

AUO

AUO Corporation

2023 ESG Insight

2024.05.17



AUO ESG Insight

Founded in 1996, AUO Corporation has approximately 38,000 employees worldwide and operates a business network that spans Taiwan, Mainland China, Japan, 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

AUO Corporation
Electronic Equipment, Instruments & Components

Sustainability Yearbook Member
S&P Global Corporate Sustainability Assessment (CSA) Score 2023

MSCI
ESG RATINGS
A

Bloomberg
Gender-Equality Index
2023

CDP
Climate Change A-

Corporate ESG Performance
RATED BY ISS ESG
Prime

SILVER
2023
ecovadis
Sustainability Rating

● AUO 2025 EPS Target

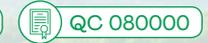
The 17 Sustainable Development Goals (SDGs) developed by the United Nations was used by AUO to define a corporate sustainability roadmap of "Go Beyond CSR, Create Shared Values." Nine key SDGs were identified through the ranking of scores and used to consolidate the company's medium and long-term 2025 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.

	Categories	2025 Targets	SDGs	2018-2023 Cumulative Achievement Rate
 Environment	Energy Optimization	Set reduction targets based on life-cycle and reduce carbon emissions by up to 6.5 million tones CO ₂ e cumulatively.	  	> 100%
	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.	  	> 100%
	Circular Production	Spearhead the development of the circular value chain, expand its economic performance and achieve a growth rate of 135%.	   	84%
	Climate Adaptation	Increase the resilience of climate adaptation and continue to reduce the risk of financial impact from climate change issues.	 	Continue to manage risk
 People	Quality Education	Provide diversified educational opportunities to more than 600,000 people and increase employee participation in AUO quality education by 20% each year.	 	85%
	Inclusive Growth	Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold	  	98%
	Enjoyable Workplace	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.	 	Continue achieved
 Society	Adorable 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)	  	89%
	Smart Manufacturing	Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration.	  	84%
	Intelligent Life	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	 	95%

Environmental

Environmental Management Systems

100% sites with



[See AUO Sustainability Report](#)

Responding to Net-Zero Initiatives

AUO is committed to achieving net zero emissions and actively participates in international climate initiatives. As a member of RE100, AUO has pledged to achieve 100% renewable energy by 2050, making us the first global display manufacturer to do so.



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.

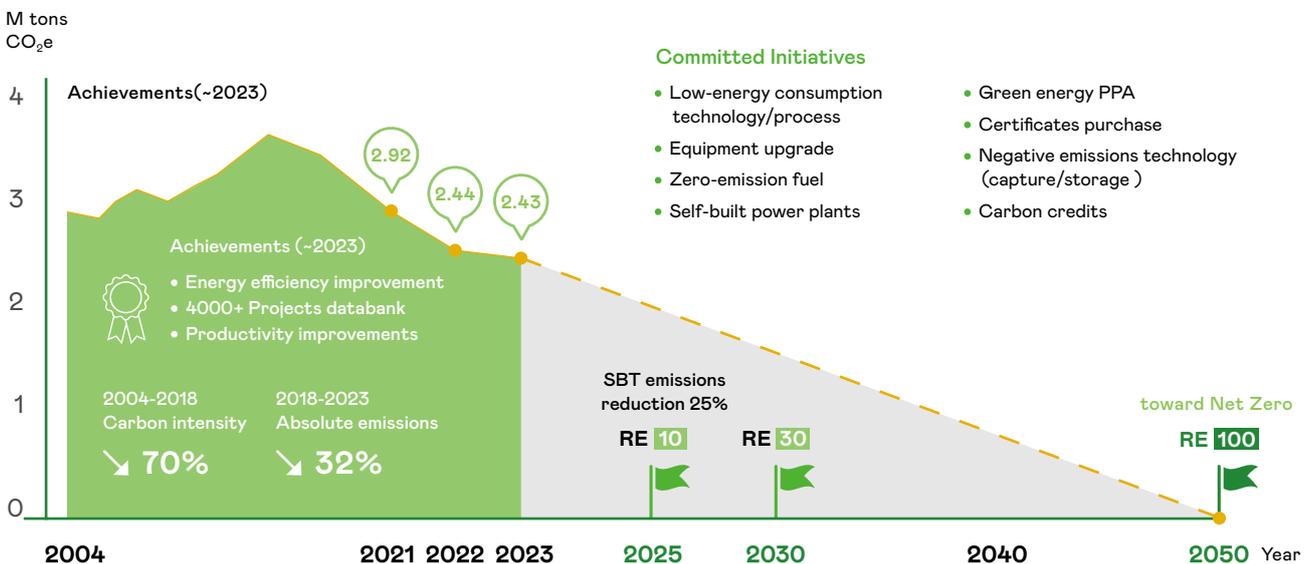
AUO joined RE100 and committed to using 30% renewable energy by 2030 and 100% renewable energy by 2050.

AUO publish climate-related financial disclosure reports to enable external stakeholders to fully understand the achievements and information regarding climate-related risks and opportunities.

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 net zero.

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 building by 2030, and towards net zero.

