



AUO Corporation

2021 ESG Insight

AUO

2022.06.17

AUO ESG Insight

Founded in 1996, AUO Corporation (AUO) has approximately 38,000 employees worldwide and operates a business network that spans Taiwan, Mainland China, Japan, Singapore, Korea, the U.S., and Europe. The company outstands and differentiates itself by broad experience, innovation capabilities, and corporate sustainability. AUO has succeeded in earning worldwide recognition for its total solutions with its strong R&D capacity, solid manufacturing expertise, and comprehensive product portfolio to meet the market's diverse needs.

Biaxial Transformation

On our path toward value transformation under AUO NEXT, AUO continues to strengthen its research and development of forward-looking display technology while launching high-end product applications ahead of the market. Furthermore, AUO is expanding into selected fields and teaming up with ecosystem partners to actively create smart field applications and value-added innovations. Over the past few years, AUO has promoted a biaxial transformation strategy, including "Go Premium" and "Go Vertical". As for "Go Premium", AUO has continued to invest in

high-quality and high-value production capacities in recent years, adjusting its product mix and increasing the proportion of high value-added products. As for "Go Vertical", AUO will continue to focus on display technology while devoting attention to diversified applications in five fields: smart medical care, smart manufacturing, smart entertainment, smart retail, and smart transportation. AUO will start from panels, combine hardware systems, software, and solutions, and create value by applying field management.

Sustainability Recognitions

Sustainability Award
Silver Class 2022
S&P Global

MSCI
ESG RATINGS
A
CCC B BB BBB A AA AAA

SUSTAINALYTICS
a Morningstar company
RATED
Low Risk

CDP
DISCLOSURE INSIGHT ACTION
CDP Climate Change
A-

**WORLD
ECONOMIC
FORUM**

World Economic Forum Global
Lighthouse Network

Bloomberg
Gender-Equality
Index
2022

Top 100
Global
Innovator
2022
Clarivate

Top 100 Global Innovators™ 2022

**Enterprise Environmental
Protection Award - Gold**



AUO 2025 EPS Target

The 17 Sustainable Development Goals (SDGs) developed by the United Nations was used by AUO to define a corporate sustainability roadmap of "Go Beyond CSR, Create Shared Values." Nine key SDGs were identified through the ranking of scores and used to consolidate the company's medium and long-term 2025 sustainability strategies. Targets and actions plans are also set every year for the continued implementation of related initiatives. The three EPS (Environment, People and Society) themes focusing on environmental sustainability, inclusive growth and agile innovation were defined in response to increasing awareness of environmental issues and social inclusion trends.

2018~2021 Cumulative Achievement Rate

60%

Set reduction targets based on life-cycle and reduce carbon emissions by up to 6.5 million tones CO₂e cumulatively.

2018~2021 Cumulative Achievement Rate

>100%

Work with the value chain to combat the threat of water resource shortages and conserve up to 100,000 CMD in tap water cumulatively.

2018~2021 Cumulative Achievement Rate

77%

Spearhead the development of the circular value chain, expand its economic performance and achieve a growth rate of 135%

2018~2021 Cumulative Achievement Rate

48%

Provide diversified educational opportunities to more than 600,000 people and increase employee participation in AUO quality education by 20% each year.

2018~2021 Cumulative Achievement Rate

70%

Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold.

2018~2021 Cumulative Achievement Rate

86%

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.

2018~2021 Cumulative Achievement Rate

42%

Improve capability in renewable technology, expand the installed capacity of renewable energy around the world and double the cumulative growth rate. (100% cumulative growth)

2018~2021 Cumulative Achievement Rate

88%

2018~2021 Cumulative Achievement Rate

41%

Develop products and integrated services to expand the cumulative reach of education, health, finance, shopping, lifestyle, transport and other smart city applications so that it can reach one billion people.

Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration.



Environmental

Environmental Management Systems



ISO 14001



ISO 14064



ISO 50001



QC 080000



cover all AUO sites



AUO is taking the net zero issue seriously and is participating in domestic and international advocacy groups to set sustainable goals.



RE100



TANZE

台灣淨零行動聯盟
Taiwan Alliance for Net Zero Emission

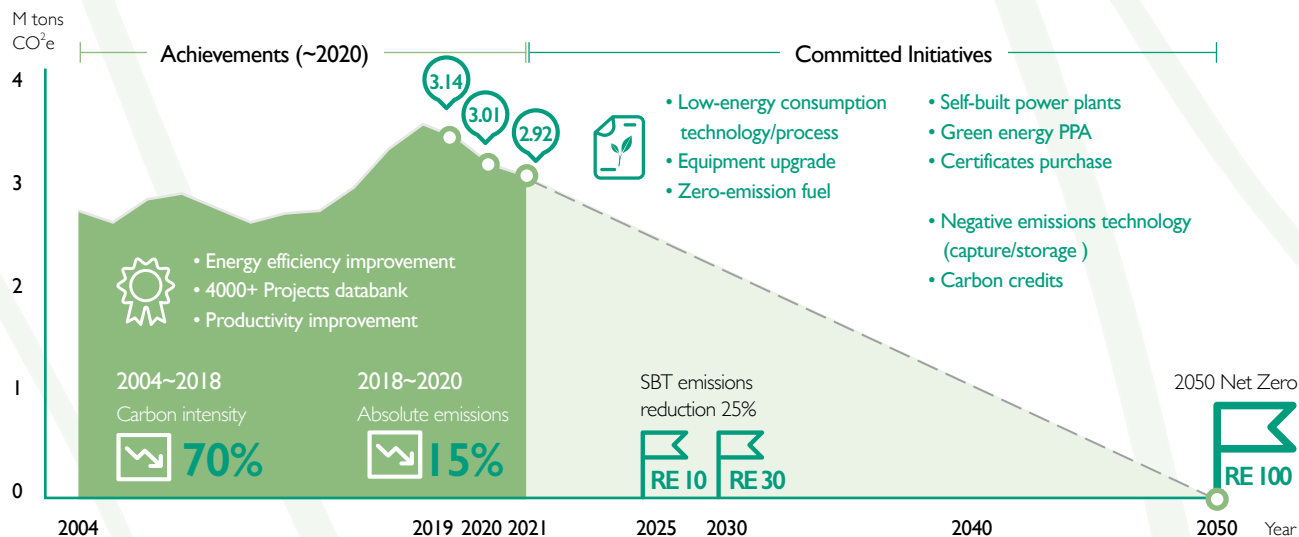
AUO set a Science Based Target, which was approved by SBTi, to achieve an absolute 25% carbon reduction by 2025 with well below 2° C scenario and use 2018 as the base year.

