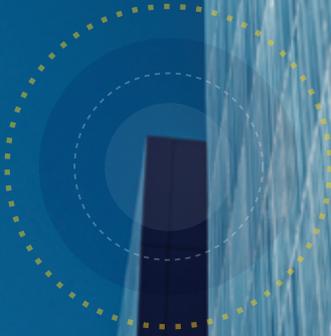


AU Optronics Corporation

ESG Insight



AUO ESG Insight

Founded in 1996, AU Optronics Corporation (AUO) has approximately 38,000 employees worldwide and operates a business network that spans Taiwan, China, Japan, Singapore, Korea, the U.S., and Europe. AUO is dedicated to becoming a provider of comprehensive solutions through a full spectrum of display technologies and a diversified product portfolio. AUO has an extensive R&D capability and patent portfolio.

Biaxial Transformation +1 Strategy

AUO's future development strategy "Biaxial Transformation +1", with Go Vertical and Go Premium as the axes, represents a shift towards system/ solution/ service business and high value-added products. The strategy is supplemented by "+1", which is Smart Investment 2.0, aiming to build up a solid framework of ecosystems for Go Vertical and Go Premium through optimal investment deployment.

Our development strategy harmonized with 3 ESG themes containing 10 working aspects. For example, when shifting towards higher value products with our Go Premium focus, AUO concurrently considers the responsibility of environmental sustainability, climate change and circular production. As for Go Vertical, this strategy echoes with agile innovation. In addition to inclusive energy, manufacturing innovation enables AUO to enhance its competitiveness, so to further explore potential business opportunities.

With our implementation for Smart Investment 2.0, previous B-to-B business models will be brought forward to end consumers and focus more on field applications. Besides, with the emphasis on SDGs values, our integrated solutions cover applications ranging from long-term care services, low-carbon transportation, equal development of education and a more convenience lifestyle.

The diversified development of stakeholders reinforces a closer collaboration within the value chain, thus creates a foundation that is conducive to the sound development of the ecosystem.



Environmental

AUO leverages its core competency in manufacturing operations to expand into new businesses such as green energy, healthcare industry and sustainability-related integration solutions. AUO continues to deliver solid CSR performances through our commitment and dedication.

AUO included in DJSI
(Dow Jones Sustainability Indices)

11 Consecutive Years

Environmental Management Systems

Certification	Version	Original Cycle Start Date	Verification Authority
ISO 14001	2015	Since 2005	SGS Taiwan
ISO 14064	2006	Since 2005	DNV
ISO 50001	2011	Since 2012	SGS Taiwan
QC080000	2017	Since 2007	DQS Taiwan

Certification scope covers all AUO sites, and all the data in this report were verified by an independent third-party and presented using internationally-recognized indicators.

For further details on AUO's quality and fab environmental certificates, please visit: <https://csr.auo.com/en/download/c2>.

Environmental Metrics

	2017	2018	2019
Environmental Protection Expenditure (NTD billions)	3.68	3.09	1.97
Total GHG Emissions (scope 1+2) (M tonnes CO₂e)	3.36	3.57	3.14
Scope 1	3.04	3.25	3.04
Scope 2	0.32	0.32	0.10
Scope 3 ¹	1.73	8.25	15.22
GHG Emissions intensity (kgCO₂e/m²)²	51.3	51.9	47.7

1 Increase in Scope 3 GHG Emissions is mainly due to increase in scope of measurement over the 3 year period.

2 GHG Emissions intensity is calculated by GHG emissions (scope 1+2) per square meter of panel (substrate area).

Total Air Emissions (tonnes)			
ODS Emissions ¹	0.09	0.08	0.11
Sulfur Oxide (SOx) ²	47.3	53.8	50.1
Nitrogen Oxide (NOx) ²	64.3	75.0	74.6
Volatile Organic Compounds (VOC) ³	135.6	144.9	131.5

1 ODS Emission Factor: Ozone Depletion Potential (ODP) of the Montreal Protocol listed chemicals see AUO CSR Report 2019 Annex C Class 1.

2 Taiwan only.

3 Taiwan and Singapore only.

Water Use (million tonnes)	35.0	33.7	28.0
Domestic Water	2.4	2.5	2.8
Reclaimed Water ¹	0	2.5	2.0
Tap Water	32.5	31.2	25.8
Ground Water/ Rainwater	0.03	0.1	0.2
Production Water Recycle Volume	146.7	152.2	145.4
Process Water Reclamation Rate % ²	90.71	91.00	92.29
Production Process			
Process Water Consumption (million tonnes)	28.48	28.7	22.88
Process Water Intensity (tonnes/m ²) ³	0.43	0.42	0.35

1 The Kunshan Factory uses the reclaimed water treated by Jiangsu Kunshan Photoelectric Industrial Park.

2 Manufacturing Process Water Reclamation Rate = Process Water Reclamation Quantity / Pure Water Usage.

3 Calculated by water consumed in the manufacturing process for every square meter of panel, with the 2019 initial panel area as the denominator.