Net Zero & RE 100 by 2050



AUO TCFD Management Framework



Governance

- Board of directors supervision process
- Responsibilities and roles of management



Strategy

- Risk and opportunity identification
- Financial impact of risks and opportunities
- Scenario and analysis



Risk Management

- Identification/ evaluation process
- Management process
- Integrate climate adaption into existing risk management system



Indicators and Targets

- Indicators for evaluating risks and opportunities
- GHG emissions management
- Target formulation and outcome review

🔍
[See AUO TCFD Report](#)



Carbon Price

AUO implements the carbon pricing mechanism by tracking the international carbon trading market and green electricity price. 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 employees' business travel. In 2023, AUO's carbon price was TWD 6,424 per ton.

GHG Emissions Management

GHG Emissions (tons CO ₂ e)	2021	2022	2023
Scope 1 (Direct Emissions)	0.08M	0.07M	0.07M
Scope 2 (Indirect Emissions: Imported Energy)	2.84M	2.37M	2.36M
Scope 3 (Indirect Emissions: Other)	1.29M	1.00M	2.24M
GHG Emissions Intensity (kgCO₂e/m²)	43.0	51.47	44.11

Energy Management

Strategy

- Promote Renewable Energys
- Increase Energy Efficiency

2025 Target

Annual electricity saving rate 1.5%

Achievement

2023 annual electricity saving rate 3.3%

	2021	2022	2023
Energy Management (GJ)	19,056,415	16,777,770	17,244,509
Purchased Electricity	18,264,773	15,844,111	16,205,153
Natural Gas	668,188	630,025	701,170
LPG	26,718	23,177	22,234
Diesel	76,490	56,620	53,863
Gasoline	774	759	983
Self Generated and Used Solar Power	19,472	39,863	202,343
Self Generated and grid tied Solar Power (output)	198,978	188,198	188,269
Energy Intensity			
Energy consumption per input sheet (GJ/m²)	0.28	0.35	0.31
Energy consumption per revenue (GJ/10,000 NTD)	0.51	0.68	0.66

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

2025 Target

- Water consumption: < 64,000 CMD
- Process water recycling rate: > 93%

Achievement

2023 water consumption 56,897 CMD, with process water recycling rate 95%

	2021	2022	2023
Water Management (million tons)	24.99	21.55	23.81
Surface water (include rainwater)	0.02	0.01	0.01
Groundwater	0.42	0.25	0.20
Third-party water (freshwater)	22.46	18.85	20.77
Third-party water (reclaimed water)	2.10	2.43	2.84
Production Water Recycle Volume	137.57	116.38	184.07
Process water recycling rate %	94.47%	94.89%	95.02%
Production Process			
Process Water Consumption (million tons)	19.92	16.53	18.41
Process Water Intensity (tons/m ²)	0.29	0.35	0.33

Waste Management

Strategy

- Prioritize reuse within the production process
- Raw materials reduction
- Recycling before incineration and landfill

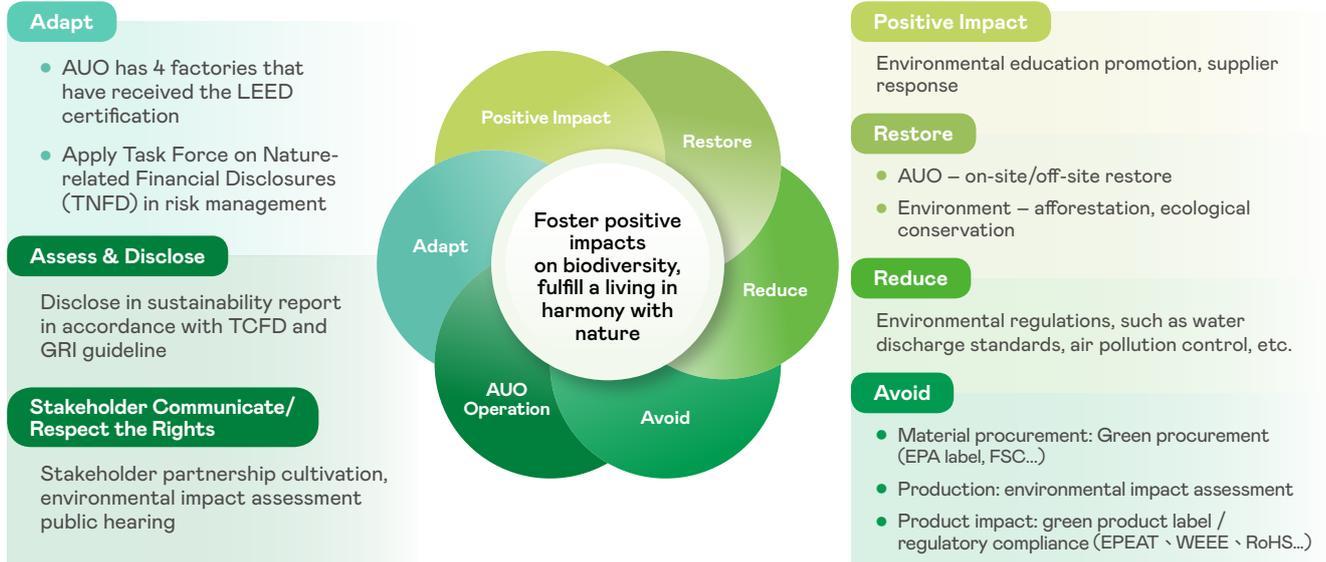
	2021	2022	2023
Waste Management (tons)	82,655	76,204	73,467
Recycled	68,491	68,198	67,358
Incinerated	8,033	5,019	5,178
Landfilled	3,511	1,484	759
Others	2,620	1,503	172
Recycled waste %	82.86%	89.49%	91.69%

