice president	Jack Chao
Headquarter	5F., No.288, Longyuan 1st Rd., Longtan Dist., Taoyuan City, Hsinchu Science Park, 325002 Taiwan (R.O.C.)
Main product and technology	Smart energy, automated optical inspection, smart manufacturing
Operation	Taiwan, Singapore China (Suzhou, Xiamen)
Website	https://www.auodigitech.com/



Smart iCool - An AI-powered energy-saving solution for ice-water system



The electricity usage of the ice-water air conditioning system accounts for approximately 10-20% of the total factory power consumption. It constitutes a complex system composed of major devices such as the chiller host, cooling tower, and water pump, where each device affects each other through a circulation pipeline and exhibits variations in operational energy efficiency. Smart iCool can solve the pain point of refined management of electricity consumption in the ice-water system. Through multiple product iterations and function optimization, the third generation of Smart iCool has introduced AI model prediction and control, which can reduce the energy consumption of the ice-water system by more than 12%.



AUO Magalnsight (Suzhou)



EHS Intelligent Safety Management Solution

AUO digitech is dedicated to providing enterprises with effective and intelligent solutions in the field of safety management. The EHS Intelligent Safety Management System uses real-time dynamic risk quad-charts, hidden danger identification and reporting, and construction safety monitoring management modules to enable companies to fully grasp their safety situation. The system uses a low-code platform to create a large number of safety forms in EHS scenarios, combines with the IoT model, and can obtain data from multiple channels to help enterprises improve their safety management level, reduce the occurrence rate of risks, increase employee work efficiency, and save manpower expenditure. It has been successfully applied in industries such as medicine, electronics, machining, and semiconductors.



Aedgetech (Suzhou)



iFEMS Energy Management Solutions

The iFEMS energy management system is compatible with mainstream communication protocols on the market, easily parsing digital energy meters commonly used by enterprises such as water, electricity, photovoltaics, natural gas, steam, and compressed air. Aedgetech provides a one-stop service for equipment connection, data processing, and application development, helping enterprises to achieve digital transformation of energy management. With five major functional modules: Energy flow statistics, Energy consumption analysis, Energy overview, real-time warning, and anomaly detection, it helps enterprises reduce personnel costs for meter reading, improve energy use efficiency, and create value for energy digital management.

iFEMS is suitable for various industries such as circuit boards, semiconductors, metal processing, optoelectronic panels, petrochemicals, and pharmaceuticals. It has been successfully applied to a pharmaceutical company, establishing a three-level energy management for that company, monitoring water, electricity, and natural gas, obtaining 84-point data, and then utilizing the iFEMS energy management platform to conduct statistics, reports, and energy consumption analysis. It assists enterprises in achieving the digital transformation of energy management, reducing energy costs, and improving energy utilization efficiency.





Fact Sheet

Correspond to Ch1. Business Operation

Reporting period: 1st Jan 2023 to 31st Dec 2023

Asset Structure GRI 2-6

Item	Unit	2023
Display business net sales	NTD million	229,262.04
Energy business net sales	NTD million	18,702.40
Shipment of panels	10,000 m ²	2,098.50

Note: The scope is the same as the 2023 consolidated statement.

Financial Assistance Received from Government GRI 201-4

Region	Government shareholding (%)	Total government assistance (NTD million)
Taiwan	2.21%	90.55
Mainland China		843.29
Singapore	-	2.12
Canada		8.13

Tax Situation

Item	Unit: NTD 1,000
Pre-tax profit	-21,682,060
Declared tax amount	-3,530,906
Cumulative acceptable adjustments	5,170,820
Effective tax rate	16.28
Cash tax rate	0
Cash tax amount	1,639,914

Economic Value Distribution

Item	Value (NTD million)	
Generated direct economic values	Total annual revenue (Net sales)	247,964.44
	Other income	4,434.58
Economic value of distribution	Operating expenditure	176,142.37
	R&D expenditure	13,231.45
	Employee salary and benefit	42,933.29
	Payments to shareholders	6,134.31
	Community investment	6.46
	Payments to government	2,945.29
	Depreciation expense (fixed assets)	32,379.06
	Amortization expense (intangible assets)	126.48
	Interest expenditure	2,660.89
	Rent expenditure	124.88
	Total distributed economic values	276,684.48
Retained economic values	-24,285.46	

Note 1: Other income includes interest, rental income, dividend income, subsidy income, net gains from disposal and scrapping of fixed assets, and net amounts from disposal of investment and financial assets.

Note 2: The scope is the same as the 2023 consolidated statement

Board Composition GRI 2-9

Gender	Male	Female	Total
Number of executive directors	2	0	2
Number of non-executive directors	3	3	6
Total	5	3	8
Number of independent directors	2	2	4

Age	Male	Female	Total
Under 55	1	0	1
Age 56~65	2	2	4
Over 66	2	1	3

Note: The ratio of board members who are over 50 years old is 100%.

Number of directors who also serve on the boards of no more than 4 other companies	6
Number of independent directors or non-executive directors with industry experience	4
Number of non-executive directors with risk management expertise	1
Average tenure of board members	4.38 years
Annual average attendance rate of the board of directors	100%
Minimum required attendance rate for the board of directors	100%

High-level Compensation Policy

GRI 2-21

The ratio of the percentage increase in the highest individual's annual total compensation to the median percentage increase in annual total compensation of other employees in the organization	0
The ratio of the value of company shares that board directors are required to hold to the multiple of annual base salary	10
The median ratio of the highest individual's annual total compensation	176.44
The longest performance period covered by the executive compensation plan	3 years
The longest grant period for CEO compensation	3 years
The proportion of employees two levels below the CEO eligible for long-term incentive plans	14 cases
The ratio of the value of company shares that the CEO is required to hold to the multiple of annual base salary	10
The ratio of the CEO's annual total compensation (including fixed and variable compensation) to the average annual total compensation of employees (excluding the CEO)	116.97
The multiple of the CEO's annual total compensation (including fixed and variable compensation) to the median annual total compensation of employees (excluding the CEO)	166.0

Confirmed Incidents of Dishonesty and Actions Taken

Confirmed incidents of dishonesty (number of corruption or bribery cases, A+B+C)	1
A total number of cases where employees were terminated due to dishonest behavior	0
B total number of cases where contracts with clients or suppliers were terminated due to dishonest behavior with an employee	1
C total number of lawsuits the company faced due to dishonest behavior	0
Number of instances of dishonest behavior currently under investigation	0
Number of cases of conflict of interest violations	0
Number of money laundering or internal trading violations	0

The Finalization of Major Antitrust Cases and the Associated Financial Losses

Total number of finalized Antitrust civil lawsuits	0
A Total amount of confirmed fines	0
B The percentage of confirmed fines to the company's annual revenue	0 %
C Case summary	None
Total number of pending Antitrust civil lawsuits that have not been finalized as of 2023	1

Training of Antitrust Law Policy

GRI 205.02

Category	People	Proportion	Category	People	Proportion
IDL	10,656	97.19%	Mid-level management	170	93.41%
Junior level management	2,595	96.54%	Senior level management	44	83.02%

Information Security

The ratio of IT infrastructure introducing ISO27001, NIST, or similar standards	100%
The total number of information security vulnerabilities or other network security incidents	0
The total number of confirmed incidents of data breaches, theft or loss of customer data	0
The total number of customers, consumers, employees affected by information security vulnerabilities;	0
The total amount of fines related to information security vulnerabilities or other network security incidents	0
The number of complaints or reports received in the company's privacy mailbox and confirmed to violate the protection of customer personal data	0
Significant cases of the company being fined by the regulatory authority for violating customer personal data protection	0

Annual Violations **GRI 2-27**

Category	Case	Amount of fine (NTD)	Violation of regulations	Improvement measures
Environment	0	0	-	-
Occupational safety	3	230,000	<ul style="list-style-type: none"> Violation of the "Occupational Safety and Health Act". Inadequate design of safety protection and interlocking systems resulted in injuries to maintenance personnel due to being caught in the machinery during abnormal shutdown. 	<ol style="list-style-type: none"> Add safety interlocks to the gaps of the gate door to prevent accidents and install warning lights for the maintenance area of the gate door in the Robot room. Revise the SOP (Standard Operating Procedure) for handling abnormal machine conditions and equipment duty responsibilities, as well as the required training programs according to the specified regulations.
			<ul style="list-style-type: none"> Establish a daily monitoring and supervision system by creating a list of work areas and contractors, and implement a mechanism for contractor supervision and reporting confirmation. Schedule designated personnel to conduct hazard notifications and safety inspections before, during, and after on-site operations, ensuring that all operations, hazardous activities, and supervision arrangements within the work area are properly communicated and confirmed. 	<ol style="list-style-type: none"> Revise the SOP for handling abnormal maintenance procedures, including informing about hazards before daily operations and ensuring the confirmation of clearance and responsibilities. Plan and designate clearance areas and post reminders in those areas. Provide retraining for all safety officers within the factory premises.
			<ul style="list-style-type: none"> Violation of the "Occupational Safety and Health Act". Failure to comply with necessary regulatory management requirements during the construction of the solar power field in Tainan. 	<ol style="list-style-type: none"> Establish a daily monitoring and supervision system by creating a list of work areas and contractors, and implement a mechanism for contractor supervision and reporting confirmation. Schedule designated personnel to conduct hazard notifications and safety inspections before, during, and after on-site operations, ensuring that all operations, hazardous activities, and supervision arrangements within the work area are properly communicated and confirmed.
Labor	4	420,000	The Company did not proactively provide the salary calculation items for the month when the employees left.	<ol style="list-style-type: none"> During the resignation process, we confirm the email address with departing employees for the monthly salary of the resignation, and provide an electronic payslip or paper details as required to make sure they are aware. The company actively provides work hour reports to management for staff care and work allocation for the management of employee working hours. Supervisors have knowledge of their subordinates' overtime hours and regularly check in on their situations. We regularly enhance the promotion of overtime application rules and procedures.
			The failure to pay employees in accordance with the regulations for overtime work on weekdays.	
			Colleagues were not given overtime pay for extended work hours on regular days, and some colleagues were found to have worked more than 12 hours in a single day.	
			Employees working more than 12 hours in a single day.	

Note: AUO defines significant events as those that may have a significant impact on shareholder equity or securities prices. There were no significant regulatory violations in 2023. The disclosure of events in this table is intended to be consistent with the information disclosed in the annual report.

Contributions & Spending Amount

	2020	2021	2022	2023
Lobbying, interest representation or similar	0	0	0	0
Political campaigns/organizations / candidates	0	0	0	0
Trade associations or tax-exempt groups	6,007,794	5,727,960	4,787,565	5,470,176
Other (e.g. spending related to ballot measures or referendums)	0	0	0	0
Total	6,007,794	5,727,960	4,787,565	5,470,176



Participate in Associations/organizations GRI 2-28

AUO upholds the vision of contributing to the industry for shared prosperity, actively participates in public policies and applies our practical experience in vertical industry chains to engage in public associations and government platforms, thereby creating an ecosphere through exchanges and sharing.

Category	Name of associations/organizations	Role	2023 membership
Trade associations	Taipei Computer Association (TCA)	Chairman	NTD 15,000
	Taiwan Display Union Association (TDUA)	Chairman	0
	Taiwan Panel and Solution Association (TPSA)	Vice chairman	NTD 3,840,000
	Taiwan Photovoltaic Industry Association (TPVIA)	Executive director	NTD 30,000
	Taiwan Advanced Automotive Technology Development Association (TADA)	Executive director	NTD 50,000
	The Society for Information Displays (SID)	Executive director	0
	ROC Taiwan Liquid Crystal Society (ROC TLCS)	Director	NTD 35,000
	The Allied Association for Science Park Industries (ASIP)	Director	NTD 666,000
	8K Association	Member	USD 10,000
	Video Electronics Standards Association (VESA)	Member	USD 10,000
	Photovoltaic Generation System Association (PVGSA)	Member	NTD 10,000
	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Member	NTD 42,000
	Autonomous Mobile Robot Alliance (AMRA)	Member	NTD 44,110
	Institute for Biotechnology and Medicine Industry (IBMI)	Member	NTD 20,000
	3D Interaction & Display Association (3DIDA)	Member	NTD 30,000
Semiconductor Equipment and Materials International (SEMI Taiwan)	Member	NTD 73,706	
Sustainability associations	Taiwan Climate Partnership (TCP)	Vice chairman Executive director	NTD 100,000
	Taiwan Carbon Capture Storage and Utilization Association (TCCSUA)	Director	NTD 5,000
	Taiwan Net Zero Emissions Association (ATNZE)	Director	NTD 150,000
	Center for Corporate Sustainability (CCS)	Director	NTD 280,000
	CommonWealth-ESG	Member	NTD 120,000

Sorted by strokes in characters, according to roles and organization names.