AUO joined RE100 and committed to using 30% renewable energy by 2030 and 100% renewable energy by 2050.

AUO worked with enterprises to establish Taiwan Climate Partnership to promote the implementation of energy saving and carbon reduction and drive industry chain suppliers towards the "RE 100" and "EV 100" targets.

Joined the Taiwan Alliance for Net Zero Emission and committed to achieve net zero in the corporate headquarters building by 2023, net zero in all offices by 2030, and net zero in the company's operating boundary by 2050.

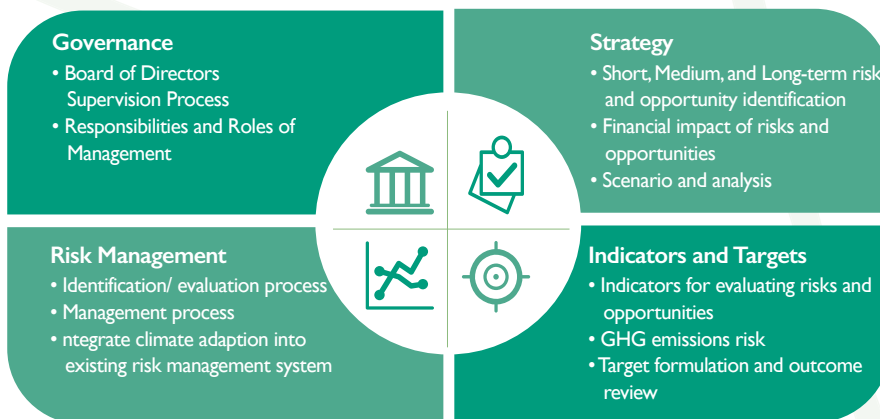
Net Zero & RE 100 by 2050



GHG Emissions Management

GHG Emissions (tons CO ₂ e)	2019	2020	2021
Scope 1 (Direct Emissions)	0.10M	0.10M	0.08M
Scope 2 (Indirect Emissions: imported energy)	3.05M	2.91M	2.84M
Scope 3 (Indirect Emissions: other)	-	1.47M	1.29M
GHG Emissions Intensity (kgCO ₂ e/m ²)	47.7	43.9	43.0

Climate-Related Risk, Opportunity & Management (TCFD)



Carbon Price

AUO implements the carbon pricing mechanism by tracking the international carbon trading market. The annual carbon prices are used as a reference for internalizing the company's external costs, such as energy saving investment evaluation and carbon emission costs of colleagues' business travel. In 2021, AUO's carbon price was TWD 1,099 per tonne.

Risk		Opportunity	
Item	Management Approach	Item	Management Approach
Changes in Customer and Market Needs	<ul style="list-style-type: none"> • Implement energy saving, circular design, technology and low carbon material • Establish product environment footprint management 	Resource Efficiency	<ul style="list-style-type: none"> • Set up new business unit specializing in circular economy products and services for water resources • Provide low carbon product footprints fosters international market competitiveness
Extreme Weather	<ul style="list-style-type: none"> • View highly sensitive equipment for installation of continuous power system • Establish supply chain risk identification and BCP management and establish supplier risk map 	Renewable Energy	<ul style="list-style-type: none"> • In response to the national renewable energy policy, proactively deploys solar power plants
Renewable Energy	<ul style="list-style-type: none"> • Develop solutions for integrating energy creation and energy storage systems • Assess the financial risk and timing of various measures 	Products / Services	<ul style="list-style-type: none"> • Strengthen product or service differentiation • Strengthen value chain partnerships
Chronic Climate Change	<ul style="list-style-type: none"> • Support the government's reclaimed water policy to reduce the factory's dependence on tap water • Discuss insurance types and possible insurance solutions with the insurance company 	Resilience	<ul style="list-style-type: none"> • Improve transparency of disclosure on climate change and carbon management to promote green investment
Carbon Cap and Trade	<ul style="list-style-type: none"> • Engage in internal carbon emissions management, energy-saving, and carbon emissions technology improvement based on SBT targets • Establish internal carbon pricing, engage in carbon credit management 	Market	<ul style="list-style-type: none"> • Multi-party cooperation to develop new business models
Relevant Taxes	<ul style="list-style-type: none"> • Achieve emission and energy reduction through ISO 50001 system operations • Assess medium to long-term investment energy-saving solutions 		

Energy Management



Strategy

- Promote renewable energy
- Increase energy efficiency



2024 Target

- Proportion of renewable energy installed: 8%
- Annual electricity saving rate: 1.5%