Air Emissions

	2021	2022	2023
Total Air Emissions (tons)			
ODS Emissions	0.07	0.07	0.05
Sulfur Oxide (SO _x)	50.0	54.5	52.0
Nitrogen Oxide (NO _x)	72.5	87.6	81.72
Volatile Organic Compounds (VOC)	168.5	123.3	138.8

Biodiversity, and Ecosystems, and Zero-Deforestation Policy

AUO respect and support the spirit of the Convention on Biological Diversity and of the Kunming-Montreal Global Biodiversity Framework,. To move toward a sustainable and common good future with our stakeholders, AUO revised “ AUO Biodiversity, and Ecosystems, and zero-deforestation Policy” and committed to start with our own operation and collaborate with our value chain to value, conserve, restore and wisely use biodiversity to maintain ecosystem services and deliver benefits essential for all.



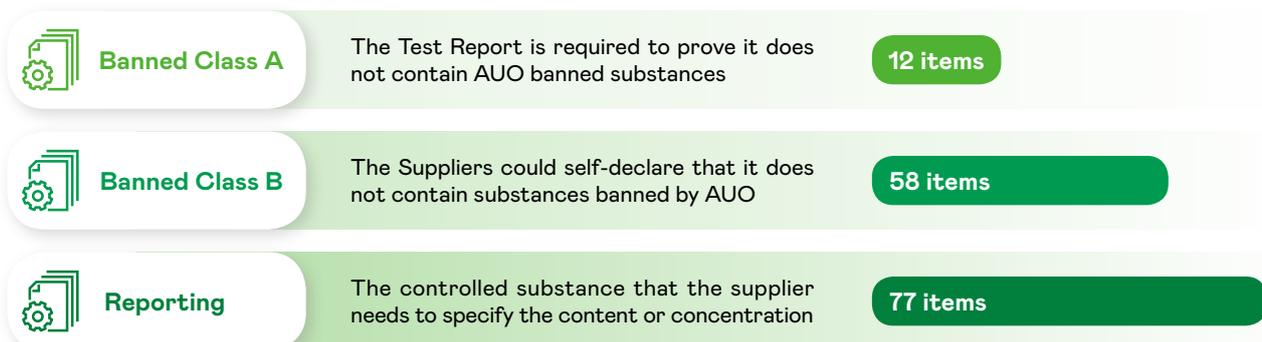
Plastic Neutral

Plastic poses a threat to biodiversity, and AUO is committed to reducing plastic use in our production process and employees' daily lives. 2023 is set as the benchmark year, and our goal is to achieve "plastic neutrality" by 2030. We collaborate with suppliers to jointly declare plastic neutrality goals and take action, calling on the entire value chain to join us in reducing plastic waste.



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 2023, AUO has managed and controlled 153 hazardous substances, and the hazardous substances under control can cover the requirement of all key customer specifications.



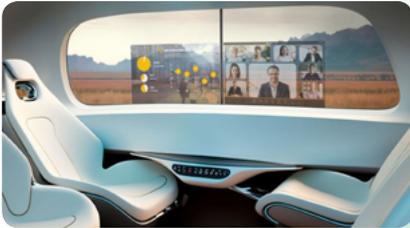
Product Innovation

AUO, as a global leading panel manufacturer, is driving its dual-axis transformation strategy through "Go Premium" to excel in display technology and "Go Vertical" to deepen vertical market applications. It has strategically invested in diverse businesses, such as smart mobility. Furthermore, AUO is dedicated to developing displays with lower energy consumption, with the goal of becoming a global leader in providing green products.



AmLED (Adaptive mini LED)

Through AUO exclusive dynamic control technology, AmLED dynamically adjusts and optimizes zones in real-time based on the usage scenario, which creates stunning and precise images while achieving higher energy efficiency. By 2023, AmLED is expected to be widely used in automotive displays, with 19 products already incorporating this design, resulting in energy savings of over 20% compared to traditional non-mini LED backlight products.



Interactive Transparent Window

AUO incorporates the integration of high-transparency Micro LED displays into the side windows of vehicles, providing touch functionality for entertainment, online video conferencing, and the exhibition of safety warning information.



Large Transparent Micro LED display

An ultimate technology suited to a variety of applications including digital signage, commercial displays, corporate meeting rooms, residential interiors, and more.



Eco-friendly Concept Product

AUO has partnered with our customer for eco-friendly laptop, manufactured using PCR (Post-Consumer Recycled Plastic), recycled glass substrates and recycled steel for the back panel of laptop displays.

Renewable Energy Development

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.

AUO Energy Business Four Major Services



Achievement



2023 solar power modules shipment achieved **472 MW**



Accumulative solar power plant installation achieved **516 MW**

The estimated annual electricity generation of 650 million kw which result in a reduction of 325,000 metric tons of carbon emissions.