Correspond to Ch2. Sustainable Management

Reporting period: 1st Jan 2023 to 31st Dec 2023

Customer Returns

Item	Pcs	Ratio
Total volume of returns and exchanges (A + B + C)	146,847	100%
ROK (Return to Original, Given back to customer) volume A	62,415	42.5%
B/S GRADE quantity (Downgraded CSD resold to other customers) B	71,362	48.6%
OUTPUT is neither original grade nor B/S Grade component quantity (Downgraded business resold to other customers) C	13,070	8.9%

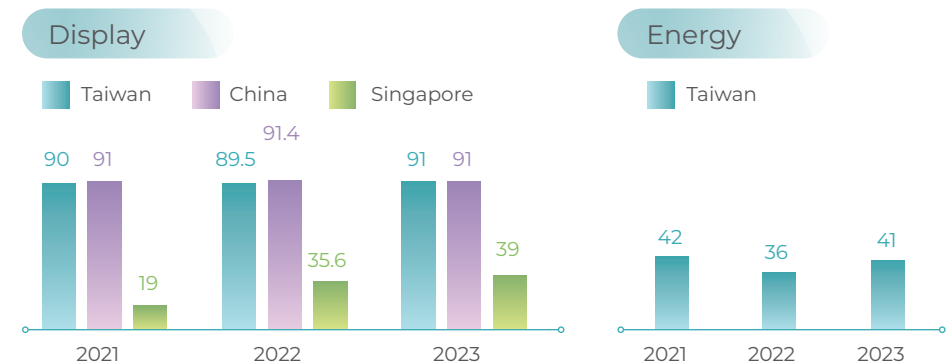
Supplier Composition

	Number of suppliers	Number of contractors
Display	385	76
PV	319	1
Waste	127	0

Conflict Minerals

The proportion of total revenue made up by products containing conflict minerals	0%
The proportion of total revenue made up by products containing conflict minerals (verified by suppliers as originating from non-conflict areas)	0%

Percentage of local procurement from suppliers GRI 204-1



Note: The main operational focus of the display is the production base, and "local" is defined as the country where the production base is located.

Note: The energy business production base is only located in Taiwan.

Correspond to Ch3. Environmental Sustainability

Coverage Rate of Environmental Management System

Environmental Management System (ISO14001)	2023
Coverage rate of the certified ISO 14001	100%
Coverage rate of the ISO 14001 verified by a third party	100%
Coverage rate of the ISO 14001 verified by an internal audit at the company's headquarters	100%



Energy consumption GRI 302-1

Item	2023	Unit
Total energy usage	17,224,256.00	GJ
Total energy usage (Renewable)	251,419.41	GJ
Total energy usage (Nonrenewable)	16,972,836.61	GJ
Purchased electricity consumption (Renewable)	49,337.95	GJ
Purchased electricity consumption (Nonrenewable)	16,155,823.80	GJ
Self-Generation electricity consumption (Renewable)	202,081.45	GJ
Purchased steam consumption	38,762.49	GJ
Natural gas	701,170.36	GJ
Liquefied petroleum gas (LPG)	22,234.40	GJ
Diesel	53,862.52	GJ
Gasoline	983.03	GJ
Self-generation and parallel sale (Renewable)	188,268.96	GJ
Energy consumption per input sheet substrate area	0.31	GJ/m ²
Electricity consumption per input sheet substrate area	0.30	GJ/m ²
Energy consumption per unit revenue	0.695	GJ/NTD 10,000
Electricity consumption per unit revenue	0.662	GJ/NTD 10,000

Item	2023	Unit
Total energy usage (Renewable)	4,784,515.55	MWh
Total energy usage (Nonrenewable)	69,838.73	MWh
Purchased electricity consumption (Renewable)	4,714,676.82	MWh
Purchased electricity consumption (Nonrenewable)	13,704.99	MWh
Self-Generation electricity consumption (Renewable)	4,487,728.83	MWh
Purchased steam consumption	56,133.74	MWh
Natural gas	10,767.36	MWh
Liquefied petroleum gas (LPG)	194,769.54	MWh
Diesel	6,176.22	MWh
Gasoline	14,961.81	MWh
Self-generation and parallel sale (Renewable)	273.06	MWh
Energy consumption per input sheet substrate area	52,296.93	MWh
Electricity consumption per input sheet substrate area	86.82	KWh/m ²
Energy consumption per unit revenue	82.71	KWh/m ²
Electricity consumption per unit revenue	19.30	KWh/NTD 1,000
Total energy usage	18.38	KWh/NTD 1,000

Note: The conversion coefficients of natural gas, liquefied petroleum gas, diesel and gasoline are referred to the calorific value data announced by the Bureau of Energy, Ministry of Economic Affairs

Water GRI 303-3 GRI 303-4 GRI 303-5

Category	Item		Unit	Water withdrawal			Water discharge			Water consumption		
				2023	2022	2021	2023	2022	2021	2023	2022	
All regions (Include areas with water stress)	Total			23,809.58	21,546.86	24,991.78	16,944.26	14,854.39	17,280.86	6,865.32	6,692.47	
	Surface water (including rain water)	Fresh water		9.18	14.84	15.37	2,046.46	1,873.50	1,878.38			
		Other water		0	0	0	0	0	0			
	Ground water	Fresh water		198.59	252.05	417.56	0	0	0			
		Other water		0	0	0	0	0	0			
	Sea water	Fresh water	1,000 m ³	0	0	0	0	0	0			
		Other water		0	0	0	0	0	0	-	-	
	Produced water	Fresh water		0	0	0	0	0	0			
		Other water		0	0	0	0	0	0			
	Third party water	Fresh water		20,766.58	18,850.33	22,463.35	14,897.80	12,980.89	15,402.48			
		Renewable water		2,835.23	2,429.65	2,095.50	0	0	0			
		Other water		0	0	0	0	0	0			
	Areas with water stress: Taichung, Houli, Kunshan	Total			15,808.10	10,778.57	13,165.71	12,346.90	7,958.62	9,884.06	3,461.20	2,819.95
		Surface water (including rain water)	Fresh water		0.13	0	0	0	0	0		
Other water				0	0	0	0	0	0			
Ground water		Fresh water		0	0	0	0	0	0			
		Other water		0	0	0	0	0	0			
Sea water		Fresh water	1,000 m ³	0	0	0	0	0	0			
		Other water		0	0	0	0	0	0	-	-	
Produced water		Fresh water		0	0	0	0	0	0			
		Other water		0	0	0	0	0	0			
Third party water		Fresh water		12,972.74	10,778.57	13,165.71	12,346.90	7,958.62	9,884.06			
		Renewable water		2,835.23	0	0	0	0	0			
		Other water		0	0	0	0	0	0			

GRI 303-4

	Item	Unit	2023	2022	2021
Water pollutant discharge	Waste water	1,000 m ³	16,944.26	14,854.39	17,280.86
	COD	tons	448.56	435.64	547.25
	BOD	tons	46.06	48.31	56.04
	SS	tons	89.95	90.48	111.66

	Item	Unit	2023	2022	2021
Process water recycling	Process water recycling volume	1,000 m ³	132,211	116,381	137,570
	Process water recycling rate	%	95.02	94.89	94.47

Note: The coverage rate of water-related data (calculated by revenue) is 100%.

Emissions

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-6

GRI 305-7

Category	Scope/Item	Unit	2023	2022	2021
GHG emissions	Scope 1	10,000 tCO ₂ e	6.68	6.97	7.92
	Scope 2	10,000 tCO ₂ e	236.11	237.34	284.12
	Scope 3	10,000 tCO ₂ e	217.06	100.45	128.61
Air pollutant emissions	ODS	CFC-11 equivalent metric tonnes	0.05	0.07	0.07
	NOx	tons	81.72	87.62	72.52
	SOx	tons	52.00	54.52	49.96
	POP	tons	0	0	0
	VOC	tons	138.75	123.30	168.46
	HAP	tons	0	0	0
	PM	tons	0	0	0

Note 1: ODS includes R-22 and R-123.

Note 2: The source of the emission factor comes from the ozone depletion potential of ozone-depleting substances under the Montreal Protocol.

Note 3: Greenhouse gas emissions are calculated using operational control, with related emission factors and global warming potential sourced from the IPCC AR5, Taipower Company announced coefficients, and coefficients announced by China's Ministry of Ecology and Environment.

Package Recycle

GRI 301-3

Supplier packaging recycling rate (actual)	95.7%
Supplier packaging recycling rate (target)	93%
Product packaging recycling volume	225,005 set
Product packaging recycling rate	48.28%

Note 1: The calculation method for the supplier packaging recycling rate is (recyclable supplier's recycling volume/ recyclable supplier's packaging shipment volume) * 100%

Note 2: The calculation method for the product packaging recycling rate is (recyclable customer's recycling volume for TV panel packaging /shipment volume) * 100%

Materials & Recycled Materials

GRI 301-1

Direct materials	Glass input substrate area (m ²)	55,106,302		
		Renewable (Recycle) (tons)	Nonrenewable (tons)	Renewable ratio
Direct materials	Glass substrate	12,841	51,363	20%
	Polarizing film	0	2,414	0%
	Liquid crystal	1,238	70,662	0.02%
Indirect materials	Backplate	256	15,839	0.02%
	Light guide plate	0	5,848	0%
	Process thinner (Array/CF)	1,313	1,331	0.50%
	Developer	0	8,502	0%
	Aluminum etchant	0	4,598	0%
	Process stripper	40,137	4,466	0.8999%
	Photoresist	1	1,016	0.001%
PFCs	0	940.6	0	

Component Recycling

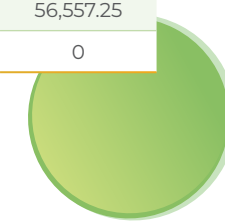
Total weight of electronic component recycling (tons)	21.95
Total amount of electronic component recycling (NTD)	1,685,847

Waste GRI 306-3 GRI 306-4 GRI 306-5

Item	Unit	2023			2022			2021		
		Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal
Total (A + B)	tons	73,468.88	67,360.52	6,108.36	76,204.08	68,198.41	8,005.67	82,654.52	68,491.26	14,163.26
Hazardous waste (A)		13,805.12	11,711.83	2,093.29	13,397.11	10,119.76	3,277.35	18,099.85	11,934.01	6,165.84
Non-hazardous waste (B)		59,663.76	55,648.69	4,015.07	62,806.97	58,078.65	4,728.32	64,554.67	56,557.25	7,997.42

Category	Item	Unit	2023			2022			2021					
			Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total			
Hazardous waste	Total	tons	0	2,093.29	2,093.29	0	3,277.35	3,277.35	0	6,165.84	6,165.84			
	Disposal		Incineration (with energy recovery)	0	0	0	0	0	0	0	0	0		
	Disposal			Incineration (without energy recovery)	0	1,763.65	1,763.65	0	1,802.90	1,802.90	0	3,267.88	3,267.88	
					Landfilling	0	159.76	159.76	0	375.86	375.86	0	469.92	469.92
					Other disposal operations (Note)	0	169.88	169.88	0	1,098.59	1,098.59	0	2,428.04	2,428.04
	Recovery		Total	0	11,711.83	11,711.83	0	10,119.76	10,119.76	0	1,1934.01	1,1934.01		
			Preparation for reuse	0	3,167.98	3,167.98	0	2,639.37	2,639.37	0	5,131.98	5,131.98		
			Recycling	0	8,543.85	8,543.85	0	7,480.39	7,480.39	0	6,802.03	6,802.03		
			Other recovery operations	0	0	0	0	0	0	0	0	0		
Non-hazardous waste	Total	tons	0	4,015.07	4,015.07	0	4,728.32	4,728.32	0	7,997.42	7,997.42			
	Disposal		Incineration (with energy recovery)	0	92.41	92.41	0	0	0	0	0	0		
	Disposal			Incineration (without energy recovery)	0	3,321.74	3,321.74	0	3,215.88	3,215.88	0	4,764.82	4,764.82	
					Landfilling	0	599.30	599.30	0	1,108.53	1,108.53	0	3,040.97	3,040.97
					Other disposal operations	0	1.62	1.62	0	403.91	403.91	0	191.63	191.63
	Recovery		Total	0	55,648.69	55,648.69	0	58,078.65	58,078.65	0	56,557.25	56,557.25		
			Preparation for reuse	0	1,508.72	1,508.72	0	1,347.66	1,347.66	0	0	0		
			Recycling	0	54,139.97	54,139.97	0	56,730.99	56,730.99	0	56,557.25	56,557.25		
			Other recovery operations	0	0	0	0	0	0	0	0	0		

Note 1: The data is based on the amount of waste collected.
 Note 2: Other disposal methods include chemical and overseas treatment.
 Note 3: Incineration (including energy recovery) data for 2023 only includes Houli and Taichung sites starting from October.



Waste Disposal

	Total (tons)	Recovery	Landfilling	Incineration	Others
Hazardous waste	13,805.12	84.83%	1.16%	12.78%	1.23%
Non-hazardous waste	59,663.76	93.27%	1.00%	5.72%	0.003%
Total	73,468.88	91.69%	1.03%	7.05%	0.23%

Environmental

Since 2009, AUO has been promoting an environmental accounting system and completed the global system implementation in 2012. Environmental accounting has become essential information in the field of environmental management. In 2023, AUO's environmental expenses amounted to approximately 1.815 billion.

Expenditure Categories	Unit	2023	
		Current expenditure	Capital expenditures
Operating costs	Pollution control	696,295	29,732
	Global environmental protection	143,628	1,921
	Resource sustainability usage	473,080	747
Upstream and downstream related costs		219,661	0
Management costs		46,434	710
R&D costs		20,719	0
Social activity costs		5,527	0
Loss and remedy costs		0	0
Other environmental protection costs		177,395	0
Subtotal		1,782,739	33,110
Total costs		1,815,849	

Correspond to Ch4. Inclusive Growth

Reporting period: 1st Jan 2023 to 31st Dec 2023

The definitions of sites and offices of AUO in various regions are as follows, applicable to various statistics below.

