

AUO

Sustainability Report

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2023



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 Keu

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 tonnes 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

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% | ✘ 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 | ✔ 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 | ✔ 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 | ✔ 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% |



2 Sustainable Management



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 |  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 |  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 |  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 |  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% |  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 |

Achieved
 Not Achieved

| Material topic | 2023 Target | 2023 Our actions | 2024 Target | 2025 Target | 2026 Target | Responses |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|-------------------------------|
|  LCD local purchase ratio | 82% | <input type="checkbox"/> 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% | <input checked="" type="checkbox"/> 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% | <input type="checkbox"/> 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 | <input checked="" type="checkbox"/> 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 | <input checked="" type="checkbox"/> 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% | <input checked="" type="checkbox"/> 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% | <input checked="" type="checkbox"/> 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 | <input checked="" type="checkbox"/> performance: 60 AUO 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 | <input checked="" type="checkbox"/> performance: 17 AUO 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 AUO 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.

3 Environmental Sustainability



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 |

 Achieved  Not Achieved

| 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 AUO 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 AUO 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% AUO applies AIoT technology in its process and facility water extraction systems to automate equipment and optimize processes. AUO 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, AUO 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, AUO initiated the implementation of ISO 46001 in Taichung fab. In 2021, AUO 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, AUO 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, AUO 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) | - |  performance: 30% In 2023, AUO 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% AUO 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 |



4 Inclusive Growth



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 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 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 | |
| | Contractor | | ✔ performance: 0.19 | <0.2 | <0.2 | - | 4.4.2 Safe Workplace |
| | <0.2 | | ✔ 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.

5 Agile Innovation

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.



AUO

TAP INTO THE POSSIBILITIES

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