	2019	2020	2021
Energy Management (GJ)	19,360,778	19,305,552	19,056,415
Purchased Electricity	18,637,259	18,557,655	18,264,773
Natural Gas	621,292	644,922	668,188
LPG	13,468	24,588	26,718
Diesel	68,614	58,249	76,490
Gasoline	864	953	774
Self Generated and Used Solar Power	19,281	19,186	19,472
Self Generated and grid tied Solar Power (output)	187,288	200,707	198,978
Energy Intensity			
Energy consumption per input sheet (GJ/m ²)	0.29	0.28	0.28
Energy consumption per revenue (GJ/10,000 NTD)	0.72	0.71	0.51

Water Management



Strategy

- Reduce dependence on water resources
- Improve production water recovery rate
- Develop a range of water reclamation resources
- Water condition monitor and contingency plans



2024 Target

- Water consumption: 64000 CMD
- Process water recycling rate: 93%

	2019	2020	2021
Water Management (million tons)	28.0	26.5	25.0
Surface Water (include rainwater)	-	0.0	0.0
Groundwater	-	0.2	0.4
Third-Party Water (freshwater)	-	24.5	22.5
Third-party Water (reclaimed water)	-	1.8	2.1
Production Water Recycle Volume	145.4	158.5	137.6
Process Water Recycling Rate %	92.29%	93.81%	94.47%
Production Process			
Process Water Consumption (million tons)	22.88	21.69	19.69
Process Water Intensity (tons/m ²)	0.35	0.32	0.29

Waste Management



Strategy

- Prioritize reuse within the production process
- Raw materials reduction
- Waste recycle

	2019	2020	2021
Waste Management (tons)	89,556	81,511	82,655
Recycled	69,152	67,781	68,491
Incinerated	10,862	9,177	8,033
Landfilled	6,215	2,133	3,511
Others	3,327	2,420	2,620
Recycled Waste %	77.2%	83.16%	82.86%

Hazardous Substance Management

AUO annually revises "The Green Products Hazardous Substance Management Regulation" according to international regulation, the requirements of customers, and environmental protection trends. In 2022, AUO has managed and controlled 144 hazardous substances, and the hazardous substances under control can cover the requirement of all key customer specifications.



Banned Class A

The Test Report is required to prove it does not contain AUO banned substances

12 Items



Banned Class B

The Suppliers could self-declare that it does not contain AUO banned substances

59 Items



Reporting

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

73 Items

Air Emissions

Total Air Emissions (tons)	2019	2020	2021
ODS Emissions	0.11	0.05	0.07
Sulfur Oxide (SOx)	50.1	51.9	50.0
Nitrogen Oxide (NOx)	74.6	70.9	72.5
Volatile Organic Compounds (VOC)	131.5	142.3	168.5

Product Innovation

AUO's R&D team aims to provide display solutions in multiple application fields through technological innovation. In response to climate change issues, product life cycle assessment is considered to reduce resource consumption. In addition to achieving the goal of carbon reduction, AUO also attaches great importance to value co-creation and resource reciprocity to connect industry value chain partners together:



AmLED

Proprietary Adaptive mini LED (AmLED) display technology takes image performance to a new level, create perfect color ever before with high brightness and contrast.



High Energy Efficiency Display Products

In 2021, the energy consumption of laptop displays was reduced by 45%, desktop displays was reduced by 55%, and the TV penetration rate was increased by 60% compare to 2017.



Circular Display Products

In 2021, AUO's 15.6-inch displays achieve the performance of 54% product circular degree, and 74% comprehensive enterprise circular degree in UL 3600 certification indicators.



IP and Patents

2021 Patents applied: 182
Total patents received: 21,800

Renewable Energy Management

AUO energy business starts from the vertical integration of solar module manufacturing and extends to the construction of solar power plants, operation and maintenance of power companies. Its energy storage and energy management software business is also growing with the increase of the proportion of renewable energy used.



SunVigilance

Solar smart cloud monitoring solution helps remote troubleshooting system problems and identify anomalies with AI analysis.



Taiwan Excellence Award

Aesthetic PV modules not only supply a building with renewable energy, but also deliver aesthetic, carbon reduction and thermal insulation benefits.



Top Solar Awards

Outstanding System Vendor
Outstanding Terrestrial System.

Social

Social Management Systems

 ISO 45001

 ISO 9001

 IATF 16949

 cover all AUO sites 

Human Rights and Non-Discrimination

AUO is dedicated to safeguarding the human rights of employees, and formulated human rights management policy and system by referring to international standards, Global Sullivan Principles, The UN Guiding Principles on Business and Human Rights and Responsible Business Alliance Code of Conduct.



**Freely Chosen
Employment**



**Humane
Treatment**



**Non
Discrimination**



**Prohibition of
Child Labor**

Risk Assessment

- Risk Identification, Warning Light Management



Prevention

- Human Rights Policy, Anti-Sexual Harassment Policy, Occupational Safety and Health and Policy, Recruitment/ Appointment Policy



Supervisory

- Grievance Channel, Audit System



Mitigation

- Education and Training, Awareness and Communication, System Management



**Freedom of Association
/ Labor Union**

AUO promote friendly and positive labor-management relations by guaranteeing worker's rights to freedom of association and collective bargaining.

Taiwan

Has regularly labor - management conferences based on Labor Standards Act

Suzhou

100% union participation

Xiamen

34% union participation

Singapore

Has union, but not disclosure according to regulation to protect labor rights



In 2021, there were 0 incidents of social disputes

Labor Practice Indicators

AUO is committed to creating a multi-faceted working environment of equality, integration, and development. Employment opportunities are not decided based on differences in gender, race, language, religion, etc., and also does not affect remuneration and promotion opportunities. We create an open and inclusive atmosphere, so as to promote respect for differences among employees, learn together, strengthen team cohesion, and become the driving force of AUO's continuous progress.