Taiwan	China	Other Asian regions	Europe	Americas
Taipei, Huaya, Longke, Longtan, Hsinchu, Taichung, Houli, Tainan, and Kaohsiung	Kunshan, Suzhou and Xiamen	Japan, Korea and Singapore	Slovakia, the Netherlands and Germany	United States

Number of Employees by Hiring Type

GRI 2-7

Employee (Employment contract)

Gender	Employment contract	Taiwan	China	Other Asian regions	Europe	Americas	Total
Male	Permanent employee	11,022	9,116	196	50	43	20,427
	Temporary employee	1,147	1,133	134	0	0	2,414
	Non-guaranteed hours employee	0	0	0	0	0	0
	Total	12,169	10,249	330	50	43	22,841
Female	Permanent employee	5,935	4,899	62	49	11	10,956
	Temporary employee	609	535	51	0	1	1,196
	Non-guaranteed hours employee	0	0	0	0	0	0
	Total	6,544	5,434	113	49	12	12,152
Total	Permanent employee	16,957	14,015	258	99	54	31,383
	Temporary employee	1,756	1,668	185	0	1	3,610
	Non-guaranteed hours employee	0	0	0	0	0	0
	Total	18,713	15,683	443	99	55	34,993

Employee (Type of employment)

Gender	Type of employment	Taiwan	China	Other Asian regions	Europe	Americas	Total
Male	Full-time	12,165	10,249	330	50	43	22,837
	Part-time	4	0	0	0	0	4
	Total	12,169	10,249	330	50	43	22,841
Female	Full-time	6,542	5,434	113	49	12	12,150
	Part-time	2	0	0	0	0	2
	Total	6,544	5,434	113	49	12	12,152
Total	Full-time	18,707	15,683	443	99	55	34,987
	Part-time	6	0	0	0	0	6
	Total	18,713	15,683	443	99	55	34,993

Not Employed Staff

Gender	Type of employment	Taiwan	China	Other Asian regions	Europe	Americas	Total
Male	Contractor	0	1,352	0	0	0	1,352
Female		0	400	0	0	0	400
Total		0	1,752	0	0	0	1,752

Note 1: As of December 31, 2022.

Note 2: Contractors are mainly direct employees, signing contracts with dispatching companies and carrying out entrusted tasks by the company.

Employee Distribution

By region	
Taiwan	50.93%
China	47.45%
Other Asian regions	1.21%
Europe	0.27%
Americas	0.15%

By gender & age	
Under 29	28.58%
30~49	65.23%
Over 50	6.19%
Male	65.84%
Female	34.16%

Percentage of Employee Nationalities and Management Positions

Nationalities	Total	Management
Taiwan	46.87%	81.71%
China	47.10%	14.89%
Philippines	4.61%	0%
Malaysia	0.43%	1.01%
Singapore	0.36%	1.01%
Others	0.63%	1.39%

Number of employees by category & gender

GRI 405-1

Category	Item	Male	Female	Under 29	30~49	Over 50	2030 Target Female (%)
Total	Total employees (%)	65.84%	34.16%	28.58%	65.23%	6.19%	31% - 37%
Management	Junior level management (%)	70.89%	29.11%	0.58%	81.78%	17.64%	30%
	Direct labor management	48.11%	51.89%	0.54%	87.14%	12.32%	50%
	Mid-level management (%)	87.03%	12.97%	0.00%	43.78%	56.22%	15%
	Senior level management (%)	91.23%	8.77%	0.00%	22.81%	77.19%	10%
Total	Management (%)	71.96%	28.04%	0.54%	79.10%	20.36%	30%
Revenue generating unit	Management (%)	74.26%	25.74%	0.52%	80.01%	19.48%	25%
Employee structure	Indirect labor (%)	73.25%	26.75%	14.41%	75.01%	10.58%	-
	Direct labor (%)	62.60%	37.40%	34.78%	60.95%	4.27%	-
	STEM	77.61%	22.39%	14.68%	75.10%	10.22%	19% - 25%

Note 1: The senior level management: management of two levels lower than the CEO

Note 2: The mid-level management: management of three to four levels lower than the CEO

Note 3: The junior level management: management of directly leading personnel, managing non-management employees

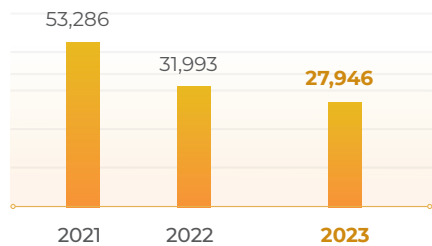
Note 4: Direct labor management: team leader and foreman

Number of New Employees

GRI401-1

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	160	5,666	8	-	1	5,835
	30~49	110	1,592	1	2	4	1,709
	Over 50	2	-	-	-	1	3
	Total	272	7,258	9	2	6	7,547
Male	Under 29	363	15,329	12	-	2	15,706
	30~49	259	4,362	23	1	13	4,658
	Over 50	11	1	8	2	3	25
	Total	633	19,692	43	3	18	20,389
Total		905	26,950	62	5	24	27,946

New employees in recent years



Internal transfers among global indirect personnel in relation to the total recruitment demand

Year	Proportion
2020	74.54%
2021	69.66%
2022	76.02%
2023	79.13%

New Hire Rate

GRI401-1

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	0.86%	32.5%	1.81%	0%	1.82%	15.88%
	30~49	0.59%	9.13%	2.48%	2.02%	7.27%	4.68%
	Over 50	0.01%	0%	0%	0%	1.82%	0.01%
	Total	0.11%	41.63%	4.29%	2.02%	10.91%	20.57%
Male	Under 29	1.94%	87.92%	2.71%	0%	3.64%	42.74%
	30~49	1.38%	25.02%	5.19%	1.01%	23.64%	12.68%
	Over 50	0.06%	0.01%	1.81%	2.02%	5.45%	0.07%
	Total	3.38%	112.95%	9.71%	3.03%	32.73%	55.49%
Total		4.84%	154.57%	14%	5.05%	43.64%	76.05%

Note: The calculation method for the new hire rate is the number of new employees of a specific age and gender/ the total number of employees in the same year.

Number of Voluntary Turnover

GRI401-2

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	65	1,236	5	0	0	1,306
	30~49	110	1,592	1	2	4	1,709
	Over 50	22	0	0	0	0	22
	Total	197	2,828	6	2	4	3,037
Male	Under 29	198	2,755	5	0	0	2,958
	30~49	534	800	19	0	2	1,355
	Over 50	70	0	4	0	0	74
	Total	802	3,555	28	0	2	4,387
Total		999	6,383	34	2	6	7,424

Voluntary Turnover Rate

GRI401-2

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	0.35%	7.09%	1.13%	0%	0%	3.55%
	30~49	1.44%	2.55%	1.81%	1.01%	1.82%	1.97%
	Over 50	0.12%	0%	0%	0%	0%	0.06%
	Total	1.91%	9.64%	2.94%	1.01%	1.82%	5.58%
Male	Under 29	1.06%	15.80%	1.13%	0%	0%	8.05%
	30~49	2.85%	4.59%	4.29%	0%	3.64%	3.69%
	Over 50	0.37%	0%	0.90%	0%	0%	0.20%
	Total	4.28%	20.39%	6.32%	0%	3.64%	11.94%
Total		6.19%	30.03%	9.26%	1.01%	5.46%	17.52%

Note: The calculation method for turnover rate is the number of employees of a specific age and gender who left the job during that year/ the total number of employees during that year.

Voluntary Turnover Distribution

Region	Proportion
Taiwan	17.98%
China	81.32%
Other Asian regions	0.64%
Europe	0.02%
Americas	0.05%

By gender & age	Proportion
Under 29	66.22%
30~49	32.29%
Over 50	1.49%
Male	68.13%
Female	31.87%

Number of Employees Turnover GRI401-2

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	82	2,044	17	-	-	2,143
	30~49	395	571	69	6	1	1,042
	Over 50	44	7	7	2	-	60
	Total	521	2,622	93	8	1	3,245
Male	Under 29	224	4,717	37	1	-	4,979
	30~49	785	1,130	140	1	2	2,058
	Over 50	88	-	34	1	1	124
	Total	1,097	5,847	211	3	3	7,161
Total		1,618	8,469	304	11	4	10,406

Turnover Rate

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	0.44%	11.72%	3.84%	0%	0%	5.83%
	30~49	2.11%	3.28%	15.58%	6.06%	1.82%	2.84%
	Over 50	0.24%	0.04%	1.58%	2.02%	0%	0.16%
	Total	2.78%	15.04%	20.99%	8.08%	1.82%	8.83%
Male	Under 29	1.20%	27.05%	8.35%	1.01%	0%	13.55%
	30~49	4.19%	6.48%	31.60%	1.01%	3.64%	5.60%
	Over 50	0.47%	0%	7.67%	1.01%	1.82%	0.34%
	Total	5.86%	33.54%	47.63%	3.03%	5.45%	19.49%
Total		8.65%	48.57%	68.62%	11.11%	7.27%	28.32%

Turnover Distribution

Region	
Taiwan	15.55%
China	81.39%
Other Asian regions	2.92%
Europe	0.11%
Americas	0.04%

By gender & age	
Under 29	68.44%
30~49	29.79%
Over 50	1.77%
Male	68.82%
Female	31.18%

Proportion of Management Hired from the Local Community GRI 202-2

	Direct labor management	Junior level management	Mid-level management	Senior level management	All management
Taiwan	100%	99.96%	100%	100%	99.97%
China	No direct labor manager	85.60%	46.88%	0%	83.26%
Other Asian regions	100%	91.23%	80%	33.33%	89.34%
Europe	100%	96.15%	100%	No senior level manager	96.30%
Americas	No direct labor manager	100%	100%	No senior level manager	100%

Ratios of Standard Wage Compared to Local Minimum Wage GRI 202-1

	Male	Female
Taiwan	1.31	1.30
Suzhou	1.54	1.55
Kunshan	1.64	1.63
Xiamen	1.77	1.77
Slovakia	2.17	1.70
Singapore, Japan, South Korea, Germany, the Netherlands, America.	No minimum wage regulations	

Ratio of Basic Salary and Remuneration of Female to Male GRI 405-2

	Non-management		Management		
	Direct labor	Indirect labor	Junior level	Mid-level	Senior level
Taiwan	0.94	1.01	0.96	1.02	1.21
Suzhou	1.03	1.08	1.01	0.84	Not applicable
Kunshan	1.02	0.94	0.93	Not applicable	Not applicable
Xiamen	1.02	0.95	1.02	1.51	Not applicable
Japan	Not applicable	0.96	0.8	Not applicable	Not applicable
Korea	Not applicable	0.88	1.08	Not applicable	Not applicable
Singapore	0.83	0.92	0.99	Not applicable	Not applicable
Slovakia	0.93	0.81	1.26	Not applicable	Not applicable
Germany	Not applicable	0.98	0.76	Not applicable	Not applicable
The Netherlands	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
United States	Not applicable	0.95	Not applicable	Not applicable	Not applicable
Total	1.06	1.01	1.03	0.93	1.22

Note: 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.

Salary of full-time employees who are not in managerial positions

Number of full-time employees who are not in managerial positions	18,783
Total salary of full-time employees who are not in managerial positions (NTD 1,000)	20,645,102
Average salary of full-time employees who are not in managerial positions (NTD 1,000)	1,099
Median salary of full-time employees who are not in managerial positions (NTD 1,000)	839

Employee Benefits GRI 401-2

Item	Unit	Total (NTD)
Childbirth subsidy	Persons	584
	Amount	2,409,978
Childcare subsidy	Persons	1,452
	Amount	5,227,200
Funeral condolences	Persons	2,167
	Amount	1,936,931
Wedding subsidy	Persons	1,072
	Amount	1,832,556
Emergency assistance	Persons	37
	Amount	3,740,000
Hospitalization condolences	Persons	1,538
	Amount	763,896
Group insurance	Persons	142,282
	Amount	83,384,149
Employee stock ownership	Persons	9,460
	Amount	885,166,725

Parental Leave GRI 401-3

Item	Male	Female
Number of employees eligible for parental leave	712	426
Total number of employees actually using parental leave	79	95
The number of employees expected returning to job after parental leave during the year	63	73
The total number of employees actually returning to job after parental leave	63	66
The total number of employees returning to job and still on the job for 12 months after parental leave	36	58
Reinstatement rate after parental care leave	100	90
Retention rate after parental care leave	86%	87%
The number of paid parental leave weeks provided to the primary caregiver	24 weeks	
the number of paid parental leave weeks provided to the non-primary caregiver	0 weeks	

Note 1: The disclosed data only covered Taiwan sites. All related maternity leave policies comply with Taiwanese regulations.
 Note 2: Reinstatement Rate is calculated as: Actual number of reinstatements during the year / Number of people expected to be re-instated during the year *100%.
 Note 3: Retention Rate is calculated as: Number of employees reinstated and continued to work for 1 year in the previous year/ Actual number of employees re-instated in the previous year *100%.