Social

Social Management Systems

100% sites with



See AUO Sustainability Report

Human Right Protection

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.

Commitments and Policies



Freedom of employment



Equity and inclusion



Prohibition of illegal workplace violations



Health and safety of employees



Prohibition of child labor

Human Rights Management Process



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

Stakeholder Human Rights Risks Matrix

AUO conducts human rights risk assessments for stakeholders. In 2023, we surveyed and received 591 questionnaires from employees, suppliers, contractors, and members of the local community. The risk calculations were used as a reference to identify the risks associated with each human rights topic. Using this two-dimensional matrix, AUO is able to prevent and mitigate potential risks and hazards.

	Low Risk	Medium Risk	High Risk
High		<ul style="list-style-type: none"> • Unlawful infringement and sexual harassment in the workplace • Forced labor - Working hours 	
Risk impact	<ul style="list-style-type: none"> • Privacy protection • Health, safety and personal liberty • Freedom of choice of employment • Freedom of speech and expression • Freedom of assembly and association • Protection of labor conditions • Prohibition of child labor • Non-discrimination, diversity and tolerance • Right to family life 	<ul style="list-style-type: none"> • Occupational safety 	
	Low		
	Scope of impact		High



Freedom of Association/ Labor unit

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 conference based on Labor Standards Act

Suzhou

100% union participation

Xiamen

100% union participation

Kunshan

100% union participation

Singapore

29% union participation

In 2023, there were 0 incidents of social disputes

Labor Practice Indicators

AUO is committed to creating a diverse and inclusive working environment that values equality, integration, and development. Employment opportunities at AUO are not based on factors such as gender, race, language, religion, etc. These factors do not affect remuneration and promotion opportunities.

Distribution by gender

Gender	2021	2022	2023
Female	12,957 (33%)	12,490 (34%)	12,152 (35%)
Male	26,523 (67%)	24,212 (66%)	22,841 (65%)
Total	39,480	36,702	34,993

Distribution by age

Age	2021	2022	2023
<29	12,777 (32%)	10,636 (29%)	10,001 (29%)
30~49	25,094 (64%)	24,172 (66%)	22,826 (65%)
>50	1,609 (4%)	1,894 (5%)	2,166 (6%)
Total	39,480	36,702	34,993

Distribution Ratio of New Employee Hires and Employee Turnover

Gender	Overall			Without China			China		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Number of Resignations	9,004	6,774	6,439	1,372	1,477	1,203	7,632	5,297	5,236
New Employees	53,286	31,993	27,946	2,198	1,699	996	51,088	30,294	26,950
Turnover Rate	22.81%	18.46%	17.52%	6.57%	7.30%	6.22%	41.05%	32.16%	30.03%

China's Direct Labor Market structure is rather complicated and unstable, including a large number of temporary workers who cause high employee turnover. AUO has continuously made efforts to adjust the manpower structure by reducing the proportion of short-term employees, which results in the reduction of turnover rate.

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 28% 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 sixth consecutive year.

Gender	Overall	Managers	Direct Employees Managers	Indirect Employees Managers	
				Mid Level Managers	Senior Level Managers
Female	34.73%	28.04%	51.89%	12.97%	8.77%
Male	65.27%	71.96%	48.11%	87.03%	91.23%

Employee Compensation

Employees are the greatest asset of AUO. AUO provides multiple and competitive remuneration and career development opportunities. Salaries of employees worldwide are determined based on factors such as educational background, experience, knowledge and skills, without any differentiation due to gender, ethnicity, nationality, religion, age, physical disability, political stance, marital status, or union membership.

Aligned with the company's overall operation, reward incentive schemes for both short-term and long-term goals are designed with varying job flexibility to share profits with employees. This approach aims to attract and retain high-quality talent.

Starting salary for employees of 2023

1.3 times the local minimum wage



Ratio of Basic Salary and Remuneration of Women to Men

	Direct Employee	Indirect Employee			
		Non-Managers	Junior Managers	Mid-level Managers	Senior Managers
Taiwan AYO Employee	0.94	1.01	0.96	1.02	1.21

Employee Support

Annual Personal Subsidy

- Lunar New Year Festival Bonus
- Travel reward points
- Dragon Boat Festival gift money
- Moon Festival Bonus

Festivity Subsidy

- Wedding Subsidy
- Childbirth Subsidy
- Childcare Subsidy

Accident Condolence

- Hospitalization Condolences
- Occupational Injury Condolences
- Funeral Condolences

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 Taiwan sites, AUO established the "Retirement Fund Supervisory and Management Committee" as required by law, to oversee pension management and retirement procedures. We 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 Hotline". All the cases filed 2023 were cautiously handled and closed.

Number of cases accepted by Internal Communication Channels in 2023

	Taiwan	Mainland China	Other area	Settled Cases
Internal Communication Mailbox	98	284	1	383
President's Mailbox	12	26	0	38
Sexual Harassment Grievance Mailbox	2	0	0	2
7885 Please Help Me Hotline	2,720	1,540	0	4,260



Q12 Employee Engagement Survey

In 2023, the Q12 average results achieved **84%**. The sample of more than **29,500** employees had a coverage rate of nearly **81%**.