Distribution by Gender

Gender	2019	2020	2021
Female	13,051 (34%)	12,909 (34%)	12,957 (33%)
Male	25,350 (66%)	25,614 (66%)	26,523 (67%)
Total	38,401	38,524	39,480

Distribution by Age

Age	2019	2020	2021
<29	12,266 (32%)	12,436 (32%)	12,777 (32%)
30~49	25,083 (65%)	24,770 (64%)	25,094 (64%)
>50	1,088 (3%)	1,318 (4%)	1,609 (4%)
Total	38,401	38,524	39,480

Distribution Ratio of New Employee Hires and Employee Turnover

Gender	Overall			Without China			China		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Number of Resignations	7,261	6,609	9,004	1,631	1,349	1,372	5,630	5,260	7,632
New Employees	29,749	31,446	53,286	641	1,146	2,198	29,108	30,300	51,088
Turnover Rate	18.91%	17.16%	22.81%	7.33%	6.34%	6.57%	34.83%	30.52%	41.05%

China's Direct Labor Market structure is unstable. Moreover, The seasonal turnover is a common phenomenon in China's Direct Labor Market, which causes labor shortage. What is worse, COVID-19 pandemic and restriction of movement has increased workforce fluctuation as well. To fill up the shortage of manpower, AUO has to hire short-term employees through fixed-term contracts. In fact, excluding short-term and Fixed-term contracts Direct Labor, the turnover rate of formal employees at AUO China site is merely 25.60% (↓ 15.45%) in 2021.

Employee Gender Ratio Information

AUO attaches great importance to gender equality and career development of both genders. Female employees account for more than 30% of all employees and 27.4% of global female management positions. AUO has attached great importance to "gender equality" for a long time, continued to achieve the career development goals of outstanding female employees, and has been included in the Bloomberg Gender Equality Index for the fifth consecutive year.

Gender	Overall	Managers	Direct Employees Managers	Indirect Employees Managers		
				Junior Level Managers	Mid Level Managers	Senior Level Managers
Female	32.82%	27.35%	49.80%	28.28%	12.88%	9.26%
Male	67.18%	72.65%	50.20%	71.72%	87.12%	90.74%

Employee Compensation

AUO believes firmly that employees are the greatest asset of a company, and provides multiple and competitive remuneration and career development opportunities. Salary of worldwide operating sites is determined based on the employees' educational background, previous work experience, professional knowledge and skills, years of professional experience of employees, and there are no differences due to gender, ethnicity, nationality, religion, age, physical disability, political stance, marital status, or union membership.

In line with the Company's overall operation, team and individual performance, the short-term and long-term reward incentive schemes are designed according to different job flexibility to share profits with employees, so as to achieve the purpose of talent attraction and retention, the incentive mechanism and planned training of high-quality talents. AUO also respects the diversity and differences among employees all over the world and specifies that the performance management system and assessment procedures are not treated differently because of the above conditions.



Starting Salary

2021 starting salary for employees is at least **1.3** times the local minimum wage in Taiwan.

Ratio of Basic Salary and Remuneration of Women to Men

		Taiwan	Mainland China				Asia			Europe			USA
			Shenzhen	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	
Direct Employees	Managers	0.99	No direct employees	1.01	1	1.02	No direct employees		0.95	0.85	No direct employees		
	Non-Managers	0.98		1.05	1.05	1.01			0.86	0.81			
Indirect Employees	Junior Level Managers	0.95	0.86	1.03	0.94	1	0.7	1.04	1.03	1.07	0	0	0.77
	Mid Level Managers	1.02	No mid and senior level managers	0.99	0.74	0.97	No mid Level managers		0	0	No mid and senior level managers		
	Senior Level Managers	1.17		0.99	No senior Level managers								
	Non-Managers	0.89		0.96	1.04	0.99	1.03	0.99	1.03	0.88			

Employee Support

• Allowance

 Annual Personal Subsidy	 Festivity Subsidy	 Accident Condolences
<ul style="list-style-type: none"> • Spring Festival gift money • Travel reward points • Dragon Boat Festival gift money • Mid-Autumn Festival gift money 	<ul style="list-style-type: none"> • Wedding subsidy • Childbirth subsidy • Childcare subsidy 	<ul style="list-style-type: none"> • Hospitalization condolences • Occupational injury condolences • Funeral condolences

The total allowance was 15.95 million NTD in 2021



Employee Stock Ownership Trust Plan

AUO set up an "employee stock ownership trust plan" to relatively allocate incentive funds to help employees save small amounts in the long term and establish a short-to-medium-to-long term flexible fund utilization or financial planning.

• Pension Scheme

AUO has set up the "Employee Pension Regulation", and contributed towards relevant social security premiums including labor pension, medical care, senior pension and so forth as legally stipulated at each operating location for every employee. For the Taiwan sites, AUO established the "Retirement Fund Supervisory and Management Committee" as required by law, to oversee pension management and retirement procedures. The old fund reserved for the legacy

pension scheme (Defined benefit plans) has a current balance of approximately TWD 300 million. We also appoint actuaries to compile an actuarial report every year to ensure that the reserve is adequate to meet pension obligations. With the launch of the new pension system, the company will deposit 6% of the employees' monthly salary into the employees' personal pension accounts in accordance with their pension interval.