Retirement GRI 201-3 GRI 401-2

Item	Taiwan	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States	
Percentage of salary contributed by employee or employer	Employer (%)	Old system: 2	16	16	16	9.15	4.5	9~17	14	9.3	2.6~17.8	6.2
		New system: 6										
	Employee (%)	Old system: 0	8	8	8	9.15	4.5	7.5~20	4	9.3	1.3~8.9	6.2
		New system: 0~6										
Employee participation	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Note: AUO strictly follows the laws of location of business operations. All employees participate in retirement plans in accordance with local regulations.

Internal Communication Channel

	Cases accepted			Cases processed		
	Taiwan	China	Other	Number of cases	Completed	Not yet completed
Internal communication mailbox	98	284	1	383	383	0
CEO's mailbox	12	26	0	38	38	0
Sexual harassment grievance mailbox	2	0	0	2	2	0
Please help me hotline	2,720	1,540	0	4,260	4,260	0

Note: Multiple channels can be used for sexual harassment grievances. There were 4 sexual harassment-related cases in 2023, of which 2 came from the sexual harassment grievance mailbox. All 4 cases have been closed.

Labor Union GRI 102-41

Region	Participation
Total	48%
Taiwan	0%
Suzhou	100%
Xiamen	100%
Kunshan	100%
Singapore	29%
Americas	(Union has not yet organized)
Japan	
Korea	
The Netherlands	
Germany	
Slovakia	

Note: AUO follows local labor laws and regulations, labor contracts, work rules, or determines its working conditions and employment terms through statutory labor-management meetings (such as in Taiwan). AUO also respects employees' rights to assembly and association, as well as the right to organize unions. "No union established" or "0% participation rate" indicates that there is no demand from employees to organize. Additionally, in Singapore, only direct employees can request to form a union and join.

Human Rights Related Disputes GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1 GRI 411-1

	Taiwan	China	Singapore	Slovakia	Regional office
Number of discrimination cases					
Incidents involving the rights of aborigines					
Incidents involving forced labor			0		
Incidents involving child labor					
Hampering freedom of association (labor union) organization					

Note: All forced labor cases in Taiwan have been completely resolved. Please see 4.1 Human Rights.

Average Hours of Training GRI 404-1

		Male	Female	Under 29	30-49	Over 50
By age and gender		27.71	14.46	21.92	24.21	18.20
Taiwan	Taiwan	32.95	12.44	56.19	23.80	18.68
	Suzhou	6.64	6.62	5.20	7.56	10.24
China	Kunshan	33.39	22.60	29.35	29.88	59.66
	Xiamen	37.89	28.78	21.17	62.05	20.66
Other Asian regions	Japan	4.48	1.20	0	3.58	4.63
	Korea	4.23	1.50	1	1.58	15.78
	Singapore	9.73	9.56	15.57	9.31	6.89
Europe	Slovakia	0.71	0.44	0.75	0.59	0.38
	Germany	37.79	22.61	0	38.51	20.82
	The Netherlands	0	1.52	0	0	1.52
Americas	United States	9.55	7.09	8.62	8.71	10.63

		Total	Indirect labor	Direct labor	Management	Non-management
By management level		25.47	78.48	2.26	15.44	26.08
Taiwan	Taiwan	39.52	88.08	3	13.36	41.8
	Suzhou	8.13	53.43	0.73	19.62	7.79
China	Kunshan	21.06	66.07	4.72	13.03	21.41
	Xiamen	10.92	65.89	2.1	33.64	10.26
Other Asian regions	Japan	0.69	0.69	Not applicable	0.78	0.66
	Korea	0.72	0.72	Not applicable	0.75	0.71
	Singapore	15.8	21.42	1.72	4.11	17.59
Europe	Slovakia	1.52	4.11	0	0	1.72
	Germany	1.16	1.16	Not applicable	2.19	0.52
	The Netherlands	0.52	0.52	Not applicable	0	0.52
Americas	United States	0.73	0.73	Not applicable	1.04	0.66

Human Right Assessment

	AUO	Subsidiary	Joint venture	Tier-1 Supplier
The proportion of total human right assessed in last three years	100%	100%	100%	100%
The proportion of total human right assessed where risks have been identified	100%	100%	100%	1.29%
The proportion of human right risk with mitigation actions taken	100%	100%	100%	100%

Work-related Injuries

GRI 403-9

Remark

The total working hour calculation is different in response to the labor conditions of each location of business operations and the calculation required by the competent authority. The calculation principles for each region are as follows.

- **Taiwan:** ① Indirect Labor = Working days of the month (excluding company holidays) × 8 hours/day × Total number of indirect labor/month + ② Direct labor = 15 days/month × 10 hours/day × Total number of direct labor/month (use 14 days for February)
- **China:** According to the Company's vacation attendance system
- **Singapore:** (Direct Labor x 10 hrs x 15 days) + (Indirect Labor x 8.75 hrs x Working days per month)
- **Slovakia:** (Direct Labor x 11 hrs x Working days per month + Indirect Labor x 8 hrs x Working days per month)

The coverage rate of occupational injury statistics (based on employees) is 100%.

Employee	Total	Male	Female	Taiwan	China	Singapore	Slovakia
Number of occupational injury deaths (fatalities)	0	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0	0
Ratio of serious occupational injuries	0	0	0	0	0	0	0
Number of recordable occupational injuries	40	33	7	27	12	1	0
Ratio of recordable occupational injuries (LTIFR)	0.49	0.62	0.25	0.76	0.27	0.96	0
Working hours	80,563,604	52,954,728	27,608,876	35,494,037	43,864,904	1,036,767	167,896

Contractor	Total	Male	Female	Taiwan	China	Singapore	Slovakia
Number of occupational injury deaths (fatalities)	0	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0	0
Ratio of serious occupational injuries	0	0	0	0	0	0	0
Number of recordable occupational injuries	3	3	0	2	0	1	0
Ratio of recordable occupational injuries (LTIFR)	0.19	0.24	0	0.36	0	5.7	0
Working hours	15,028,328	12,022,662	3,005,666	5,478,472	9,367,352	175,160	7,344

Note 1: Occupational injury refers to the disease, injury, disability or death of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, steam, dust, etc. in the workplace, or work activities and other occupational causes. Excluding traffic injuries.

Note 2: Ratio of occupational injury deaths calculation method is number of occupational injury deaths *1,000,000 / Working hours that is the ratio of occupational injury deaths of every 1,000,000 working hours.

Note 3: Serious occupational injury refers to occupational injury with disability for more than 180 days.

Note 4: The number of recordable occupational injuries refers to the number of occupational injuries legally reported to the occupational safety and health administration.

Employee	Slipping/falling	Pinching/rolling/crushing	Bashing/hitting	Spraining/bruising	Stabbing/scratching/cutting	Falling	Others
Number of occupational injury deaths	0	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0	0
Ratio of serious occupational injuries	0	0	0	0	0	0	0
Number of recordable occupational injuries	13	8	4	4	4	4	3
Ratio of recordable occupational injuries	0.16	0.09	0.04	0.04	0.04	0.04	0.03

Contractor	Slipping/falling	Pinching/rolling/crushing	Bashing/hitting	Spraining/bruising	Stabbing/scratching/cutting	Falling	Others
Number of occupational injury deaths	0	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0	0
Ratio of serious occupational injuries	0	0	0	0	0	0	0
Number of recordable occupational injuries	2	0	0	0	0	1	0
Ratio of recordable occupational injuries	0.13	0	0	0	0	0.06	0

Work-related ill health GRI 403-9

Employee	Total
Number of recordable occupational diseases	0
Number of occupational disease deaths	0
Ratio of occupational disease deaths	0
Main types of occupational diseases	0

Contractor	Total
Number of recordable occupational diseases	0
Number of occupational disease deaths	0
Ratio of occupational disease deaths	0
Main types of occupational diseases	0

Note: Occupational disease refers to the disease, injury, disability or death of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, steam, dust, etc. in the workplace, or work activities and other occupational causes. Excluding traffic injuries.





Appendix

- Response to Material News in 2023
- GRI Index
- SASB Index
- TWSE Sustainability Disclosure Index – Optoelectronics Industry
- TWSE-listed & OTC-listed companies' Climate Information
- ISO 26000 Comparison Table
- UN Global Compact Comparison Table
- 2022 Sustainability Report Corrigenda
- ISO 14064 Verification Statement
- ISAE 3000 Assurance Statement
- SASB Assurance Statement

Response to Material News in 2023

February

Change of high-level personnel

AUO's Board of Directors has resolved to appoint Dr. Frank Ko as Chief Executive Officer and President; Mr. Paul Peng will step down as Chief Executive Officer but remain as Chairman and, will be appointed as Group Chief Strategy Officer of AUO. The new personnel change will become effective from March 1, 2023.



For more information, see
AUO website-Newsroom ▶

April

Longtan site (Fab 5A) adjustment

To optimize production efficiency and maximize the benefit of the overall production capability, AUO will combine manufacturing of products of Longtan site (Fab 5A) specs/applications with those of similar in other sites. The Fab 5A will be capable of corresponding the market demand for new technologies and high-value products in the future.

August

Tainan site (fab C5D and C6C) production adjustment

AUO adopts a flexible operation strategy and focuses on deploying new technologies and high-value products. After careful consideration, AUO will close its color filter fabs, C5D and C6C, in Tainan. The manufacturing of color filters will be centralized on the other production lines to optimize production efficiency and maximize the benefit of the overall production capability. AUO values the preferences of its employees. Furthermore, AUO endeavors to facilitate the arrangement of appropriate roles in alternative factories, allowing them to sustain their careers and foster their professional growth. For individuals who are disinclined to relocate or lack a suitable position, AUO will actively engage in discussions between labor and management, offering a termination of labor contract plan that surpasses regulations. This measure aims to alleviate the adverse effects on employees.

October

Acquisition of German Behr-Hella Thermocontrol GmbH (BHTC)

AUO will acquire 100% equity interest in the German company Behr-Hella Thermocontrol GmbH (hereinafter referred to as "BHTC"). AUO continues to implement its biaxial transformation strategy, expand applications in vertical markets, and establish the value chain ecosystem. Through the combination, AUO will be able to integrate resources from both platforms and generate significant synergies through future operations, underscoring AUO's commitment to its globalization and development strategy of cultivating a smart mobility ecosystem. The transaction is expected to lead to sustainable growth and create long-term value for AUO's shareholders.

Founded in 1999, BHTC specializes in the development, manufacturing, and sales of Human Machine Interfaces (HMI), Climate Control (CC) and Electronic Control Units (ECU) for the automotive industry. BHTC possesses world-leading resources and development capabilities, with Tier 1 supplier abilities. The company maintains deep collaborations with international automotive OEMs, positioning itself with significant advantages in the rapidly evolving HMI market.

This acquisition represents AUO's expansion of its smart mobility business as well as a crucial opportunity for AUO to broaden its product portfolio and customer base, allowing AUO to shift its positioning from a panel maker to a technology solutions provider that offers products and services across multiple verticals.



For more information, see
AUO website-Newsroom ▶

November

LG Electronics Antitrust Civil Case

With regards to an antitrust claim alleging overcharge and claiming damages brought by LG Electronics and several of its foreign subsidiaries in Korea, AUO has learned that a court of first instance in Korea has recently ruled that AUO Corporation is liable for a total amount of around KRW 29.099 billion plus interest. This antitrust civil case has been ongoing for many years since the Plaintiffs filed their lawsuit in 2014 which resulted from the LCD antitrust case that ended in 2006. AUO Corporation will take appropriate action, including but not limited to filing an appeal.

December

AUO close the L4B line in Singapore

To enhance global operational efficiency, AUO will cease local manufacturing operations in Singapore by closing the L4B line in the end of December 2023. The AUO Singapore site specializes in Gen 4.5 LTPS technology, manufactures LCD panels for Smart Phones, Notebooks, Automotive and other Mobile Electronics Devices; the production capacity will be redirected to other AUO's production lines. AUO complies with local regulations for the employees affected due to the closure of L4B line. The communication is processing thoroughly to keep in line with the benefits to be provided for around 500 employees at AUO Singapore site. AUO will transform the Singapore site as a service hub for providing intelligent manufacturing solutions, and extend the pivotal role of the site in the region to give AUO group a broader outreach in APAC.

GRI Index

AUO discloses the following indicators in accordance with the GRI Standards revised in 2021, covering the information of global locations from January 1, 2023 to December 31, 2023. The content has been verified by the third impartial unit, and the limited assurance report is attached in the Appendix.