	2017	2018	2019
Energy Use (GJ)¹	18,948,809	19,746,407	19,340,634
Purchased Electricity	18,215,728	18,921,349	18,637,259
Natural Gas	622,388	716,183	621,292
LPG	12,905	12,511	13,468
Diesel ²	97,306	96,364	68,614
Self Generated and Used Solar Power ³	482	10,107	19,281
Self Generated and grid tied Solar Power (output) ⁴	190,061	196,738	187,288
Production Process			
Process Power Consumption (millions kWh)	4,945	5,131	5,001
Process Energy Intensity (kWh/m ²) ⁵	75.5	74.6	76.1

1 Some metric coefficients (total energy use, purchased electricity, natural gas, liquefied petroleum gas, diesel) refer to data from the Bureau of Energy, Ministry of Economic Affairs.

2 The energy conversion factor of diesel varies from country to country. This report is based on the coefficient of the Bureau of Energy, Ministry of Economic Affairs, Republic of China.

3 2018 Kunshan Factory added new Self-Generated and Used Solar Power equipment.

4 Including Sengin I, Sengin II, Sengin III, Sengin IV, AUO Factory Area (Hsinchu, Tainan, Kaohsiung, Huaya, Longtan, Longke).

5 Calculated by the power consumption in the manufacturing process for every square meter of panel, with the 2019 initial panel area as the denominator.

Waste Generation (tonnes)	110,146	109,973	89,556
Non-hazardous	75,243	79,350	67,080
Non-Hazardous Recycled Waste Generated	61,970	61,319	55,703
Non-Hazardous Noncollectable Waste Generated	13,273	18,031	11,377
Hazardous	34,903	30,623	22,476
Hazardous Recycled Waste Generated	17,236	16,597	13,448
Hazardous Noncollectable Waste Generated	17,667	14,026	9,028
Recycled waste %	71.9%	70.8%	77.2%
Waste Intensity (kg/m ²) ¹	1.68	1.59	1.36
Waste Water Discharge (thousand m³)²	24,176	25,138	20,509

1 Waste Generation per Input Sheet Substrate Area.

2 The Company's waste water discharge is divided into self-discharge and sewer-connected discharge. Self-discharge (self-treatment to comply with discharge standards): discharge quantity is calculated based on regularly tested quality and actual quantity of the discharged water. Sewer-connected (discharged into the sewage plant of the industrial park, assisted by the sewage plant for treatment): discharge quantity is calculated based on quality and actual quantity of the discharged water regularly tested by the industrial park sewer plant and the sewer-connected discharge quantity in the factory.

2019 Targets and Achievement Rates

	Target	Achievement	
GHG Management			
Absolute Carbon emissions (Scope 1+2) (tonnes CO ₂ e)	337.6	314.6	✔
Air Emissions Management			
Volatile Organic Compounds (tonnes)	145	131.5	✔
Resource Management			
Energy Savings (%)	> 1.5% / year	2.26%	✔
Water Consumption (tonnes)	30.54	25.96	✔
Process Water Recovery Rate (%)	89.5%	92.3%	✔
Waste Management			
Non-Hazardous Noncollectable Waste Generated (tonnes)	13,000	11,377	✔
Hazardous Noncollectable Waste Generated (tonnes)	11,500	9,027	✔

Climate Change

*In February 2020, AUO achieved **Supporter status with TCFD***

In order to link climate change issues with our organization operations, AUO has connected cross-unit resources among all the departments through collaboration with the Board of Directors, the Sustainability Committee and the Carbon Energy Working Group.

The TCFD recommendations are designed to disclose the financial impacts of climate-related risks and opportunities. The magnitude of risks and opportunities are thoroughly reviewed each year. We focus on assessing key financial impacts and develop corresponding strategies. All the efforts and achievements are publicly disclosed in the CDP report.

Opportunities and management of climate risk



Energy Management

The target of annual energy-saving effectiveness rate of 1.5% has been achieved every year since 2015. There are over 500 energy management programs every year, notable ones include:

Energy Saving Highlight	Estimated million kWh saved annually
Introduction of high-efficiency energy-conserving equipment for air compressors production	3.71
Replacement of roots blower pumps with high-speed centrifugal blowers	2.98
SPT Vacuum chambers energy conservation optimization operation	1.19
Dry pump decompression adjustment designs	0.06

For details, please see the p108-109 of the Company's 2019 CSR report.

Water Management

With AUO's continuing efforts in water resources reclamation, our current total water reclamation rate has reached nearly 90% for all sites.

2025 SDGs Water Resources Goal

We aim to accomplish our goals by 2025, which includes lessening production operation water consumption and reducing water dependence.

100% of production water recovered at Longtan factory

2020 Water Resources Targets

- 1 Water Reduction:** Reduce the intensity of production water usage by 30% for Taiwan factories.
- 2 Water Reclamation:** Use 10,000 tonnes of reclaimed water every day in our manufacturing process.
- 3 Water Neutralization:** Promote water conservation actions jointly with supply chain to achieve water conservation of 5000 CMD before 2020.

In addition to the initial 5-year commitment to reduce 30% tap water consumption intensity, AUO has integrated the SDGs 2025 target since 2019, and 1.1% increase of process reclamation rate was achieved in 2019.

Water Savings Technology Highlights	Estimated Tonnes Saved Annually
Low-Copper Wastewater Reclamation	430,000
Reclaiming System Expansion	365,000
Color Filter Process Cleaner (CF CLN, Cleaner) machine DET raw liquid section water conservation	315,000
Organic Waste Water Reclaim (OWWR) UF 9/10 Sets Expansion	182,500
Change Process Water into Circulating Water	71,000
Etching Compound Machine Standby Mode Water-saving	6,886

For details, please see the p105-107 of the Company's 2019 CSR report.