Employee Engagement

AUO actively cultivates constructive employee relations. Employees can give their opinions through a variety of open and constructive channels of communication such as via the "Internal Communication Mailbox," "President's Mailbox," "Audit Committee Member's Mailbox,"

"Sexual Harassment Grievance Mailbox" and the "7885 (please help me) Hotline". All the cases filed in 2021 were cautiously handled and closed.

Number of cases accepted by Internal Communication Channels in 2021

	Taiwan	Mainland China	Singapore	Slovakia	Settled Cases
Internal Communication Mailbox	123	2,705	0	1	2,829
President's Mailbox	8	16	0	0	24
Sexual Harassment Grievance Mailbox	3	0	0	0	3
7885 Please Help Me Hotline	3,437	0	0	0	3,437



Q12 Employee Engagement Survey

In 2021, the average approval rate achieved **75%**. The sample of more than 11,900 employees in the Taiwan sites had a coverage rate of nearly **60%**.

Talent Attraction & Retention

AUO has established an "Education and Training Procedure" as the basis for employee education and training. Education and training are used to enrich employees' knowledge and skills, improve productivity and quality, and combine employee growth with corporate development goals. Since joining the company, we have invested extensive resources into employees of different job positions and ranks, to conduct learning and development with systematic training plan, such as new employee training, on-the-job training, self-study, etc.

Under the trend of digital learning, AUO has launched synchronous and asynchronous teaching modes with pre-recorded, live broadcast, micro-lectures, and e-learning textbooks to reshape the learning experience. In 2021, the number of AUO's global digital online courses was 2,555 courses, and the number of students in online courses was 211,505.



2021 Global course training costs **49,104,000 NTD**



2021 Taiwan total training **47,090 person-days**

Sustainability Competences

AUO adheres to the Sustainable Training Roadmap implemented in 2018 by conducting tiered training for different employees. With this, AUO aims to raise sustainable awareness and professionalism of all employees and make sustainable awareness an integral part of every employee's working DNA. Key courses include global trends and business risk management, measurement and verification guidelines for energy-saving performance, financial impact of climate-related issues, and analysis of international sustainability ratings.

143 Internal sustainable communication meetings

1,450 hour sustainable training course

ESG News platform

Sustainability Literacy Survey



Occupational Health & Safety

Being people-centric, AUO continually devotes itself to promoting a culture of safety and seeks to construct a safe working environment through risk management. In 2021, all AUO manufacturing bases in global completed the ISO 45001 certification of occupational safety and health management system and covered 99% of employees. The Taiwan factory has simultaneously obtained the CNS 45001 certificate in response to laws and regulations.

 Safety and Life Saving Rules	 Hazard Identification and Risk Assessment	 Employee Engagement and Communication	 Contractor Safety Management
Employees are not allowed to engage in dangerous work without training or certification. Employees should refuse work assignments that violate the Safety and Life Saving Rules to protect their own safety and work rights.	AUO follows the framework of the Occupational Safety and Health Management System to execute hazard identification, risk assessment, classify, and control, to achieve the purpose of eliminating hazards and reduce risks.	According to the Occupational Safety and Health Act, to elect labor representatives, and jointly revise safety and health work rules, accident investigation, implement operating environment monitoring, etc., and jointly make decisions on various safety and health-related issues.	We have established standard procedures with the digital Contractor Safety Management System for effective management. In order to prevent and reduce contractor accidents and improve contractors' safety literacy, AUO has organized a total of 1,540 contractor education and training courses in 2021.

2021 Occupational Injury Statistics

	Number of work-related fatalities	Ratio of recordable work-related injuries (n/million hours worked)	Number of recordable work-related ill health
AUO	1	0.201	0
Supplier	0	0.175	0

Supply Chain Management

• AUO Supplier/Subcontractor Code of Conduct

All new suppliers are required to sign the "AUO Supplier/Contractor Code of Conduct Compliance Statement", to commit to respecting integrity, anti-corruption, and sustainability related international standards, such as SA 8000, the Universal Declarations of Human Rights, Global Sullivan Principles, and RBA code of conduct.

• Supplier Risk Management and Audit

In addition to monitoring potential risks and minimizing impact, AUO also establishes green partnership to encourage supplier invest in the sustainable development, and extends AUO's core advantages to explore potential opportunities.



Implementing the RBA responsible business alliance code of conduct, AUO annually conducts supply chain ESG risk assessment. Through questionnaire self-assessment, grasps the performance of the supply chain in the economy, society, and environment aspects to identify high-risk suppliers and take follow up actions. High-risk suppliers will be listed as a RBA audit target in the following year.

• Localized Purchases

AUO adhered the principle of local procurement and production, to reduce management and operate costs, and respond to the SDG12 spirit of responsible consumption and production, creating local employment opportunities and promoting economic prosperity.

Percentage of Local Purchases		2019	2020	2021
Display Business	Taiwan	94%	90%	90%
	Mainland China	91%	90%	91%

• Conflict Minerals

AUO is committed to fulfilling its social responsibilities, respecting and protecting human rights and establishing a conflict-free minerals policy in accordance with the due diligence procedures of the OECD and also requires suppliers to comply.

1. AUO restates that AUO and its suppliers shall assume responsibility together for community and environment protection.
2. AUO does not accept gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) mined illegally in Congo or conflict areas near Congo.
3. AUO will inform and ask its suppliers to perform the above statement.

In 2021, 117 suppliers have been investigated and 3,018 part numbers have been validated to ensure that all sources for **Gold (Au), Tantalum (Ta), Tin (Sn) and Tungsten (W)** came from non-conflict regions.

• Supplier Sustainability Partnership

In the international low-carbon trend, suppliers are facing pressures on water, energy and resource consumption and carbon reduction. AUO make concerted efforts with the supply chain in climate action, water saving, energy saving, carbon reduction, waste reduction and green operations.