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
GRI 2: General Disclosures 2021					
The organization and its reporting practices					
2-1	Organizational details	1.1 Company Profile	11	Assured by KPMG	
2-2	Entities included in the organization's sustainability reporting	About the Report	4		
2-3	Reporting period, frequency and contact point	About the Report	4		
2-4	Restatements of information	Appendix-Response to Material News in 2023	211		
2-5	External assurance	About the Report	4		
Activities and workers					
2-6	Activities, value chain and other business relationships	1.1 Company Profile 2.2.2 Material Topic Analysis 2.4 Responsible Supply Chain	11 47 63		
2-7	Employees	Fact Sheet- Employee related information	189		
2-8	Workers who are not employees	Fact Sheet- Employee related information	189		
Governance					
2-9	Governance structure and composition	1.3 Governance Organization	18		
2-10	Nomination and selection of the highest governance body	1.3.1 Board of Directors 1.3.2 Corporate Governance Committee	19 22		
2-11	Chair of the highest governance body	1.3.1 Board of Directors	18		
2-12	Role of the highest governance body in overseeing the management of impacts	1.3.1 Board of Directors 1.5 Risk Governance 2.1 Sustainability Governance 2.2.2 Material Topic Analysis	18 29 43 47		
2-13	Delegation of responsibility for managing impacts	1.3.1 Board of Directors 2.1 Sustainability Governance 2.2.2 Material Topic Analysis	19 43 47		
2-14	Role of the highest governance body in sustainability reporting	1.3.1 Board of Directors 2.1 Sustainability Governance	19 43		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Governance					
2-15	Conflicts of interest	1.3.1 Board of Directors AUO Annual Report Chapter 4	18	Assured by KPMG	
2-16	Communication of critical concerns	1.3.1 Board of Directors 2.1 Sustainability Governance	18 43		
2-17	Collective knowledge of the highest governance body	1.3.1 Board of Directors	18		
2-18	Evaluation of the performance of the highest governance body	1.3.1 Board of Directors	18		
2-19	Remuneration policies	1.3.4 Remuneration Committee	23		
2-20	Process to determine remuneration	1.3.4 Remuneration Committee	23		
2-21	Annual total compensation ratio	Fact Sheet- Salary related information	192		
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	Letter from the Chairman Letter from the CSO	5 6		
2-23	Policy commitments	AUO ESG Website-CSR Policy and Principles 2.4 Responsible Supply Chain 4.1 Human Rights Protection	114		
2-24	Embedding policy commitments	Foreword-CSR EPS 2025 Goals 2.1 Sustainability Governance 4.1 Human Rights Protection	8 43 114		
2-25	"Processes to remediate negative impacts"	1.4 Business Integrity 2.2.1 Stakeholder Cultivation 4.1 Human Rights Protection	25 44 114		
2-26	Mechanisms for seeking advice and raising concerns	For integrity, see 1.4 Business Integrity and Employee Ethics Violations Reporting System at AUO website. For human rights issues, see 4.1 Human Rights Protection For employees' feedback, see 4.2.4 Enjoyable Workplace	25 114 127		



Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Strategy, policies and practices					
2-27	Compliance with laws and regulations	1.4.2 Regulation Compliance A total of 7 violation incidents, see Fact Sheet-Annual Violations	28 183	Assured by KPMG	
2-28	Membership associations	Fact Sheet-Participate in Associations/organizations	184		
Stakeholder engagement					
2-29	Approach to stakeholder engagement	2.2.1 Stakeholder Cultivation	44		
2-30	Collective bargaining agreements	4.2.4 Enjoyable Workplace Fact Sheet-Labor Union	127 194		
GRI 3: Material Topics 2021					
3-1	Process to determine material topics	2.2.2 Material Topic Analysis	47		
3-2	List of material topics	2.2.2 Material Topic Analysis	47		
3-3	Management of material topics	2.2.2 Material Topic Analysis	47		
Human rights					
GRI 407: Freedom of Association and Collective Bargaining 2016					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No suppliers violated freedom of association and collective bargaining, see 4.1 Human Rights Protection & Fact Sheet-Human rights related disputes	114 194		
GRI 408: Child Labor 2016					
408-1	Operations and suppliers at significant risk for incidents of child labor	Suppliers have no risk of child labor use, see 4.1 Human Rights Protection & Fact Sheet-Human rights related disputes	114 194		
GRI 409: Forced or Compulsory Labor 2016					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.4.2 Management Process 4.1 Human Rights Protection Fact Sheet-Human rights related disputes	64 114 194		
GRI 411: Rights of Indigenous Peoples 2016					
411-1	Incidents of violations involving rights of indigenous peoples	There were no incidents of indigenous rights violations during the reporting year, see Fact Sheet-Human rights related disputes	194		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Material Topics					
Sustainable governance operation, Business risk, Stakeholder					
GRI 2: General Disclosures 2021		See GRI 2: General Disclosures	-	Assured by KPMG	
Sustainable product, Technological innovation and market strategy					
GRI 301: Materials 2016					
301-1	Materials used by weight or volume	Fact Sheet-Material	187		
301-2	Recycled input materials used	Fact Sheet-Material	187		
301-3	Reclaimed products and their packaging materials	Fact Sheet-Material	187		
GRI 416: Customer Health and Safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	Green product hazardous substance management regulations 100% cover key customer specifications.	-		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	AUO develops and manufactures products in compliance with relevant laws and regulations, and there has been no instance of penalty due to violations.	-		
GRI 417: Marketing and Labeling 2016					
417-1	Requirements for product and service information and labeling	All of AUO's display products have ROHS and lead-free labels. In terms of product disposal, since display products are not end products, there are no related labels. Solar products have passed IEC certification and are marked in the specification documents.	-		
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no violations of any relevant laws and regulations or voluntary codes in the reporting year.	-		
417-3	Incidents of non-compliance concerning marketing communications	There were no violations of any relevant laws and regulations or voluntary codes in the reporting year.	-		



Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Circular & clean production					
GRI 306: Waste 2020					
306-1	Waste generation and significant waste-related impacts	3.4.4 Reuse of Waste	103	Assured by KPMG	
306-2	Management of significant waste-related impacts	3.4.4 Reuse of Waste	103		
306-3	Waste generated	Fact Sheet-Waste	188		
306-4	Waste diverted from disposal	Fact Sheet-Waste	103 108		
306-5	Waste directed to disposal	Fact Sheet-Waste	103 188		
Climate change					
GRI 302: Energy 2016					
302-1	Energy consumption within the organization	Fact Sheet-Energy related information	185		
302-2	Energy consumption outside of the organization	Information has not been fully obtained, thus it is not disclosed in this report.	-		
302-3	Energy intensity	3.2.1 Inventory & Mitigation Fact Sheet-Energy related information	85		
302-4	Reduction of energy consumption	3.2.2 Improve Energy Efficiency	85		
302-5	Reductions in energy requirements of products and services	3.2.2 Improve Energy Efficiency 5.1.3 Sustainable Products	156		
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	3.2.1 Inventory & Mitigation Fact Sheet-Emissions	85 187		
305-2	Energy indirect (Scope 2) GHG emissions	3.2.1 Inventory & Mitigation Fact Sheet-Emissions	85 187		
305-3	Other indirect (Scope 3) GHG emissions	3.2.1 Inventory & Mitigation Fact Sheet-Emissions	85 187		
305-4	GHG emissions intensity	3.2.1 Inventory & Mitigation	185		
305-5	Reduction of GHG emissions	3.2.1 Inventory & Mitigation	80		
305-6	Emissions of ozone-depleting substances (ODS)	Fact Sheet-Emissions	187		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Fact Sheet-Emissions	187		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Talent attraction and retention					
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	Fact Sheet - New employee & employee turnover	197	Assured by KPMG	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.2 Diversity & Inclusion 4.2.3 Remuneration & Benefits 4.2.4 Enjoyable Workplace	122 125 127		
401-3	Parental leave	4.2.2 Diversity & Inclusion Fact Sheet - Parental Leave	122 193		
GRI 402: Labor/Management Relations 2016					
402-1	Minimum notice periods regarding operational changes	AUO handles significant operational change notifications in accordance with local laws and regulations.	-		
GRI 404: Training and Education 2016					
404-1	Average hours of training per year per employee	Fact Sheet - Average Hours of Training	194		
404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Talent Development	130		
404-3	Percentage of employees receiving regular performance and career development reviews	4.3.2 Performance Management & Career Development	135		
GRI 405: Diversity and Equal Opportunity 2016					
405-1	Diversity of governance bodies and employees	1.3.1 Board of Directors 4.2.2 Diversity & Inclusion Fact Sheet - Board Composition & Diversity	19 122		
405-2	Ratio of basic salary and remuneration of women to men	Fact Sheet - Ratio of Basic Salary and Remuneration of Female to Male	192		
GRI 406: Non-discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting year, see Human Rights Protection and Fact Sheet-Human rights related disputes	114		



Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Supply chain management					
GRI 204: Procurement Practices 2016					
204-1	Proportion of spending on local suppliers	2.4.2 Management Process	64	Assured by KPMG	
GRI 308: Supplier Environmental Assessment 2016					
308-1	New suppliers that were screened using environmental criteria	2.4.2 Management Process The percentage of new suppliers who have signed the "AUO Supplier/Subcontractor Code of Conduct" and "Supplier Integrity Transaction Commitment" is 100%.	64		
308-2	Negative environmental impacts in the supply chain and actions taken	2.4.2 Management Process	64		
GRI 414: Supplier Social Assessment 2016					
414-1	New suppliers that were screened using social criteria	2.4.2 Management Process The percentage of new suppliers who have signed the "AUO Supplier/Subcontractor Code of Conduct" and "Supplier Integrity Transaction Commitment" is 100%.	64		
414-2	Negative social impacts in the supply chain and actions taken	2.4.2 Management Process	64		
Other Topics					
GRI 201: Economic Performance 2016					
201-1	Direct economic value generated and distributed	Fact Sheet - Economic value distribution	181		
201-2	Financial implications and other risks and opportunities due to climate change	3.1.2 Climate Risk Adaption	74		
201-3	Defined benefit plan obligations and other retirement plans	4.2.3 Remuneration & Benefits Fact Sheet-Retirement plans	125 193		
201-4	Financial assistance received from government	Fact Sheet-Financial assistance received from government	181		
GRI202: Market Presence 2016					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Fact Sheet - Ratios of standard wage compared to local minimum wage	192		
202-2	"Proportion of senior management hired from the local community"	"4.2.1 Talent Distribution Fact Sheet-Proportion of management hired from the local community"	119 192		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Other Topics					
GRI203: Indirect Economic Impacts 2016					
203-1	Infrastructure investments and services supported	1.5 Risk Governance 4.5 Social Engagement	29 142	Assured by KPMG	
203-2	Significant indirect economic impacts	1.5 Risk Governance 4.5 Social Engagement	29 142		
GRI205: Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	In 2023, AUO has conducted anti-corruption audits at 100% of our global operating locations (Taiwan, Mainland China, Singapore), and no significant corruption risks have been identified.	-		
205-2	"Communication and training about anti-corruption policies and procedures"	The number of members of AUO's governance unit who have received anti-corruption training and communication is 9, accounting for 100%; for information on employees receiving anti-corruption training and communication, please refer to section 1.4 Business Integrity. In 2023, the number of suppliers with transactions who have received anti-corruption communication is 3,617, accounting for 100%.	-		
205-3	Confirmed incidents of corruption and actions taken	In 2023, there was a total of 1 case related to fraud or ethics. The employees involved in the case colluded with suppliers for improper actions by taking advantage of their positions. Both the employees and suppliers have been disciplined.	27		
GRI 206: Anti-competitive Behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.4.2 Regulation Compliance Fact Sheet-Completed antitrust major lawsuit cases and related financial loss For more about other cases, see AUO Annual Report	28 182		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Other Topics					
GRI 207: Tax 2019					
207-1	Approach to tax	1.2.2 Tax Governance	17	Assured by KPMG	
207-2	Tax governance, control, and risk management	1.2.2 Tax Governance	17		
207-3	Stakeholder engagement and management of concerns related to tax	1.2.2 Tax Governance	17		
GRI 303: Water and Effluents 2018					
303-1	Interactions with water as a shared resource	3.3 Water Resource Management	92		
303-2	Management of water discharge-related impacts	3.4.2 Wastewater Management Fact Sheet-Water	101 186		
303-3	Water withdrawal	Fact Sheet-Water	186		
303-4	Water discharge	Fact Sheet-Water	186		
303-5	Water consumption	Fact Sheet-Water	186		
GRI 403: Occupational Health and Safety 2018					
403-1	Occupational health and safety management system	4.4.2 Safe Workplace	139		
403-2	Hazard identification, risk assessment, and incident investigation	4.4.2 Safe Workplace	139		
403-3	Occupational health services	4.4.2 Safe Workplace	139		
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.2 Safe Workplace	139		
403-5	Worker training on occupational health and safety	4.4.2 Safe Workplace	139		
403-6	Promotion of worker health	4.4.1 Health Care	137		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships"	4.4.2 Safe Workplace	139		
403-8	Workers covered by an occupational health and safety management system"	4.4.2 Safe Workplace	139		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Other Topics					
GRI 207: Tax 2019					
403-9	Work-related injuries	4.4.2 Safe Workplace Fact Sheet - Work-related injuries	139 195	Assured by KPMG	
403-10	Work-related ill health	4.4.2 Safe Workplace Fact Sheet - Work-related ill health	139 195		
GRI 413: Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Social Engagement Through the Stakeholder Subcommittee of the Sustainable & ERM Committee, AUO maintains interaction with the neighborhoods where operational bases are located. Please see 2.2 Stakeholder Management.	44 142		
413-2	Operations with significant actual and potential negative impacts on local communities	The potential impacts of the AUO production base on neighboring communities include terrestrial ecological changes, air pollution, disruption, waste, etc. AUO implements air pollution and waste management through the ESH unit, and promotes positive impacts through relevant projects executed by the AUO Foundation. These executed projects include Water Resource Patrol, Ocean Party, etc.	-		
GRI 415: Public Policy 2016					
415-1	Political contributions	There were no political contributions in the reporting year.	-		
GRI 418: Customer Privacy 2016					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.5.3 Information Security & Privacy Protection There were no actual complaints of customer privacy violations and loss of customer data in the reporting year.	33		