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.

Global Talent Recruitment

AUO actively implements the "ESG-TALENTS" strategy to achieve sustainable talent development. Currently, AUO has a global workforce of about 35,000 employees, with presence across Asia, the Americas, and Europe. In line with its dual-axis transformation strategy, AUO focuses on three key areas of talent innovation. With a goal of global expansion, AUO has established overseas research and development teams in the United States and Japan, attracting local talents to enhance its global competitiveness.



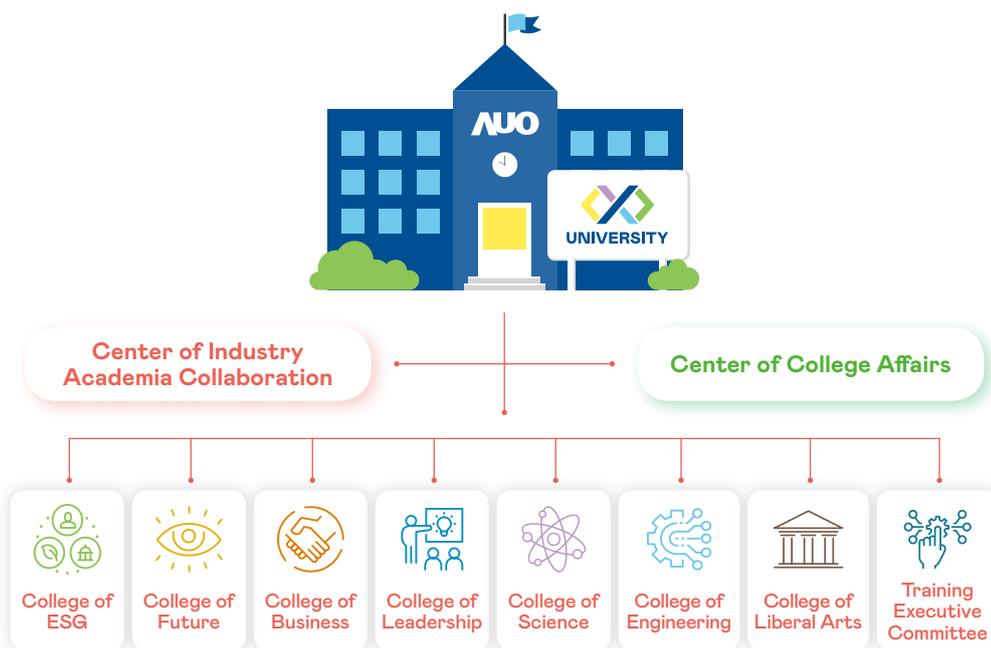
Talent Development

AUO University

Starting from 2001, AUO University is to cultivate well-rounded business specialists as well as provide AUOers with diverse and comprehensive channels for in-service training and self-development.

Sustainability Competences

AUO adheres to the Sustainable Training Roadmap by conducting tiered training for different employee groups. Aiming to raise sustainable awareness and professionalism of employees and making sustainable awareness an integral part of every employee's working DNA. College of ESG held a variety of activities and themed courses to create an atmosphere for all employees to learn about sustainability and strengthen their knowledge and skills. Include master lectures, carbon management practice classes, sustainability literacy surveys, and sustainability podcasts, etc.



Achievement Highlight

Launching over **6,000** courses in 2023

34 ESG Sustainability courses and workshops was held in 2023 with overall **29,980** attendance

Average courses satisfaction rating for is **9.6** out of 10

AUO has cultivated **5,000** employees to become lecturers for the university

Building the DEI culture

AUO embraces the principles of diversity, equality, and inclusion in its corporate culture. Across its global sites, AUO actively seeks and welcomes diverse talents, ensuring that gender, race, language, religion, and other differences do not hinder employment, compensation, or advancement opportunities. Through initiatives encompassing cognitive insights, awareness shaping, advocacy action, optimizing environments, and refining systems, AUO continues to expand its impact in the areas of diversity, equity, and inclusion (DEI).



Acknowledge

- DEI Literacy Survey



Elevating Awareness

- DEI Advocacy from senior managers



Advocacy

- Speeches from female scientists
- Speeches to promote gender equality



Workplace & Welfare System

- Friendly environment and benefits

DEI Performance

DEI recognition **88%**

Female manager **28%**

Foreign migrant workers support program

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 2023, all AUO manufacturing bases in global completed the ISO 45001 certification of occupational safety and health management system and covered 100% of sites. 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 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 1,240 contractor education and training courses in 2023.

2023 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	0	0.49	0
Supplier	0	0.19	0

Supply Chain Management

AUO Supplier/Subcontractor Code of Conduct

All new suppliers are required to sign the “AUO Supplier/Subcontractor Code of Conduct Compliance Statement”, to commit to respecting integrity, anti-corruption, and sustainability related international standards, such as RBA code of conduct and SA 8000. Starting from 2023, additional codes are included such as biodiversity conservation, forest protection, soil conservation, carbon reduction and energy saving in response to international trends.