Energy Saving And Carbon Reduction	Water Saving	Supplier Packaging Material Recycling	Co-prosperity Series Activities
Suppliers cooperate to save electricity and reduce carbon emissions 31,342 ton in 2021.	Suppliers cooperate to reduce 8,514 CMD in 2021.	Cooperate with suppliers to reduce 93.6% of supplier package through reverse logistics and recycling.	5 courses on circular economy, waste information management, occupational health and safety, RBA practice sharing, energy conservation management.

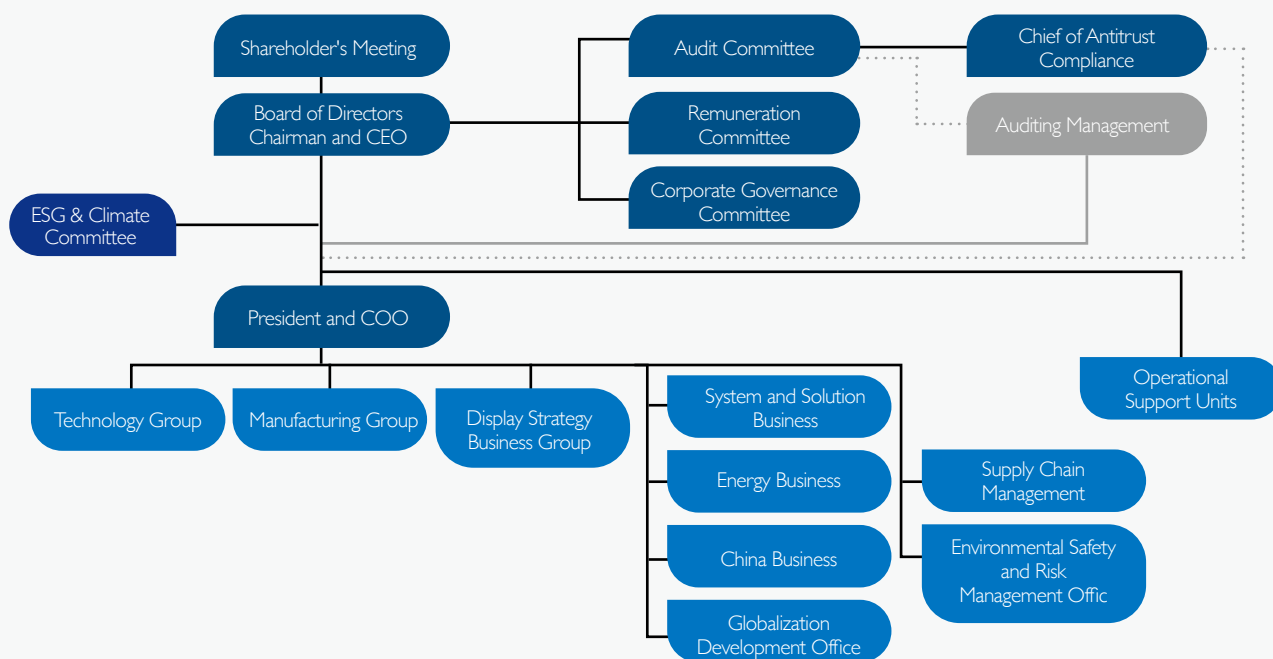


Governance

Governance Organization

The duties of AUO's Board of Directors include: Supervising the Company's strategy, monitoring the management and the operation, and arrangement of the corporate governance system. It is also responsible for the Company and the Shareholders' Meeting, and exercises its powers in accordance with the law, the regulations of Articles of Incorporation, or the resolutions of the Shareholders' Meetings. In addition, through the disclosure of the

Directors' attendance at Board Meetings and interest avoidance status in the annual report, the requirements of each Director's own responsibilities and obligations are emphasized to ensure the performance of Company monitoring and management. The Board meets at least once every quarter, and there were 6 meetings convened in 2021 with 98% attendance.



• Board Diversity and Effectiveness Policy



Independent Directors exceeding one-half of the total director seats

Achieved 56%



Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats

Achieved 22%



At least two seats of Directors are females

Achieved 22%

• Board Structure

Name	Position	Seniority of the Independent Director			Gender	Professional Knowledge and Skills		Major Experience			Age			Employee Position
		Below 3 years	3~9 years	Exceed 9 years		Industry or Technology	Legal, Finance or Accounting	Technology Industry	Finance & Investments	Technical Research	Below 55 years old	56 - 65 years old	66 - 75 years old	
Shuang- Lang (Paul) Peng	Chairman/ CEO				Male	✓		✓				✓		✓
Kuen-Yao (K.Y.) Lee	Director				Male	✓		✓					✓	
Frank Ko	Director / COO				Male	✓		✓			✓			✓
Peter Chen	Director				Male	✓		✓				✓		
Chin-Bing (Philip) Peng	Independent Director		✓		Male	✓	✓	✓					✓	
Mei-Yueh Ho	Independent Director				Female	✓		✓	✓				✓	
Yen-Shiang Shih	Independent Director		✓		Male	✓		✓					✓	
Yen-Hsueh Su	Independent Director	✓			Female	✓	✓	✓	✓		✓			
Jang-Lin (John) Chen	Independent Director	✓			Male	✓		✓		✓			✓	

Note1: Peter Chen resigned as director on May 11, 2021.

Note2: The Board has nominated five independent directors out of nine directors (including four female directors). After the election, the majority of the board will be independent and the percentage of female directors on the board will increase from 22% to 44%.