SASB Index

Topic/Code	Accounting Metric	Category	Summary	Reference Chapter	Page																		
Product Security / TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion and Analysis	The Product Security Team under the AUO Information Security Committee is responsible for guiding product information security. They formulate regulations and software development frameworks, including analyzing legal standards and customer requirements, conducting risk assessments, implementing secure design and development, conducting online verification, and incident responses. They also supervise the implementation of black-box and white-box testing, vulnerability assessment, and penetration testing to ensure product information security.	1.5.3 Information Security & Privacy Protection	33																		
Employee Diversity & Inclusion / TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	<p>AUO employee structure by gender information as follow:</p> <table border="1"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Senior Level Management (%)</td> <td>91.23%</td> <td>8.77%</td> </tr> <tr> <td>Management (%)</td> <td>71.96%</td> <td>28.04%</td> </tr> <tr> <td>Technical Staff / Indirect Labor (%)</td> <td>73.25%</td> <td>26.75%</td> </tr> <tr> <td>All other employees / Direct Labor (%)</td> <td>62.60%</td> <td>37.40%</td> </tr> <tr> <td>Overall Employees (%)</td> <td>65.84%</td> <td>34.16%</td> </tr> </tbody> </table> <p>AUO follows the principle of "equal treatment" and respects the privacy of personal data, so we do not collect statistics on the ethnicity of employees. For complete data please refer to Data Overview.</p>		Male	Female	Senior Level Management (%)	91.23%	8.77%	Management (%)	71.96%	28.04%	Technical Staff / Indirect Labor (%)	73.25%	26.75%	All other employees / Direct Labor (%)	62.60%	37.40%	Overall Employees (%)	65.84%	34.16%	4.2.1 Talent Distribution	119
	Male	Female																					
Senior Level Management (%)	91.23%	8.77%																					
Management (%)	71.96%	28.04%																					
Technical Staff / Indirect Labor (%)	73.25%	26.75%																					
All other employees / Direct Labor (%)	62.60%	37.40%																					
Overall Employees (%)	65.84%	34.16%																					
Product Lifecycle Management / TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	AUO regularly updates the AUO Green Products Hazardous Substances Management Regulations in response to domestic and international regulations on environmental protection and prohibited substances, which covers the list of declarable controlled substances listed in IEC 62474. Although limited by the fact that some materials cannot be replaced due to current industrial technology or a trace amount remains in the product, the content of the IEC 62474 declarable controlled substances contained in the product does not reach the declared proportion required by the directive.	2.3.1 Product Quality	57																		
Product Lifecycle Management / TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	AUO's product are not end product, thus those could not apply for EPEAT, which verify end electronic and electrical product. However, AUO continues to develop and support our customers with products that meet the standards and specifications, such as installation of fluorinated gas destruction and removal equipment which EPEAT required. Furthermore, AUO continues to develop sustainable products through the management of hazardous substances, the use of circular materials, the reduction of packaging materials, and low-energy consumption designs.	2.3.1 Product Quality 3.2.1 Inventory & Mitigation 3.4 Circular & Clean Production 5.1.3 Sustainable Products	57 80 97 156																		
Product Lifecycle Management / TC-HW-410a.3	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Quantitative	Most of AUO's product are not end product, thus those could not apply for energy efficiency certification such as Energy Star, which verify end electronic and electrical product. However, AUO continues to develop and support our customers with products that meet the standards and specifications. For desktop display modules, in 2023, 47.83% of product by revenue assisting customers to meet the standards.	5.1.3 Sustainable Products	156																		

Topic/Code	Accounting Metric	Category	Summary	Reference Chapter	Page
Product Lifecycle Management / TC-HW-410a.4	Weight of end-of-life products and e-waste recovered; percentage recycled	Quantitative	Not applicable, due to AUO's product are not end product, it is difficult to collect data. Note: AUO provides product repair service to customers within the product warranty period. In 2023, a total of 146,847 pieces were processed, 42.5% of which were restored to their original functions after repairs, and 57.5% were diverted for other purposes. In 2023, the total weight of electronic waste recycled and sold in the factory are 21.95 metric tonnes.	2.3.1 Product Quality 3.4.4 Reuse of Waste	63 103
Supply Chain Management / TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Quantitative	In 2023, percentage of tier 1 supplier facilities (note) audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities is 5.47% and (b) high-risk facilities is 58.33%. Note: Annual purchase amount > NTD 10 million	2.4.2 Management Process	64
Supply Chain Management / TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	In 2023, tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent is 22.58%, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances are both 100%.	2.4.2 Management Process	64
Materials Sourcing / TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	AUO establishes the Conflict-free Minerals policy according to the due diligence investigation procedures of the Organization for Economic Cooperation and Development (OECD), and requests suppliers to attach importance, fulfill jointly, and submit related documents to regular monitoring to ensure the implementation of the conflict-free mineral policy. In addition, AUO's risk identification and supply chain management also include key material risk management and response.	1.5.1 Risk Evaluation & Management 2.4.2 Management Process	29 64

Code	Activity Metrics	Category	Summary	Reference Chapter	Page
TC-HW-000.A	Number of units produced by product category	Quantitative	In 2023, Shipment of panels are 20.99 million square meters. Note: Calculated based on shipments area due to most of product are customized.	1.2.1 Financial Performance	15
TC-HW-000.B	Area of manufacturing facilities	Quantitative	The total floor area of manufacturing facilities is 5.08 million square meters.	-	-
TC-HW-000.C	Percentage of production from owned facilities	Quantitative	In 2023, production of panels from owned facilities is 94.01%. Note: Data calculated by plant input cost and without outsourcing.	-	-

TWSE Sustainability Disclosure Index – Optoelectronics Industry

Code / SASB Reference Code	Activity Metrics	Category	Annual Disclosure		Remark		Assurance
			Summary	Unit	Reference Chapter	Page	
1 TC-SC-130a.1	Amount of total energy consumed, percentage grid electricity, and percentage renewable	Quantitative	In 2023, total energy consumed 17,224,508.75 GJ, percentage grid electricity 94.08%, 1.5% of renewable energy, 2.2% green electricity (as a percentage of total electricity consumption)	Gigajoules (GJ), Percentage (%)	3.2.1 Inventory & Mitigation Fact Sheet-Energy	80	
						185	
2	Amount of total water withdrawn, and total water consumed	Quantitative	In 2023, total water withdrawn 23,809.58 m ³ , total water consumed 6,865.32 m ³ .	Thousand cubic meters (m ³)	3.3 Water Resource Management Fact Sheet-Water	92 186	
3 TC-SC-150a.1	Amount of hazardous waste generated, percentage recycled	Quantitative	In 2023, hazardous waste generated 13,805.12 metric tonnes, 84.84% recycled	Metric tons (t), Percentage (%)	3.4.4 Reuse of Waste Fact Sheet-Waste	103 188	
4	Description of the type, number and rate of work-related injuries	Quantitative	In 2023, recordable lost-time injury frequency rate (LTIFR) is 0.49, number of recordable occupational injuries are 40, number of recordable occupational diseases is 0, number of occupational injury deaths is 0. The main types of occupational injuries are slip and fall. The ratio of the annual number of occupational accidents to the total number of employees at the end of the year is 0.11%	Percentage (%), quantity	4.4.2 Safe Workplace Fact Sheet - Work-related injuries/ill health	139 195	
5	Description of the management of product lifecycle, amount of weight of end-of-life products and e-waste recovered, percentage recycled Note: Including the sale of tailing or other recycling	Quantitative	Not applicable, due to AUO's product are not end product, it is difficult to collect data. Note: AUO provides product repair service to customers within the product warranty period. In 2023, a total of 146,847 pieces were processed, 42.5% of which were restored to their original functions after repairs, and 57.5% were diverted for other purposes. In 2023, the total weight of electronic waste recycled and sold in the factory are 21.95 metric tonnes.	Metric tonnes (t), Percentage (%)	2.3.1 Product Quality 3.4.4 Reuse of Waste	57 103	Assured by KPMG
6 TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	AUO establishes the Conflict-free Minerals policy according to the due diligence investigation procedures of the Organization for Economic Cooperation and Development (OECD), and requests suppliers to attach importance, fulfill jointly, and submit related documents to regular monitoring to ensure the implementation of the conflict-free mineral policy. In addition, AUO's risk identification and supply chain management also include key material risk management and response.	N/A	2.3.1 Product Quality 3.4.4 Reuse of Waste	29 64	
7 RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations ⁸	Quantitative	In 2023, no monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	Reporting currency	1.4.2 Regulation Compliance	28	
8 TC-HW-000.A	Number of units produced by product category	Quantitative	In 2023, Shipment of panels are 20.99 million square meters. Note: Calculated based on shipments area due to most of product are customized.	Varies by product type	1.2.1 Financial Performance	15	

TWSE-listed & OTC-listed Companies' Climate Information



Item	Progress	Chapter in the Report / Response	Page																																
<p>1. Describe the board of directors and management's supervision and governance of climate-related risks and opportunities</p>	<p>AUO places importance on the governance functions of high-level management regarding climate change. The board of directors, being the highest management and decision-making unit of the company. AUO includes significant decision-making topics related to climate risk in the board of directors' report, enabling the organization's top management to effectively lead the company in dealing with the challenges brought about by climate change and ensuring legal compliance. The Sustainability and ERM Executive Committee is responsible for coordinating sustainability development and climate action, including setting and tracking goals, coordinating resources, and other tasks.</p>	<p>3.1.2 Climate Risk Adaption AUO TCFD Report</p>	<p>74</p>																																
<p>2. Describe how the identified climate risks and opportunities affect the company's business, strategy, and financials (short-term, medium-term, long-term).</p>	<table border="1"> <thead> <tr> <th data-bbox="573 544 719 584">Business</th> <th data-bbox="719 544 1267 584">Risk</th> <th data-bbox="1267 544 1722 584">Opportunity</th> </tr> </thead> <tbody> <tr> <td data-bbox="573 584 719 624">Short-term</td> <td data-bbox="719 584 1267 624">Organization and supply chain disruption</td> <td data-bbox="1267 584 1722 751" rowspan="3">Develop green solutions, such as green manufacturing, green energy, and green products</td> </tr> <tr> <td data-bbox="573 624 719 679">Mid-term</td> <td data-bbox="719 624 1267 679">Regulatory, product standards, and carbon finance transformation risks</td> </tr> <tr> <td data-bbox="573 679 719 735">Long-term</td> <td data-bbox="719 679 1267 735">Transition to low-carbon products and services, along with the necessary infrastructure conditions</td> </tr> <tr> <th data-bbox="573 751 719 791">Strategy</th> <th data-bbox="719 751 1267 791">Risk</th> <th data-bbox="1267 751 1722 791">Opportunity</th> </tr> <tr> <td data-bbox="573 791 719 871">Short-term</td> <td data-bbox="719 791 1267 871">Preparation for operational resilience required under net-zero (SSP1-1.9) and extreme physical (RCP8.5) scenarios, including SBT and RE100 commitments</td> <td data-bbox="1267 791 1722 871">Actively negotiate with customers and jointly develop green products</td> </tr> <tr> <td data-bbox="573 871 719 911">Mid-term</td> <td data-bbox="719 871 1267 911">Renewable energy and low-carbon technology</td> <td data-bbox="1267 871 1722 967" rowspan="2">Seize key strategic in the public sector's net-zero initiatives and develop relationships with ecosystem partners</td> </tr> <tr> <td data-bbox="573 911 719 967">Long-term</td> <td data-bbox="719 911 1267 967">Implement solutions under transition/physical risk scenarios</td> </tr> <tr> <th data-bbox="573 983 719 1023">Finance</th> <th data-bbox="719 983 1267 1023">Risk</th> <th data-bbox="1267 983 1722 1023">Opportunity</th> </tr> <tr> <td data-bbox="573 1023 719 1102">Short-term</td> <td data-bbox="719 1023 1267 1102">The need for internalizing climate external costs</td> <td data-bbox="1267 1023 1722 1102">Invest in technologies, tools, and services required for the industry under low-carbon transition</td> </tr> <tr> <td data-bbox="573 1102 719 1142">Mid-term</td> <td data-bbox="719 1102 1267 1142">The impact of external regulations on operating costs</td> <td data-bbox="1267 1102 1722 1182" rowspan="2">Development and creation of high-value green solutions</td> </tr> <tr> <td data-bbox="573 1142 719 1182">Long-term</td> <td data-bbox="719 1142 1267 1182"></td> </tr> </tbody> </table>	Business	Risk	Opportunity	Short-term	Organization and supply chain disruption	Develop green solutions, such as green manufacturing, green energy, and green products	Mid-term	Regulatory, product standards, and carbon finance transformation risks	Long-term	Transition to low-carbon products and services, along with the necessary infrastructure conditions	Strategy	Risk	Opportunity	Short-term	Preparation for operational resilience required under net-zero (SSP1-1.9) and extreme physical (RCP8.5) scenarios, including SBT and RE100 commitments	Actively negotiate with customers and jointly develop green products	Mid-term	Renewable energy and low-carbon technology	Seize key strategic in the public sector's net-zero initiatives and develop relationships with ecosystem partners	Long-term	Implement solutions under transition/physical risk scenarios	Finance	Risk	Opportunity	Short-term	The need for internalizing climate external costs	Invest in technologies, tools, and services required for the industry under low-carbon transition	Mid-term	The impact of external regulations on operating costs	Development and creation of high-value green solutions	Long-term		<p>3.1.2 Climate Risk Adaption AUO TCFD Report</p>	<p>74</p>
Business	Risk	Opportunity																																	
Short-term	Organization and supply chain disruption	Develop green solutions, such as green manufacturing, green energy, and green products																																	
Mid-term	Regulatory, product standards, and carbon finance transformation risks																																		
Long-term	Transition to low-carbon products and services, along with the necessary infrastructure conditions																																		
Strategy	Risk	Opportunity																																	
Short-term	Preparation for operational resilience required under net-zero (SSP1-1.9) and extreme physical (RCP8.5) scenarios, including SBT and RE100 commitments	Actively negotiate with customers and jointly develop green products																																	
Mid-term	Renewable energy and low-carbon technology	Seize key strategic in the public sector's net-zero initiatives and develop relationships with ecosystem partners																																	
Long-term	Implement solutions under transition/physical risk scenarios																																		
Finance	Risk	Opportunity																																	
Short-term	The need for internalizing climate external costs	Invest in technologies, tools, and services required for the industry under low-carbon transition																																	
Mid-term	The impact of external regulations on operating costs	Development and creation of high-value green solutions																																	
Long-term																																			
<p>3. Describe the impact of extreme climate events and transition actions on financials</p>	<p>AUO conducts an inventory of potential climate risks every year and defined 5 risk topics in 2022. In 2023, we began evaluating and managing risk topics including the impact of carbon fees and tariffs, stability of electricity supply, green washing or related disputes due to improper disclosure, natural disasters and the insurance market. Listed below are topics with transformation risks that have a significant effect on financial impact and business continuity.</p> <ul style="list-style-type: none"> <p>Case 1: The effect of importing countries' CBAM trade tariffs on products exported by the ICT industry Financial impact: AUO is asked by customers to absorb CBAM costs and this may increase costs by approximately 1.23%.</p> <p>Case 2: The effect of adjustments to the carbon fee/taxation mechanism in each country Financial impact: Singapore's carbon tax for example will cost NTD 7 million to NTD 8 million per year; if carbon taxes (fees) are imposed by more countries (regions) this will lead to higher costs and fees.</p> <p>Case 3: Grid vulnerability due to electricity shortages and rising level of renewables in Taiwan Financial impact: Based on incidents of voltage drop between 2017 and 2023, total losses at our sites in Taiwan due to voltage drops amounted to approximately NTD93 million a year.</p> 	<p>3.1.2 Climate Risk Adaption AUO TCFD Report</p>	<p>74</p>																																