AUO Supplier Management and Audit

 Management Process	 Risk Evaluation	 RBA Audit	 Engagement Recognition
<ul style="list-style-type: none"> • Comply with the standards construction • Risk assessment • Audit confirmation • Continuous improvement 	<ul style="list-style-type: none"> • ESG self-assessment • Identify high-risk suppliers and take follow up actions (including human rights issue) 	<ul style="list-style-type: none"> • Follow RBA conduct to audit • Monitoring the improvement state • Third party verification on the SCM CSR portal 	<ul style="list-style-type: none"> • Majoring issues course sharing • Excellent partner commendation • Quarterly Business Review mechanism

Green Supply Chain - Commit to Reduce Carbon Emissions by 20% by 2030

AUO and key suppliers are committed to lowering carbon emissions every year after 2025 and achieving the 2030 carbon emission goal of an absolute reduction of 20%. By introducing ISO 14064 GHG inventory and ISO 50001 energy management system, AUO strives to achieve carbon inventory and carbon reduction in collaborations with its supply chain partners.

Conflict Minerals

<p>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.</p>	<ol style="list-style-type: none"> 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), tungsten (W) ,and Mica mined illegally in Congo or conflict areas near Congo. 3.AUO will inform and ask its suppliers to perform the above statement.
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In 2023, 1,240 suppliers have been investigated and 1,745 part numbers have been validated to ensure that all sources for Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W), and Mica came from non-conflict regions.

Supplier Sustainability Partnership Performance

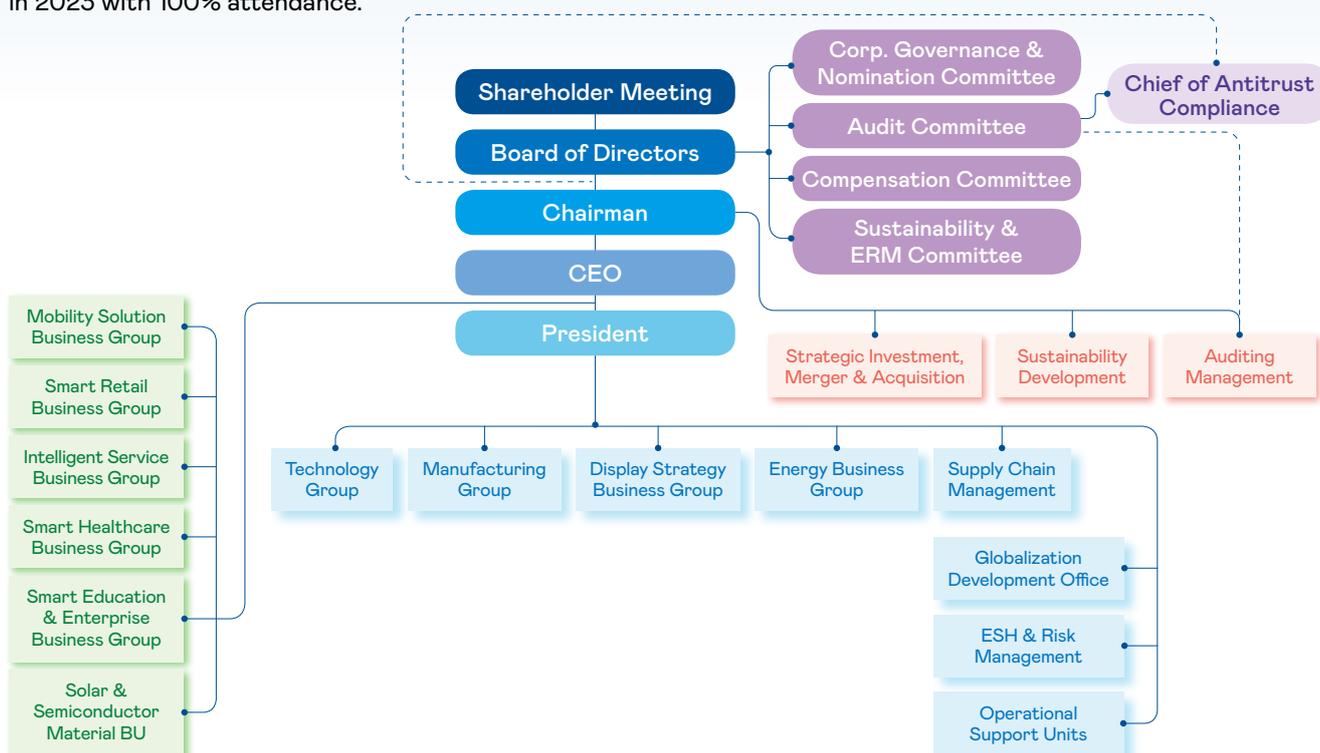
In the international low-carbon trend, suppliers are facing pressures on water, energy and resource consumption and carbon reduction. AUO make concerted efforts with the supply chain in climate action, water saving, energy saving, carbon reduction, waste reduction and green operations.

 Energy Saving and Carbon Reduction Suppliers cooperate to save electricity and reduce carbon emissions 98,000 ton in 2023	 Water Saving Suppliers cooperate to reduce 14,031 CMD since 2018	 Supplier Packaging Material Recycling Cooperate with suppliers to reduce 95.7% of supplier package through reverse logistics and recycling	 Co-prosperity Series Activities 4 courses on government policies, product carbon footprint experience, drill transformation strategy, energy saving and carbon reduction sharing
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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 7 meetings convened in 2023 with 100% attendance.