Waste Management

Government laws and regulations require diligent monitoring for commissioned waste contractors in the areas of sludge, solvents, acids, and alkalis. AUO implements regular audits for waste management contractors to ensure all wastes are properly disposed.

Trend Chart of the Waste Reduction



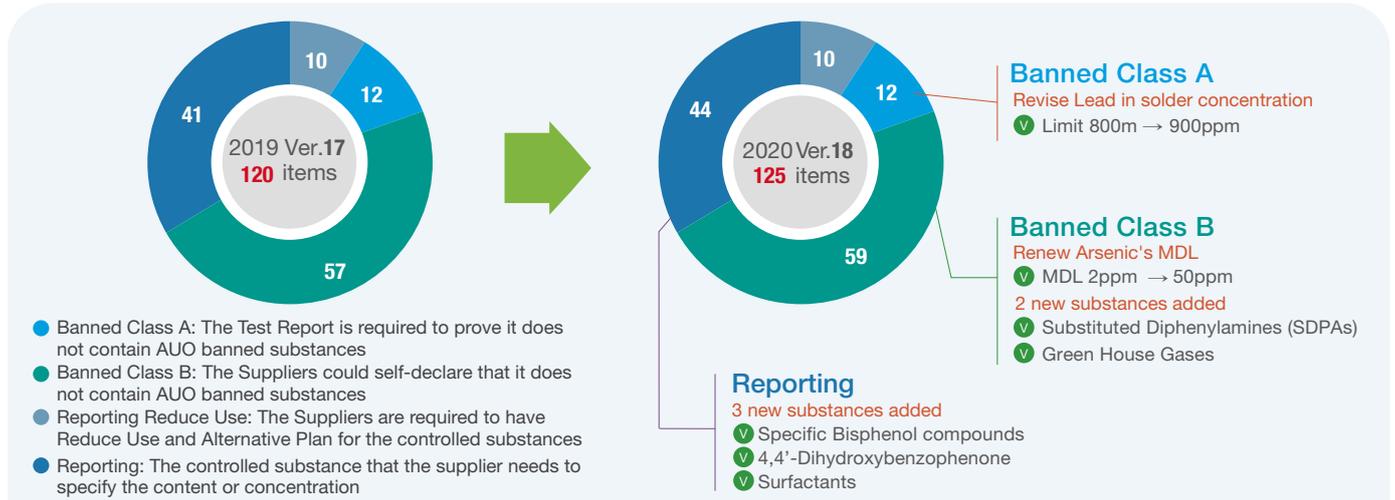
Waste Management	2019 Target	2019 Actual	2020 Target	2021 Target
Non-Hazardous Noncollectable Waste Generated (tonnes)	13,000	11,377 ✓	10,608	9,647
Hazardous Noncollectable Waste Generated (tonnes)	11,500	9,027 ✓	9,449	9,347

AUO outperformed its originally set target in 2019

Hazardous Substance Management

AUO reviews the status of hazardous substance management every year based on international laws, regulations and trends. Besides, we also update the AUO green product hazardous substance management policies based on our yearly examination.

Controlled substances category is expected to encompass 125 types of chemical substances in 2020.



Product Innovation

Our product designs follow the spirit of MFCA (Material Flow Cost Accounting) to reduce unnecessary waste, and the concept of circular economy is incorporated into the production process. Priority is given to commonality of material use during manufacturing to minimize resources consumed; the goals of carbon reduction and environmental protection can then be indirectly achieved in this manner.

Our innovations efforts aim to strive for high efficiency, low power consumption and reduction of materials. Examples include Mini LED backlight module for automotive display (6.66% savings), X-ray TFT sensor, new pixel electrode design, low gap liquid crystal cell, ink jet OLED, and narrow bezel design.

Renewable Energy Management

At the end of 2016, AUO completed the construction of solar power plants on the roofs of 8 factories in Taiwan, with a total installed capacity of nearly 42 MW. The completed constructions generated more than 160,000 kWh of green electricity daily and has become a driving force for local green energy awareness and promotion. As of end-2019, AUO has completed accumulated capacity of 172MW, including ground surface, water surface and rooftop power generation.

Stepping into Energy Storage:

AUO started to integrate energy creation and energy storage solutions since 2019, aiming to improve voltage instability of renewable energy on the grid and reduce peak load hours. AUO started to provide energy storage power plant services in 2020 by leveraging its self-developed PMS (Power Management System) and BMS (Battery Management System), which could effectively integrate corresponding devices including energy storage systems, charging systems, safety protection, and battery monitoring management.

2020 Target

- 1 Increase power rating of individual panel modules to 350W (7.7% increase in efficiency over the previous year).
- 2 Expand into the energy storage sector and construct a pilot energy storage station in the 100 kW/196kWh range.
- 3 Assist at least 1 company to obtain REC for their own project site.

*EUPD RESEARCH Top Brand
PV Seal Awards*

3 Consecutive Years
2017, 2018, 2019

Taiwan Excellent PV Award

2 Consecutive Years
2018, 2019

Social

AUO highly values rights of employees, including regulatory requirements, employment at will, humane treatment, ban on discrimination and sexual harassment. Apart from that, AUO has also established a variety of effective communication channels, proper compensation and benefits, choice of training & development opportunities and courses.