• Remuneration policies of the Board of Directors and senior management

AUO's senior management remuneration is linked to the Company operation performance. To strengthen the senior management's responsibility for creating long-term shareholder value and achieve the ESG results, the performance appraisal of the senior management should also be included in the CSR EPS 2025 sustainable development goals in addition to the financial indicators. The senior management's remuneration consists of salary, variable

bonus and employee dividends distributed by surplus profit. The variable remuneration is determined according to the Company's operating performance of the year and accounts for 70% to 90% of the overall remuneration depending on the position held and performance achieved. The idea is to have the senior management's remuneration closely linked to the Company's operating performance and sustainable development goals actualized.

Functional Committees

• Corporate Governance Committee

1. Establish standards for diverse backgrounds and independence such as the professional knowledge, technology, experience, and gender required by members of the board of directors, and seek, review and nominate director candidates.
2. Construct and develop the organizational structure of the board of directors and committees, evaluate the performance of the board of directors, committees and directors, and evaluate the independence of independent directors.
3. Develop and regularly review directors' training programs and succession plans.
4. Establish the Company's corporate governance principles.

There were **2** meetings convened in 2021 with **100%** attendance

Position	Name	Independent Director
Convener	Paul SL Peng	
Member	Chin-Bing (Philip) Peng	✓
Member	Mei-Yueh Ho	✓
Member	Yen-Shiang Shih	✓
Member	Yen-Hsueh (Sharon) Su	✓
Member	Jang-Lin (John) Chen	✓

• Remuneration Committee

1. Formulate and regularly review the policies, systems, standards and structures of directors and senior managers' performance evaluation and salary compensation.
2. Regularly evaluate and fix the salary and compensations of directors and senior managers.

There were **3** meetings convened in 2021 with **100%** attendance

Position	Name	Independent Director
Convener	Yen-Shiang Shih	✓
Member	Yen-Hsueh (Sharon) Su	✓
Member	Ding-Yuan Yang	

• Audit Committee

1. Supervising and auditing the fair expression of the Company's financial statements
2. Monitoring and evaluating the effective implementation of the internal control system
3. Supervising the Company's compliance with laws and regulations
4. Reviewing the transaction of the Company's acquisition or disposal of assets, the lending of significant funds and endorsement or guarantee for others, and matters involving the director's own interests
5. Raising, issuing or private equity securities
6. Appointment, dismissal or remuneration of the accountants

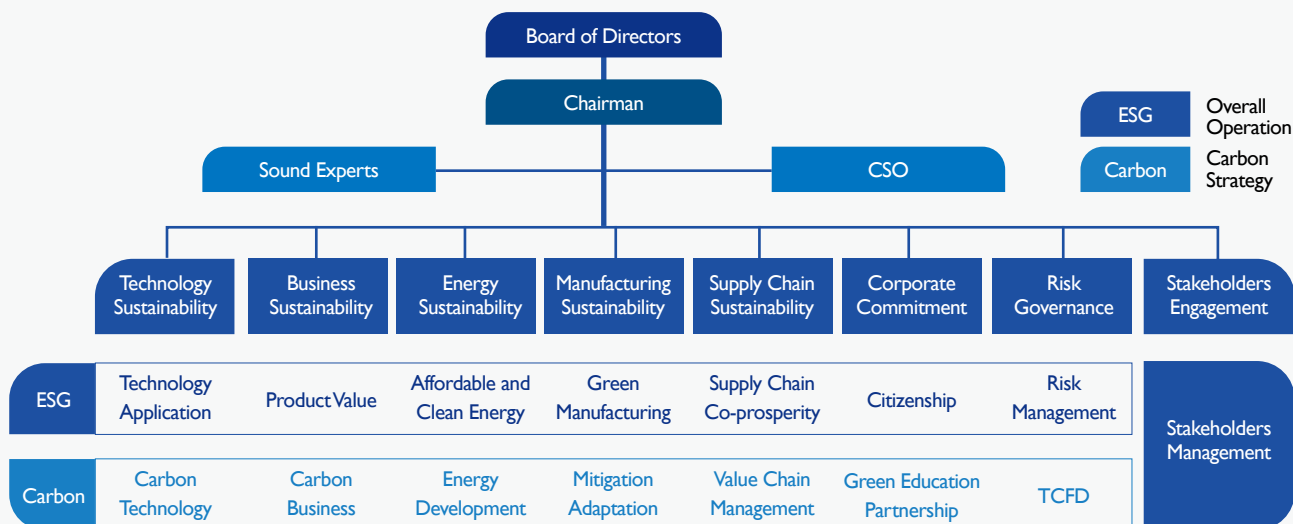
There were **6** meetings convened in 2021 with **97%** attendance

Position	Name	Independent Director
Convener	Chin-Bing (Philip) Peng	✓
Member	Mei-Yueh Ho	✓
Member	Yen-Shiang Shih	✓
Member	Yen-Hsueh (Sharon) Su	✓
Member	Jang-Lin (John) Chen	✓

• ESG & Climate Committee

In response to global climate issues and net-zero carbon emissions trends, the AUO Sustainability Committee transformed and upgraded to the "ESG and Climate Committee" at the end of 2021. With net zero emissions by 2050 as the core objective to build the strategic climate blueprint and plan forward active mitigation and adaptation actions. In addition to fulfilling the 2025 CSR EPS Goals, the ESG and Climate Committee also