Board Diversity and Effectiveness Policy

 <p>Achieved 100%</p> <p>Independent Directors exceeding one-half of the total director seats</p>	 <p>Achieved 100%</p> <p>Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats</p>	 <p>Achieved 100%</p> <p>At least two seats of Directors are females</p>
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Board of Directors with Diverse Background

Name	Position	Seniority of the Independent Director			Gender	Professional Knowledge and Skills					Age	Employee Position
		Below 3 years	3~9 years	Exceed 9 years		Industry or Technology	Technology Research and Development	Industrial Innovation	Finance, Investments, or Accounting	Corporate Sustainability		
Shuang-Lang (Paul) Peng	Chairman			✓	Male	✓		✓		✓	60-69	✓
Frank Ko	Director		✓		Male	✓	✓	✓			50-59	✓
Chuang-Chuang Tsai	Director	✓			Female	✓	✓				70-79	
Han-Chou (Joe) Huang	Director	✓			Male	✓		✓			60-69	
Chin-Bing (Philip) Peng	Independent Director			✓	Male	✓			✓		70-79	
Jang-Lin (John) Chen	Independent Director		✓		Male	✓	✓	✓			70-79	
Chiu-Ling Lu	Independent Director	✓			Female				✓	✓	60-69	
Cathy Han	Independent Director	✓			Female	✓			✓	✓	50-59	

*Note: Yen-Hsueh Su resigned since Dec 2023.

Remuneration Policies of the Board of Directors and Senior Management

The remuneration of AUO's senior manager is linked to the company's operational performance. The overall reward composition consists of salary, short and long-term variable bonuses, and profit-sharing employee bonuses. Among these, variable bonuses are determined based on operational performance, accounting for 70% to 90% of the total remuneration depending on position and performance. At the same time, the managers' long-term reward plan is assessed over a three-year period, with stock rewards accounting for more than 50%, and includes clawback provisions. The Remuneration Committee sets performance goals in line with the company's long-term development strategy. In addition to financial indicators such as EBITDA, revenue, gross profit margin, and operating profit margin of strategic products, and contribution to shareholders, it also incorporates ESG sustainability performance and major theme management goals, deepening the connection with shareholder interests and fulfilling our commitment to sustainable management.

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.

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 **4** meetings convened in 2023 with **100%** attendance

Position	Name	Independent Director
Convener	Paul SL Peng	
Member	Chiu-Ling Lu	✓
Member	Cathy Han	✓
Member	Chin-Bing (Philip) Peng	✓
Member	Jang-Lin (John) Chen	✓
Member	Yen-Hsueh Su*	✓

*Note: Resigned since Dec 2023

There were **4** meetings convened in 2023 with **100%** attendance

Position	Name	Independent Director
Convener	Chin-Bing (Philip) Peng	✓
Member	Jang-Lin (John) Chen	✓
Member	Yen-Hsueh Su*	✓

*Note: Resigned since Dec 2023

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 2023 with **100%** attendance

Position	Name	Independent Director
Convener	Chin-Bing (Philip) Peng	☑
Member	Chiu-Ling Lu	☑
Member	Cathy Han	☑
Member	Jang-Lin (John) Chen	☑
Member	Yen-Hsueh Su*	☑

*Note: Resigned since Dec 2023

Sustainability & ERM Committee

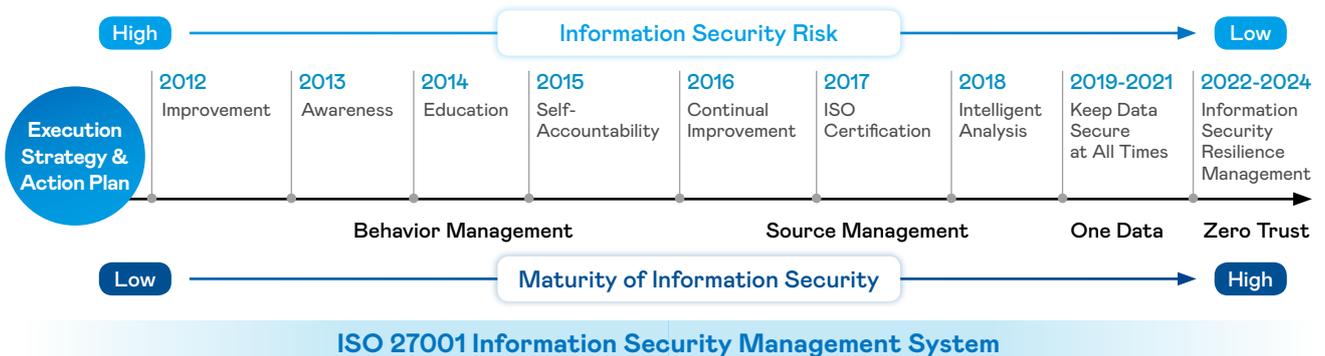
In response to global climate issues and net-zero carbon emissions trends, In 2024, the "ESG and Climate Committee" was upgraded to the "Sustainability and ERM Committee," directly under the operation of the Board of Directors. With net zero emissions by 2050 as the core objective to build the strategic climate blueprint and plan forward active mitigation and adaptation actions. The Committee takes on the carbon tasks of environment, society and corporate governance, to develop low-carbon technologies, promote carbon data applications, and deepen sustainable DNA efforts. Also, the committee as the highest governance unit of risk management to supervise and ensure enterprise risk management and operate effectively, by establishing an appropriate risk management mechanism and forming a risk management culture. In 2023, there were 4 meetings convened for Sustainability and ERM Executive Committee.