Certification	Version	Original Cycle Start Date	Verification Authority
ISO 45001 / OHSAS 18001	2018	Since 2005	SGS Taiwan
ISO 9001	2015	Since 2003	DQS Taiwan
IATF 16949	2016	Since 2017	DQS Taiwan

Audits were carried out for all sites regarding human rights and labor conditions in 2019. Certification scope covers all sites and/or all applicable procedures.

For further details on AUO's quality and fab environmental certificates, please visit: <https://csr.auo.com/en/download/c2>.

Employee Structure and Diversity

AUO selected in Bloomberg GEI (Gender Equality Index) for 4th year in a row

AUO's recruiting policy is grounded with our medium and long-term business strategy, we aim to establish a friendly working environment which welcomes the diversity of all backgrounds.

	2017	2018	2019
Female	15,908 (34.9%)	14,785 (34.9%)	13,051 (34%)
Male	29,668 (65.1%)	27,633 (65.1%)	25,350 (66%)
Total	45,576	42,418	38,401

2019 Employee Demographics and Gender Breakdown

	Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	7,450	5,272	261	62	6	13,051
Male	13,719	10,891	650	65	25	25,386
Total	21,169	16,163	911	127	31	38,401

Age Distribution by Location

Gender & Age		Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	Under 29	757	2,721	94	10	0	3,582
	Between 30-49	6,280	2,546	152	44	6	9,028
	Over 50	413	5	15	8	0	441
Male	Under 29	1,609	6,895	136	8	0	8,648
	Between 30-49	11,596	3,957	428	53	21	16,055
	Over 50	514	39	86	4	4	647
Total		21,169	16,163	911	127	31	38,401

27.3% of management positions are filled by women in 2019 (2019 Target of 20%)

AUO has continued to exceed the mandatory quota for hiring physically or mentally challenged employees, with 231 employed in 2019. AUO will continue to focus on optimizing job functions and counseling systems to provide these employees with more diversified opportunities as well as a friendly, comfortable working environment.

A series of initiatives to foster a friendly working environment were carried out for AUO's 2,500 (2019) Filipino employees. All job-seeking related costs have been taken care of by AUO to enable these valuable partners to fully focus on their career development in Taiwan.

New Hires and Turnover Rate

Employees	2017	2018	2019
Number of Resignations	13,494	15,527	7,261
New Employees	31,221	40,682	29,749
Turnover Rate ¹	29.61%	36.60%	18.91%

¹ Number of employees left in the year/ Total number of local employees.

Sites located in Mainland China has utilized a high percentage of short-term manpower, especially during 2019, in response to the changing market demand. However, short-term manpower is hired by fixed-term contract, which caused an increased overall employee turnover rate upon contract expiration. For reference, Mainland China accounts for 44%, 42%, and 42% of total employees in 2017, 2018, 2019, respectively; The turnover rates for Mainland China alone was 54.16%, 76.97%, and 34.83% for the respective periods.

Employee Remuneration

AUO believes employees are one of the greatest assets of the Company, therefore, we offer diverse and competitive compensation packages. AUO has designed various short-and-long-term employee incentive programs for profit sharing tailored to different positions.

The starting salaries for new employees are set based on location, employees' educational background, employment experience, professional knowledge/skills, years of experience and other related factors. Employee salaries are not differentiated by factors such as gender, ethnicity, religion, political preference, marital status, and union/club membership. As of 2019, standard starting salary is at least 1.35 to 2.5 times of the local minimum wages. To remain competitive, AUO takes part in annual international salary surveys, and salary adjustments are based on market benchmarks and individual performances.

Gender Pay Equality: Female Salary Ratio (M=1)¹

Employee Category	TW	Mainland China			Asia			Europe			US
		Suzhou	Kunshan	Xiamen	JP	KR	SG	SK	DE	NL	
Direct employees	0.99	1.06	1.01	1.02	NA ³			0.84	0.86	NA ³	
Indirect: Non managers	0.91	1.09	0.94	1.05	0.93	1.06	0.89	1.14	0.52 ²	0.91	0.71
Indirect: Managers	0.92	0.98	0.98	1.02	0.91	0.86	0.90	1.05	NA ³		

¹ The salary ratio between genders will vary slightly due to differences in the distribution of role, specialization and seniority.

² Germany offices were newly founded in 2019 with a low number of employees resulting in the discrepancy.

³ Data not applicable since no direct employees or no female managerial positions.