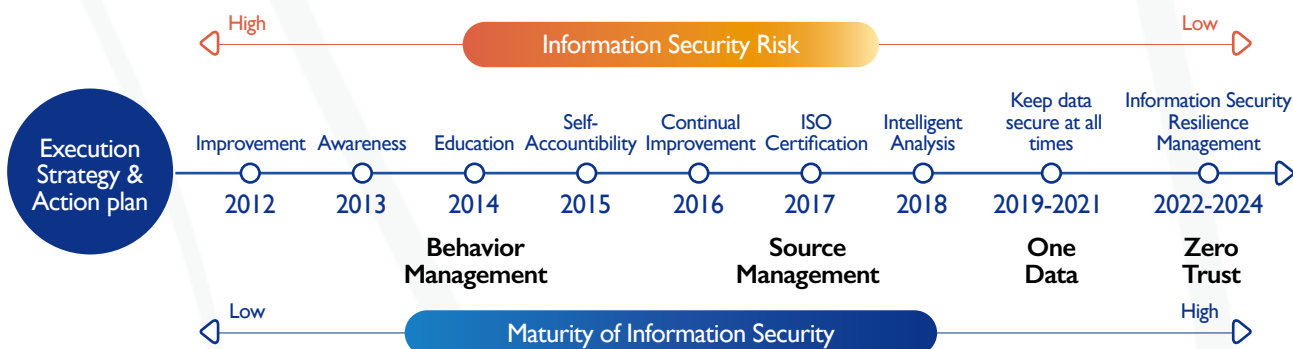
takes on the carbon tasks of environment, society and corporate governance, and will take the cross-unit operation platform as the framework in the future to develop low-carbon technologies, promote carbon data applications, expand new businesses niches and deepen sustainable DNA efforts, and continue to cooperate with value chain partners in the spirit of common good to create a sustainable ecosystem.



• Information Security Committee

AUO conducts various information security activities through the Information Security Committee, regularly reviews the targets implementation of the year, and conducts risk improvements to protect the Company's intellectual property, customer data and enhance employees' info-security awareness. The Company's Chairman of the Board serves as the information security

committee chairman, members consist of tier-I executives, and the Company's Chief Digital Officer acts as the info-security convener for the task execution team. In response to the Company's business development needs, we added a product security team under the task execution section in 2021 to deal with the information security issues regarding networking products.



Integrity & Compliance

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 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.

 Customers	<p>Prohibition of "anti-competitive behavior," and adherence to the principles of the "Fair-Trade Act" and "Anti-Trust compliance"</p> <ul style="list-style-type: none"> • Adhere to the code of conduct set in the customer requirements • Work proactively to ensure compliance with the inspection standards set by the customer
 Suppliers	<p>Protection of the trade secrets and information in accordance with the "confidentiality agreements"</p> <ul style="list-style-type: none"> • Promote the principles of honest trade and signing of "Integrity clause" • Inspection of and counseling on integrity business behavior • Conduct annual communication on integrity management cases
 Employees	<p>Embraces an integrity culture, set of guiding principles, and stipulated benchmarks for each dimension to make sure all employees understand and adhere to the concept of integrity.</p> <ul style="list-style-type: none"> • Integrity policy, management, communication and value



Integrity Culture

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.



Ethics Training

100 % New employee corporate ethics course and the integrity declaration

Whistleblower Protection

The Company has established a Whistleblower System, and employees have been trained to report misconduct using this system. For external cases, any illegal behavior in supply chain management can be reported directly to AUO through corporate website using the "Violation of Ethical Behavior Reporting System", which will be followed by an internal investigation and action.

When a breach of integrity or ethical conduct is found, the following channels are all applicable for timely reports:

- Internal: Direct managers, President Mailbox, Audit Committee Mailbox
- External: Reporting System on Breach of Code of Ethical Conduct

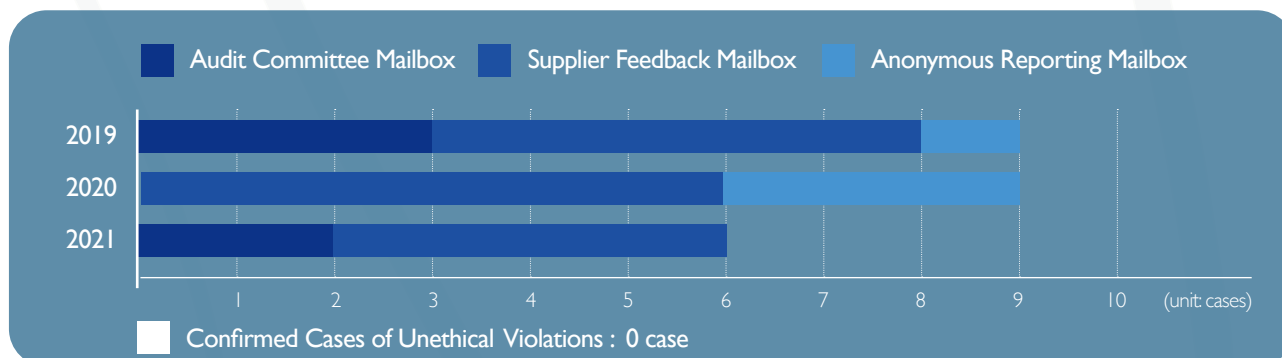
Once a case has been filed, investigations will be conducted by the Audit Department, or by a special investigation committee formed based on the "Management Methods of the Material Disciplinary Investigation Committee."



Non-Retaliation Policy

AUO does not tolerate any retaliation against an employee for making a report in good faith. This includes any type of adverse action taken in response to a report, including firing, transferring, demoting or publicly attacking someone. It also includes even more subtle forms of retaliation, such as leaving someone who makes a good-faith report out of professional activities.

Report Statistics



For more information

AUO Website
AUO 2021 Annual Report
AUO Sustainability Website
AUO 2021 Sustainability Report

Contact us

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

AUO