Item	Progress	Chapter in the Report / Response	Page
<p>4. Describe how the identification, assessment, and management process of climate risks is integrated into the overall risk management system</p>	<p>AUO constructed the foundation for the TCFD operating management framework and established a TCFD working group in 2019. The following year, AUO integrated the TCFD mechanism with the company's annual risk identification, with supervisors jointly reviewing climate issues related to corporate operations. After categorization and convergence, the annual key risk issues were generated and incorporated into the annual TCFD risk project management plan, with the working group coordinating follow-up tracking and management.</p>	<p>3.1.2 Climate Risk Adaption AUO TCFD Report</p>	<p>74</p>
<p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and main financial impacts should be described</p>	<p>Please refer to the above explanation</p>	<p>3.1.2 Climate Risk Adaption AUO TCFD Report</p>	<p>74</p>
<p>6. If there are transition plans to address the management of climate-related risks, describe the content of the plan, as well as the indicators and targets used to identify and manage physical risks and transition risks</p>	<p>The transformation and physical risk scenarios adopted by AUO are based on the most severe situations. Risks are identified by substantial impacts and quantifiable indicators, focusing on five categories: personnel, machinery, materials, methodology, and environment.</p> <ul style="list-style-type: none"> ● Physical risk A severe climate deterioration RCP 8.5 is used. According to AUO's analysis, heavy rainfall may cause operational disruptions due to flooding in low-lying plant areas; uneven rainfall may lead to production disruptions or increased costs since a large amount of water is required for production activities. Moreover, the instability of the power grid caused by global warming may also interrupt production activities. ● Transition risk AUO sets targets based on "Taiwan 2050 Net-Zero Emission Pathways and Strategies", international climate regulations, stakeholder expectations, and net-zero commitments. 	<p>AUO TCFD Report</p>	<p>-</p>
<p>7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained</p>	<p>Since the Paris Agreement took effect in 2016, AUO has begun to implement an internal carbon pricing mechanism, monetizing the carbon costs derived from external climate control policies into internal carbon prices within the company, and revising them annually in line with the trends of international carbon prices. This can serve as a basis for assessing operational impacts under the TCFD management mechanism. In addition to considering international carbon market prices, it also incorporates the influences from policies. In 2023, AUO announced its internal carbon price as NTD 6,242.</p>	<p>3.2.1 Inventory & Mitigation</p>	<p>80</p>



Item	Progress	Chapter in the Report / Response	Page
<p>8. If climate-related goals are set, information on the covered activities, GHG emission categories, planning period, and annual progress should be provided. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of the offset carbon reductions or the number of RECs should be specified</p>	<ul style="list-style-type: none"> Carbon Reduction Goal of 6.5 million tons In 2018, AUO proposed a carbon reduction goal based on the life cycle, continuously reducing carbon emissions. As of 2023, the total carbon reduction has reached 10.05 million tons, achieving the original goal ahead of schedule and surpassing it. SBT AUO has committed to our first-phase SBTi carbon reduction target (25% absolute reduction by 2025 based on 2018) and has achieved it ahead of schedule in 2022. Looking forward to a more proactive low-carbon transition vision, we continue to propose goals under the 1.5-degree scenario. Using 2021 as the base year, we aim to achieve an absolute carbon reduction of 42% in organizational carbon emissions (Scope 1+2) by 2030. For indirect emissions (Scope 3), we propose a goal that is in line with the WB2C (Well Below 2°C), which is a 25% absolute carbon reduction target. RE100 AUO pledges to achieve 30% usage of renewable energy by 2030, and 100% usage by 2050. As of 2023, a contract for 18.39MW solar installations has been signed. According to the contract terms, electricity will be gradually connected to the grid, and in 2023, a total of 13.71 million KWh of green electricity will be used. In addition, in 2023, sites in China will independently produce and use 56.04 million KWh of green electricity and purchase 3,000 KWh of green electricity certificates. Overall, AUO's total green electricity usage for 2023 was nearly 100 million KWh, an RE ratio of 2.2%. 	3.1.2 Climate Risk Adaption AUO TCFD Report	74
<p>9. GHG inventory and verification situation</p>	AUO conducted a GHG inventory in 2023 following the ISO 14064-1:2018 standard, and the process was verified by a third party.	3.2.1 Inventory & Mitigation Fact Sheet	80 187

Inventory & Verification

AUO qualifies as a “company with a capital of more than NTD 10 billion dollars”, and in line with the TWSE sustainable development roadmap for listed companies, we disclose the “parent company’s individual inventory” and the “parent company’s individual verification”.

Scope 1	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD 1,000)	Verification Agency	Description
AUO	66,809.19	0.0002707	DNV	Verification by the inspection agency licensed by the Environmental Protection Agency. Please see the statement in the Appendix.
AUO Crystal	116.57	0.0000242		
Total	66,925.76	-		
Scope 2	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD 1,000)		
AUO	2,361,055.73	0.0095670		
AUO Crystal	37,030.47	0.0076908		
Total	2,398,086.20	-		
Scope 3	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD 1,000)		
AUO	2,170,554.18	0.0087535		

ISO 26000 Comparison Table

	Topic	Chapter in the Report / Response	Page
Governance Organization	Decision and implementation system for execution of objectives	1.3 Governance Organization	18
	Compliance audit	4.1 Human Rights Protection	114
Human Rights	Risk situation of human rights	4.1 Human Rights Protection	114
	Complicit relationship prevention - direct, interested and implied complicit relationships	1.3 Governance Organization 1.4.1 Integrity Culture	18 25
	Resolve labor complaints	4.1 Human Rights Protection	114
	Discriminated and disadvantaged groups	4.1 Human Rights Protection	114
		4.2.2 Diversity & Inclusion 4.2.3 Remuneration & Benefits	122 125
	Citizen and political rights	4.1 Human Rights Protection	114
	Economic society and culture rights	4.2.2 Diversity & Inclusion 4.2.3 Remuneration & Benefits	122 125
	Basic rights of working	4.1 Human Rights Protection	114
	Labor Practices	Employment and employment relationship	4.2.3 Remuneration & Benefits
Working criteria and social protection		4.2.3 Remuneration & Benefits	125
Social dialogue		4.2.4 Enjoyable Workplace 4.4.2 Safe Workplace	127 139
Work health and safety		4.4 Health & Safety	137
Personnel development and training		4.3 Talent Development	130
Environment	Pollution prevention	3.4.2 Wastewater Management	101
		3.4.3 Air Pollution Management	102
		3.4.4 Reuse of Waste	103
	Sustainable resource utilization	3.4 Circular & Clean Production	97
	Lessening and adapting to climate change	3.1 Climate Action	72
Protection and restoration of the natural environment	3.5 Biodiversity	104	

	Topic	Chapter in the Report / Response	Page
Fair Operation Practices	Anti-corruption	1.4 Business Integrity	25
	Responsible political participation	There were no political event participation in the reporting year.	-
	Fair competition	1.4 Business Integrity	25
	Promote social responsibility of influential groups	1.1 Company Profile 2.4 Responsible Supply Chain	11 63
	Respect intellectual property rights	5.1.1 Intellectual Property	152
Consumer Issues	Fair marketing, information and contract practices	1.4 Business Integrity	25
	Protect health and safety of consumers	2.3.1 Product Quality	57
	Sustainable consumption	2.3.2 Customer Service	60
		Ch3 Environmental Sustainability 5.1.3 Sustainable Products	69 156
	Consumer service, support, complaint and dispute resolution	2.3 Customer Relations	57
	Consumer data protection and privacy	1.5.3 Information Security & Privacy Protection	33
	Provide necessary services	2.3 Customer Relations	57
	Education and awareness	2.3.1 Product Quality	57
	Social Participation Development	Community participation	4.5 Social Engagement
Education and culture		4.5.2 Charity Care	143
		4.5.4 Popular Science & Environment Education	146
Create job opportunities and technological development		4.2.1 Talent Distribution	119
		4.3 Talent Development	130
Technology development		3.4.1 Circular Economy Performance 5.1 Innovative R&D	97 149
Create Wealth and Income		4.5.2 Charity Care	15
Health	4.5.2 Charity Care	137	
Social investments	4.5 Social Engagement	142	

UN Global Compact Comparison Table

Category	Principle	Chapter in the Report / Response	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	4.1 Human Rights Protection	114
	Make sure that they are not complicit in human rights abuses	4.1 Human Rights Protection	114
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	4.1 Human Rights Protection	114
	The elimination of all forms of forced and compulsory labor	4.1 Human Rights Protection	114
	The effective abolition of child labor	4.1 Human Rights Protection	114
	The elimination of discrimination in respect of employment and occupation	4.1 Human Rights Protection	114
Environment	Businesses should support a precautionary approach to environmental challenges	Ch3 Environmental Sustainability	69
	Undertake initiatives to promote greater environmental responsibility	Ch3 Environmental Sustainability	69
	Encourage the development and diffusion of environmentally friendly technologies	5.1 Innovative R&D	152
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	1.4 Business Integrity	25

2022 Sustainability Report Corrigenda

Chapter	Page	Correct																						
2.3.1 Monitoring and responding to material issues	42	<p>The material topic “Technological Innovation and Market Layout” misses a critical issue, and three objectives are set for this issue.</p> <table border="1"> <thead> <tr> <th>Material Issue</th> <th>Item</th> <th>2023</th> <th>2024</th> <th>Management Approach</th> <th>Responsible Unit</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Product quality management, customer satisfaction operations, and protection of confidential information</td> <td>Customer satisfaction rating</td> <td>91%</td> <td>92%</td> <td>Through customer ratings implementation, which includes delivery time, service, innovation, quality, and the introduction of new products, a certain level of customer satisfaction is maintained.</td> <td>Sustainable business sub-committee</td> </tr> <tr> <td>Cybersecurity incidents impacting operations</td> <td>0 case</td> <td>0 case</td> <td>Implementing customer commitments, protecting the security of customer confidential data. In response to external network attack threats, ensure the layered defense of the information system environment and strengthen the resilience of the information system.</td> <td>Information Security Committee</td> </tr> <tr> <td>Cybersecurity maturity</td> <td>>85 points</td> <td>>85 points</td> <td>Implement the environmental control of the Information Security Management System (ISMS), and continuously maintain the validity of external certification.</td> <td>Information Security Committee</td> </tr> </tbody> </table>	Material Issue	Item	2023	2024	Management Approach	Responsible Unit	Product quality management, customer satisfaction operations, and protection of confidential information	Customer satisfaction rating	91%	92%	Through customer ratings implementation, which includes delivery time, service, innovation, quality, and the introduction of new products, a certain level of customer satisfaction is maintained.	Sustainable business sub-committee	Cybersecurity incidents impacting operations	0 case	0 case	Implementing customer commitments, protecting the security of customer confidential data. In response to external network attack threats, ensure the layered defense of the information system environment and strengthen the resilience of the information system.	Information Security Committee	Cybersecurity maturity	>85 points	>85 points	Implement the environmental control of the Information Security Management System (ISMS), and continuously maintain the validity of external certification.	Information Security Committee
		Material Issue	Item	2023	2024	Management Approach	Responsible Unit																	
		Product quality management, customer satisfaction operations, and protection of confidential information	Customer satisfaction rating	91%	92%	Through customer ratings implementation, which includes delivery time, service, innovation, quality, and the introduction of new products, a certain level of customer satisfaction is maintained.	Sustainable business sub-committee																	
			Cybersecurity incidents impacting operations	0 case	0 case	Implementing customer commitments, protecting the security of customer confidential data. In response to external network attack threats, ensure the layered defense of the information system environment and strengthen the resilience of the information system.	Information Security Committee																	
Cybersecurity maturity	>85 points		>85 points	Implement the environmental control of the Information Security Management System (ISMS), and continuously maintain the validity of external certification.	Information Security Committee																			
Fact Sheet-AUO Crystal	146	Data relating to water resource usage & extraction from water stress areas, disclosure of effluent, and water pollutant discharge volumes, were erroneously cited in 'thousands of cubic meters' - the correct unit is 'cubic meters'.																						