Pension Scheme

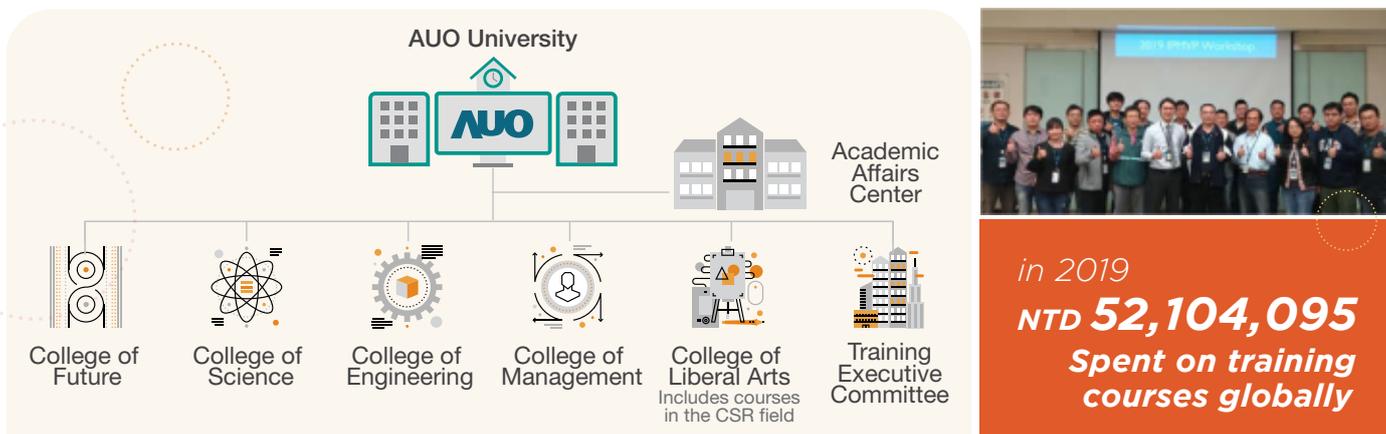
AUO implements the "Retirement Policy" to encourage employee professionalism and ensure they are provided for after retirement. AUO contributes towards relevant social security insurance programs such as labor pension, medical care, old age pension benefits, according to relevant laws and regulations.

In Taiwan, AUO established the "Retirement Fund Supervisory and Management Committee" to oversee pension management and retirement procedures. The fund reserved for the legacy pension scheme (Defined benefit plans) has a current balance of approximately NT\$ 2.56 billion. For the new pension scheme (Defined contribution plans), AUO deposits additional 6% of employees' monthly salary into their respective personal pension accounts.

Talent Development

Employee education and training are guided by the "Education and Training Procedure" and adheres to the principle of non-discrimination.

Meetings for educational and training are regularly convened by the Academic Affairs Center of AUO University to ensure the effectiveness of this management principle. AUO University designs courses that correspond to R&D, manufacturing technology, leadership, quality management and business operations. All required learning tasks are set based on personal annual learning roadmaps. Furthermore, all learning tasks are recorded and managed through the Learning Passport, so to provide a full picture of their learning progress.



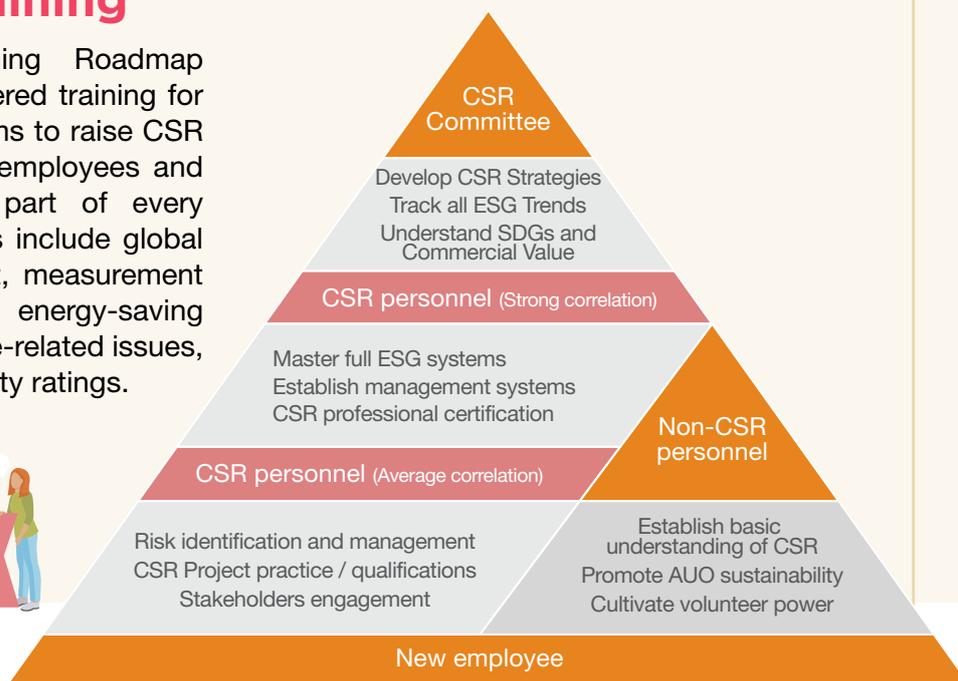
2019 Global Average Hours of Employee Learning and Development

Employee Category	TW	Mainland China			Asia			Europe			US
		Suzhou	Kunshan	Xiamen	JP	KR	SG	SK	DE	NL	
Management	43.1	45.2	73.0	18.7	1.3	40.0	42.9	N/A	1.0	0	
Non-management	17.4	6.2	15.5	5.6	1.0	16.9	48.1	5.4	2.6	0	

Additionally, to foster talent flow within the organization, we provide a variety of development channels such as: expatriate assignments, overseas rotation, critical mission execution, professional technology transfers, overseas training and development, and opportunities for global positions. These channels align employees' career development with the company's business requirements.

CSR Education and Training

AUO adheres to the CSR Training Roadmap implemented in 2018 by conducting tiered training for different employees. With this, AUO aims to raise CSR awareness and professionalism of all employees and make CSR 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.