Position	Name	Independent Director
Convener	Shuang-Lang (Paul) Peng	
Member	Jang-Lin (John) Chen	☑
Member	Chiu-Ling Lu	☑



Information Security Management Strategies & Development

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, and the Company's Chief Digital Officer acts as the info-security convener for the task execution team. In 2023, AUO set Chief Security Officer and Information Security Management Office to strengthen information security governance and risk management.



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	 Suppliers	 Employees
Prohibition of “anti-competitive behavior,” and adherence to the principles of the “Fair Trade Act” and “Anti-Trust compliance.” <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 	Protection of the trade secrets and information in accordance with the “confidentiality agreements.” <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 	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. <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" (<http://integrity.ab1.auo.com/>), 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:

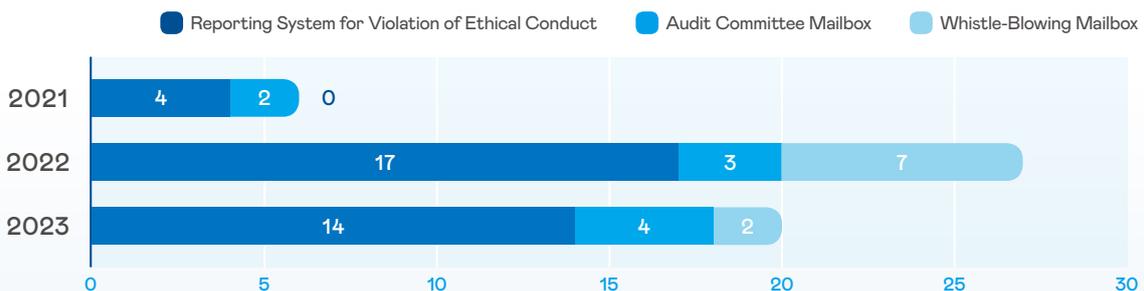
- Internal: Direct managers, President Mailbox, Audit Committee Mailbox
- External: Reporting System on Breach of Code of Ethical Conduct (<http://integrity.ab1.auo.com/>)

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.

Reported Whistle-blowing Cases Statistics



Confirmed Cases of Unethical Violations: 1 case

*Note: System open for external report since 2022

Risk Management

Risk Management Policy

AUO has established the "Risk Management Policy and Procedures" in accordance with international risk management guidelines. The AUO Sustainable and ERM Committee serves as the highest governing body, responsible for overseeing the Risk Governance Team. This team is tasked with identifying and assessing risks, including strategic, operational, financial, hazard, and emerging risks. Regular meetings are held to review diverse risk monitoring indicators and evaluate the organization's capacity to respond to risks.

Risk Identification and Management

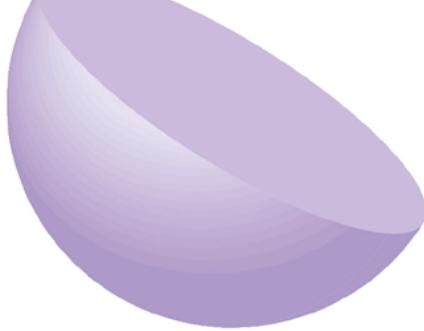


Focused Risk

Risk Type	Strategies
Inflation and Economic Recession that Lead to Decrease in End Demand	<ul style="list-style-type: none"> • Deepen vertical markets under the dual-axis transformation goal, integrating software, hardware, cloud, and service platforms to meet diverse application needs in smart mobility, smart entertainment, smart healthcare, smart retail, and other fields.
Supply Chain Shortage	<ul style="list-style-type: none"> • Establish measures and goals for sustainable supplier management. • Collaborate with suppliers to build consensus and share resources. • Build a climate-resilient supply chain.
Electricity and Water Lackage	<ul style="list-style-type: none"> • Strengthen factory equipment efficiency. • Establish a smart platform for water management. • Monitor changes in electricity consumption.
Climate Change	<ul style="list-style-type: none"> • Using the TCFD as a guide to prepare for related risk. • Respond to the demands of green products of the market.

Emerging Risk

Risk Type	Strategies
Geopolitics Risk	<ul style="list-style-type: none"> • Align with AUO's dual-axis transformation and strategy and implement a decentralized manufacturing base and investment layout. • Initiate geopolitical pre-response projects and dynamically assess global risk situations, especially in regions with high operational relevance.
Talent Shortage	<ul style="list-style-type: none"> • Continuously promote the "ESG-TALENT" strategy to foster sustainable talent.
Cyber and Information Security	<ul style="list-style-type: none"> • The Information Security Committee implements information security management to protect company intellectual property, customer data, and enhance employee awareness of information security.



AUO



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

For more information

AUO Website AUO Sustainability Website
AUO Annual Report AUO Sustainability Report

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