ISO 14064 Verification Statement



Independent Verification Opinion

Verification Opinion No.: C665845-2023-AG-TWN-DNV
 Issued Place: Taipei
 Issued Date: 26 June, 2024

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2023) of

AUO Corporation

Scope of Verification

DNV Business Assurance (DNV) has been commissioned by **AUO Corporation** (‘the Organization’) to perform a verification of the greenhouse gas statements of Greenhouse Gas Inventory Management Report (2023) (hereafter the ‘Inventory Report’) with respect to the sites listed in Appendix A.

The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization. The further descriptions for the Reporting Boundary listed in Appendix B.

Verification Criteria and GHG Programme

The verification was performed on the basis of ISO 14064-1:2018 as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting. The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2020, ISO14064-3:2019

Verification Opinion

It is DNV’s opinion that the Inventory Report (2023), which was published on May 23, 2024 is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches,

- For the Direct (Category 1) and Indirect GHG emissions from imported energy (Category 2), the reliability of the information within the Inventory Report (2023) were verified with reasonable level of assurance.
- For the other indirect GHG emissions, the involved information was verified and tested using agreed-upon procedures, AUP, defined in Inventory Report.

Also, the GHG information as stated in Appendix C has been verified during the process.

Sophia Kim
 GHG Verifier

Place and date:
 Taipei, 26 June, 2024

For the issuing office:
 DNV Business Assurance Co., Ltd.
 29F1, No. 293, Sec. 2, Wenhua Rd.,
 Banqiao District, New Taipei City
 220, Taiwan

Management Representative

Lack of fulfillment 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.
 DNV Business Assurance Co., Ltd. 29F1, No.293, Sec.2, Wenhua Road 220 Ban Chiao Dist., New Taipei City Taiwan TEL: +886-2-82537800, website: https://www.dnv.com/br/ DNV ZNATW-OP-F50, Rev.12, 2024-4



Verification Opinion No.: C665845-2023-AG-TWN-DNV
 Issued Place: Taipei
 Issued Date: 26 June, 2024

Supplement to Verification Opinion

Process and Methodology

The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria.

Quantification of Greenhouse Gas Emission

The Inventory Report covering the period 1 January, 2023 to 31 December, 2023, it is DNV’s opinion that GHG emissions and removals identified within the Reporting Boundary has been included in the Inventory Report as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification

Financial Control Operational Control Equity Share

GHGs Verified

CO₂ CH₄ N₂O HFCs PFCs SF₆ NF₃

The Quantification of GHG emissions:

Category	Emission (ton CO ₂ e)	
Category 1	Direct GHG emissions and removals	66,809.19
Category 2	Indirect GHG emissions from imported energy	2,361,055.73
Category 3	Indirect GHG emissions from transportation	679,742.71
	Upstream transportation and distribution	639,882.00
	Business travel	978.92
	Employee commuting	13,342.18
	Downstream transportation and distribution	25,539.61
Category 4	Indirect GHG emissions from products used by an organization	1,438,790.89
	Purchased goods and services	825,778.96
	Purchased capital goods	163,597.90
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	447,726.93
	Waste generated in operations	1,687.10
Category 5	Indirect GHG emissions associated with the use of products from the Organization	52,020.58
	Downstream leased assets	14,873.54
	Investments	37,147.04

**The Imported Energy Indirect Emissions was calculated based on 2023 electricity emission factor of 0.494 kg CO₂e/kwh in Taiwan, which was announced by Energy Administration, Ministry of Economic Affairs. Additionally, an electricity emission factor of 0.5703 kg CO₂e/kwh was used in China and 0.417 kg CO₂e/kWh used in Singapore, as announced by the Ministry of Ecology and Environment of the People’s Republic of China and Singapore National Statistical Yearbook. The Global Warming Potential (GWP) defined in IPCC AR5 (2013) has been chosen and correctly referred by the Organization.
 ** Accumulated 13,702.57 Mwh renewable energy, solar power, was purchased and used in Taiwan and 56,005.74 Mwh used in China during 2023.
 ** Another 30,000 Mwh Green Electricity Certificate Purchased in China.

Verification Opinion

unmodified modified adverse

Lack of fulfillment 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.
 DNV Business Assurance Co., Ltd. 29F1, No.293, Sec.2, Wenhua Road 220 Ban Chiao Dist., New Taipei City Taiwan TEL: +886-2-82537800, website: https://www.dnv.com/br/ DNV ZNATW-OP-F50, Rev.12, 2024-4

ISO 14064 Verification Statement



Appendix to Verification Opinion No. C665845-2023-AG-TWN-DNV

APPENDIX A

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.	10,935.82	637.36	10,298.46
	Global Research Center	No. 1, Gongye E. 3rd Rd., Hsinchu City, Taiwan (R.O.C.)	1,634.56	74.44	1560.1147
	L3C	No. 23, Li-Hsin Rd., Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	33,584.91	944.66	32640.2472
	Dormitory	Mabuville at Beipu Township, Hsinchu County, Taiwan, R.O.C	1,247.80	289.29	958.5082
AULT	L4A/L5A/L5B	No. 1, Xinhe Rd., Aspire Park, Lungtan, Taoyuan, Taiwan, R.O.C.	180,293.47	8,159.33	172,134.14
AULK	L6B	No. 228, Lungke St., Lungtan, Taoyuan, Taiwan, R.O.C. / No. 288, No. 338, No. 338-1, Lungyuan Rd. I, Lungtan, Taoyuan, Taiwan, R.O.C.	240,665.02	7,562.68	233,102.34
AUHY	L3D/L5D	No. 189, Hwaya Rd. 2, Kueishan, Taoyuan, Taiwan, R.O.C.	237,991.24	7,307.54	230,683.71
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.	866,944.23	19,097.41	847,846.82
AUHL	L8B	No. 1, Machang Rd., Houli Dist., Taichung City, Taiwan, R.O.C.	351,172.17	6,771.42	344,400.75
	Dormitory	No. 300, Machang Rd., Houli Dist., Taichung City, Taiwan, R.O.C.	1,677.17	145.16	1,532.01
AUTN	C4A/C5D/C6C	No.36, Keji 1st Rd., Annan Dist., Tainan City, Taiwan, R.O.C.	24,578.64	217.71	24360.9273
AUKH	C6D	No.9, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Taiwan, R.O.C.	26,196.55	143.45	26053.0947
AUSZ	S01/S02/S06	No. 398, Suhong Zhong Road, Suzhou Industrial Park, 215021, China	82,312.35	2,608.20	79,704.15
AUXM	S11/S13/S17	No. 1689, Xiang An North Road, Xiang An Branch, Torch Hi-tech Industrial Development Zone, Xiamen, 361102, China	59,592.72	1,931.96	57,660.76
AUKS	L6K	No. 6, Longteng Rd., Kunshan Economic-Technological Development Area, China	238,625.76	8,135.39	230,490.37
AUST	L4B	No. 10, Tampines Industrial Avenue 3, Singapore 528798	70,232.87	2,691.61	67,541.26
AUSK	E11/E12	Bratislavská 517, 911 05 Trenčín, Slovak Republic	134.80	91.5786	43.2224
AUSH	Kunshan office	No. 6, Longteng Rd., Kunshan Economic & Technical Development Zone, Kunshan City 215300, China	44.85	0	44.85

Lack of fulfillment 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 on or acting upon this Verification Opinion.
 DNV Business Assurance Co., Ltd. 29F1, No.293, Sec.2, Wenhuo Road 220 Ban Chiau Dist., New Taipei City Taiwan TEL: +886-2-82537800, website: https://www.dnv.com/tw/
 DNV ZNA/TW-OP-F50, Rev.12, 2024-4



APPENDIX B

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 emissions for the procurement of main materials, 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, metal backplane, liquid crystals, photoresist, developer, etchant, Array stripper and thinner...etc.
	Purchased capital goods	Upstream (cradle-to-gate) emissions of purchased capital goods
	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	Downstream leased assets	The scope 1 and scope 2 emissions of lessees that occur during operation of leased assets: BenQ Materials
	Investments (subsidiary)	100% owned and engaged in manufacturing: AUO Crystal Corp.

APPENDIX C

The fluorinated greenhouse gases emissions with implementing abatement equipment, according to the Tier 2c method referred to 2019 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3 Industrial Processes and Product Use, Chapter 6 Electronics Industry Emissions.

Fluorinated greenhouse gases	Fluorinated GHG emissions from manufacturing (ton CO2e)	Reduced Fluorinated GHG emissions by abatement system (ton CO2e)	Fluorinated GHG emissions if without abatement system (ton CO2e)
PFCs, SF6, HFCs, NF3	8,918.76	1,633,253.73	1,642,172.49

**Fluorinated GHG emissions reduction rate by abatement system:
 Reduced Fluorinated GHG emissions / Fluorinated GHG emissions if without abatement system= 99.46%

Lack of fulfillment 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 on or acting upon this Verification Opinion.
 DNV Business Assurance Co., Ltd. 29F1, No.293, Sec.2, Wenhuo Road 220 Ban Chiau Dist., New Taipei City Taiwan TEL: +886-2-82537800, website: https://www.dnv.com/tw/
 DNV ZNA/TW-OP-F50, Rev.12, 2024-4

ISAE 3000 Assurance Statement



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) 電話 Tel +886 2 8101 6666
68F., TAIPEI 101 TOWER, No. 7, Sec. 5, 傳真 Fax +886 2 8101 6667
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.) 網址 Web kpmg.com.tw

Independent Limited Assurance Report

To AU Optronics Corp.:

We have been engaged by AU Optronics Corp. ("AUO") to provide limited assurance over the Sustainability Report ("the Report" or "the Subject Matter Information") of the Company for the year ended December 31, 2023.

Applicable Criteria of the Subject Matter Information

AUO shall prepare the Subject Matter Information in accordance with the Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board ("GSSB").

Management'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 applicable criteria to fairly prepare and present the Subject Matter Information. The Company is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work 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 a limited assurance report on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

However, the Report section on any related data concerning Greenhouse Gas Emissions (Scope 1, 2 and 3) and Perfluorocarbons (PFCs) emissions, 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, 2 and 3) and Perfluorocarbons (PFCs) emissions.

Independence and Standards on Quality Management

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 the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, 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

As stated in Applicable Criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of AUO;
- Inquiries of responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information;
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

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 Subject Matter Information, 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. However, 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.

Inherent limitations

The Report for the year ended December 31, 2023 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.

Emphasis of Matter

Subject Matter Information includes and covers materiality assessment process, as well as the economic, environmental, and social KPIs within the scope of this report.

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 Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the Applicable Criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the applicable criteria applied after the issuance date of this report.

The engagement partners on the assurance resulting in this independent auditors' report is Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)

Jun 27, 2024

Notes to readers

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.

SASB Assurance Statement



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) 電話 Tel +886 2 8101 6666
68F., TAIPEI 101 TOWER, No. 7, Sec. 5, 傳真 Fax +886 2 8101 6667
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.) 網址 Web kpmg.com/tw

Independent Limited Assurance Report

To AU Optronics Corp.:

We have been engaged by AU Optronics Corp. ('AUO') to provide limited assurance over the Sustainability Report ("the Report" or "the Subject Matter Information") of the Company for the year ended December 31, 2023.

Applicable Criteria of the Subject Matter Information

AUO shall prepare Subject Matter Information in accordance with the Sustainability Accounting Standards for Hardware issued by Sustainability Accounting Standards Board ("SASB").

Management'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 applicable 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 a limited assurance report on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

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 the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, 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

As stated in Applicable Criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of AUO;
- Inquiries of responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information;
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

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 Subject Matter Information, 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. However, 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.

Inherent limitations

The Report for the year ended December 31, 2023 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 Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the Applicable Criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the applicable criteria applied after the issuance date of this report.

The engagement partners on the assurance resulting in this independent auditors' report is Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)

Jun 27, 2024

Notes to readers

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.



AUO

TAP INTO THE POSSIBILITIES

Copyright © June 2024 AUO Corporation. All rights reserved. Information may change without notice.