Human Rights Management

Since 2006, AUO has aligned its management policies with relevant international standards such as Social Accountability 8000, Global Sullivan Principles, UN Guiding Principles on Business and Human Rights and the RBA Code of Conduct to protect the rights of its employees.

AUO has established rules and procedures such as "Employee Manual", "Work Rules", and "Operating Rules of Sexual Harassment Prevention", which include basic regulatory requirements, employment at will, humane treatment, and prohibition of improper discrimination and sexual harassment.

Child labor is explicitly prohibited under AUO's Sustainability Policy and the Human Rights Policy. AUO supported employment at will and all the jobs are taken voluntarily. In 2019, there were no cases of coerced labor, human trafficking, or other violations of the AUO Human Rights Policy.

Freedom of Association

AUO has labor unions in Suzhou, Xiamen, and Singapore, representing roughly 41.0% of the Company's workforce. In Taiwan, all of our plants are located in the government-owned Science Park, work-related issues and topics such as collective bargaining and living wage were negotiated with Science Park Bureau through an allied association for science park industries, which composed by representatives of companies located in the science park.

Furthermore, the "Labor-Management Conference Procedure" has been formulated based on the Labor Standards Act, to ensure labor-management conferences are held on a regular basis. According to the procedure, labor-management conferences shall be attended by an equal number of representatives on both sides, and are set to be held once every three months. All employees are entitled to make recommendations through their representatives. Quarterly labor-management conferences provide labor representatives a clear picture of the Company's latest businesses, manpower, and labor-related communication status.

Employee Communication Channels

AUO provides transparent communication channels such as "Internal Communication Mailbox," "President's Mailbox," "Audit Committee Member's Mailbox," "Sexual Harassment Grievance Mailbox" and the "7885 (please help me) Hotline" to maintain positive employee relations. All the cases filed in 2019 were cautiously handled and closed.

Communication and Consultation Channels - 2019

Communication Channels	Cases Accepted		Status	
	Taiwan	Mainland China	Settled Cases	Outstanding Cases
Opinion Mailbox	93	411	504	0
President's Mailbox	14	25	39	0
Audit Committee's mailbox	3	0	3	0
Sexual harassment grievance mailbox	2	0	2	0
7885 (please help me) Hotline	5,541	2,079	7,620	0

Health and Safety

AUO's people-centric approach is reflected in our strong emphasis on personnel health and safety. "Health Risk Management System" is implemented with an aim to strike a better work-life balance.

For instance, the Star Catcher Program identifies employees with hypertension and excessive working hours, who are encouraged to reduce working hours and actively follow medical advice. In Taiwan, 432 personnel have participated in the program. Furthermore, AUO also offers mental counseling services for those who needs psychosocial support.



	2017	2018	2019
Frequency of disabling injuries rate (FR)	0.33	0.38	0.24
Disabling injury severity rate (SR)	5.02	70.13	9.97

In 2018, the sharp jump in SR from our China sites was due to a serious incident of personnel injury at the Xiamen site. After investigation, we found that the employee failed to follow proper operating procedures when restarting the machine.

In 2019, there were 4 serious occupational injuries from tripping, electric pallet truck brake failure, and finger amputation while operating machinery in our Singapore site.

To prevent these from happening again, AUO has undertaken a thorough review of the personnel training system, upgraded safety measures on machine operations, and conducted a complete review of safety mechanisms at all sites.

Supply Chain Management

All new suppliers are required to sign the AUO Supplier/Contractor Code of Conduct Compliance Statement to comply with international standards, such as SA 8000, the Universal Declarations of Human Rights, and Global Sullivan Principles. Annual CSR risk assessments have been conducted since 2015 through self-appraisal questionnaires.

Supplier CSR Risk Evaluation

Year of Questionnaire	2017	2018	2019
Participating Suppliers	82	74	88
High Risk Suppliers Identified	7	6	18

Note: Suppliers include companies and contractors. Number of high risk suppliers identified is accumulated from economic, environmental and social aspect categories.

Responsible Supply Chain

AUO has developed a proprietary supplier audit standard in accordance with RBA Code of Conduct. Starting from 2019, annual audit information will be systematically recorded on a new platform for long-term tracking and monitoring.

The audited suppliers are selected according to 3 principles

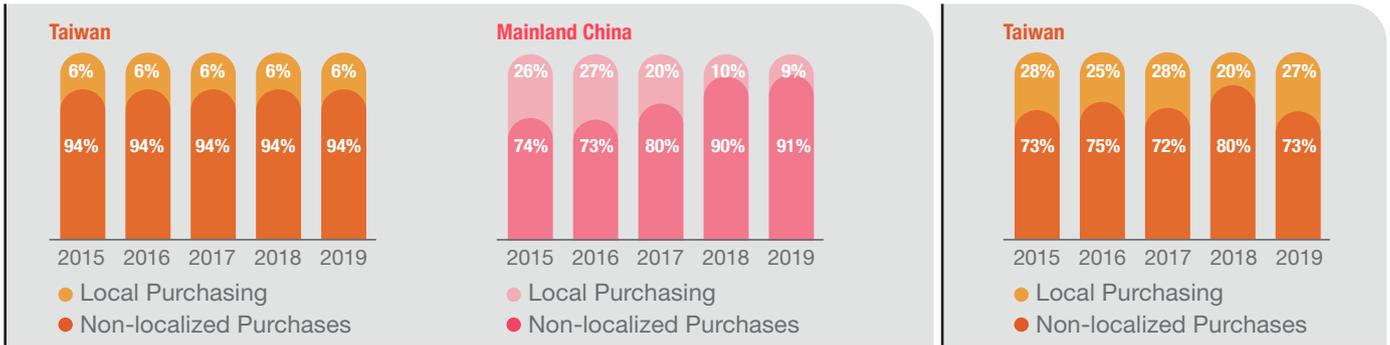


39 supplier audits were completed in 2019 and pass rate for the environmental and social dimensions in 2019 were 72% and 64% respectively, both exceeded the > 60% threshold.

Local Purchasing

Percentage from Display Business

Percentage from Solar Business



Conflict Minerals

Conflict Minerals — the scope of guarantee for the raw material supplier's inspection certificate reaches 100%

AUO has established the conflict minerals material management process to comply with regulatory requirements. Based on the Conflict Minerals Report that we submitted to the SEC in May 2019, more than 91 suppliers and 3,710 part numbers were validated to certify that all AUO's sources for Gold (Au), Tantalum (Ta), Tin (Sn) and Tungsten (W) are from non-conflict regions.

Since 2015, AUO has started to conduct conflict minerals management audits to ensure suppliers have properly enforced related regulations.

Supplier Sustainability Partnership

Since 2018, AUO has been advocating the sustainability partnership with key initiatives at executive meetings with suppliers. The "AUO Green Partners campaign" aims to create shared value within the supply chain by stressing the ideas of sharing and feedback, inspection and mentoring, and benchmark-setting. AUO hosted the "Creating Shared Value - AUO CSR Partners Conference" to further strengthen global partnerships and support UN SDGs.



Sustainable targets with suppliers to achieve:

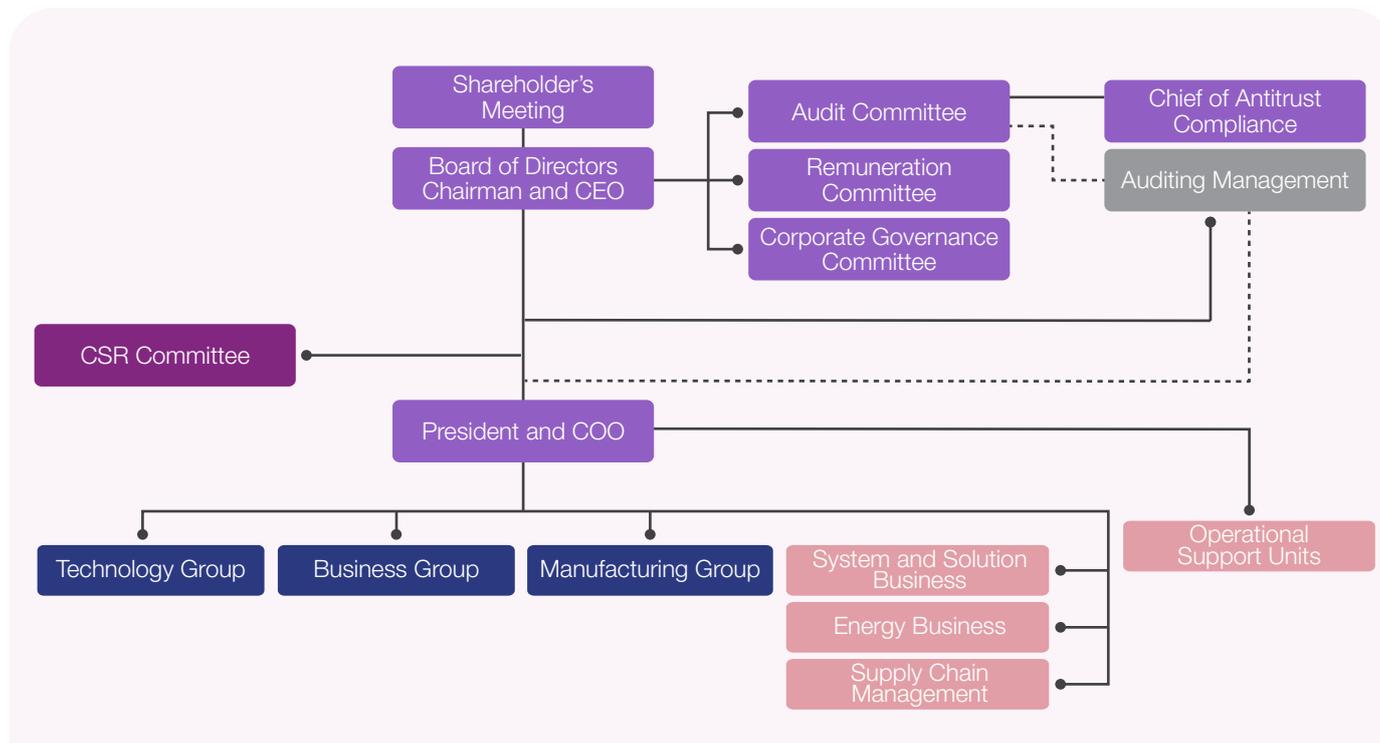
Carbon Reduction Target
Collective carbon reductions of 10,000 tons every year between 2020-2025.

Water Neutrality Target
A daily water saving of 5,000 tons in 2020
2019 Achievement: 4,846 CMD

Governance

AUO has established a set of comprehensive corporate governance guidelines which encompasses Corporate Governance Principles, Corporate Social Responsibility Principles, Ethical Corporate Management Principles, Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Senior Management, Methods to Evaluate Performance of the Board of Directors, Management Procedure for Insider Trading Prevention, Policy and Procedures for Complaints and Concerns Regarding Accounting, Internal Accounting Controls or Auditing Matters and Tax Policy. These guidelines define the company's management principles.

Governance Organization



Our Board exercises its powers in accordance with the Articles of Incorporation and resolutions passed by the Shareholders' Meeting. 9 directors (including 5 independent directors) were elected through nomination mechanism. Independent directors have accounted for the majority on the Board since 2013. The Board meets at least once every quarter, and 7 meetings were convened in 2019.

The AUO "Corporate Governance Principles" call for diversity in the composition of the Board of Directors. Suitable diversification guidelines were also drawn up for Board operations, business models and development requirements.

The scope of the assessment of the Board of Directors includes 45 indicators that fall under five aspects: level of participation in Company operations, enhancing quality of decision-making from the Board, composition and structure of the Board, nomination of Directors and training programs as well as the effectiveness of internal control. The scope of the assessment of the Audit Committee and Remuneration Committee include 23 and 19 indicators respectively that also fall under the aforementioned five aspects.

Management Objectives and Progress from AUO's Diversification Policy

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

56% (5/9) Independent Director Representation on the Board

Position	Name	Gender	First Elected	
	Chairman (CEO)	Paul SL Peng	M	2010.06.18
	Director	Kuen-Yao Lee	M	2004.04.30
	Managing Director (President/ COO)	Frank Ko	M	2019.06.14
	Director	Peter Chen	M	2010.06.18
	Independent Director	Chin-Bing (Philip) Peng	M	2013.06.19
	Independent Director	Mei-Yueh Ho	F	2010.06.18
	Independent Director	Yen-Shiang Shih	M	2016.06.16
	Independent Director	Yen-Hsueh (Sharon) Su	F	2019.06.14
	Independent Director	Jang-Lin (John) Chen	M	2019.06.14

Note: Seniority as the Director of the Company is calculated up to Jan 31st, 2021.

Company's diversification efforts for the members of the Board in 2019 is as follows

Name	Position	Gender	Professional Knowledge and Skills		Key Experience			Age			Employee Status
			Industry or Technology	Law, Finance or Audit	Technology Industry	Finance Investments	Technology Research	55 years and Below	56 - 65 Years	66 - 75 Years	
Paul SL Peng	Chairman	M	✓		✓				✓		✓
Kuen-Yao Lee	Director	M	✓		✓					✓	
Frank Ko	Director	M	✓		✓			✓			✓
Peter Chen	Director	M	✓		✓				✓		
Chin-Bing (Philip) Peng	Independent Director	M	✓	✓	✓						✓
Mei-Yueh Ho	Independent Director	F	✓		✓	✓					✓
Yen-Shiang Shih	Independent Director	M	✓		✓						✓
Yen-Hsueh (Sharon) Su	Independent Director	F	✓	✓	✓	✓		✓			
Jang-Lin (John) Chen	Independent Director	M	✓		✓		✓				✓

The profiles of each Board director and the courses they undertook can be found in the AUO 2019 Annual Report under III. Corporate Governance Report.

Functional Committees

Audit Committee

The Audit Committee is responsible for assisting the Board of Directors to supervise the Company's operations and exercise authorities vested in by the Securities and Exchange Act, and other relevant laws and regulations. The Audit Committee also regularly communicates with the Company's Certified Public Accountants and reviews the selection, independence and performance of the accountants.

Position	Name	Independent Director	Financial Expert	Attendance
Convener	Chin-Bing (Philip) Peng	✓		100%
Member	Mei-Yueh Ho	✓	✓	100%
Member	Yen-Shiang Shih	✓		100%
Member	Yen-Hsueh (Sharon) Su	✓	✓	100%
Member	Jang-Lin (John) Chen	✓		100%

At the same time, internal auditors are required to submit audit summary reports to the Audit Committee on a regular basis, based on the annual audit plan and to prepare reports on submissions made to the Audit Committee mailbox.

The Audit Committee also conducts regular evaluations on the internal control system, internal auditors and their work performance. All 5 independent directors meet the criteria including professionalism, work experience, independence, concurrent independent directorship, in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

Remuneration Committee

The Remuneration Committee was established in 2011, in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter." The Remuneration Committee is composed of three members and led by an Independent Director.

Position	Name	Independent Director	Attendance
Convener	Yen-Shiang Shih	✓	100%
Member	Yen-Hsueh (Sharon) Su	✓	100%
Member	Ding-Yuan Yang		100%

Three meetings were held by the committee in 2019. Duties of the Remuneration Committee is as follows:

1. Define and periodically review the compensation policies, systems, standards and structures, and performance of directors and senior managers.
2. Periodically review and define compensation packages of directors and senior managers.

CSR Committee

The CSR Committee was established at the end of 2013 to govern sustainability related activities, and the position of Chief Sustainability Officer (CSO) was set in March 2018 to boost the company's transformation strategy. The CSO oversees strategic direction of corporate sustainability, stakeholder management and communication, financial and non-financial performance, aiming to realize our vision of "Go Beyond CSR, Create Shared Values."

CSR Committee Operation

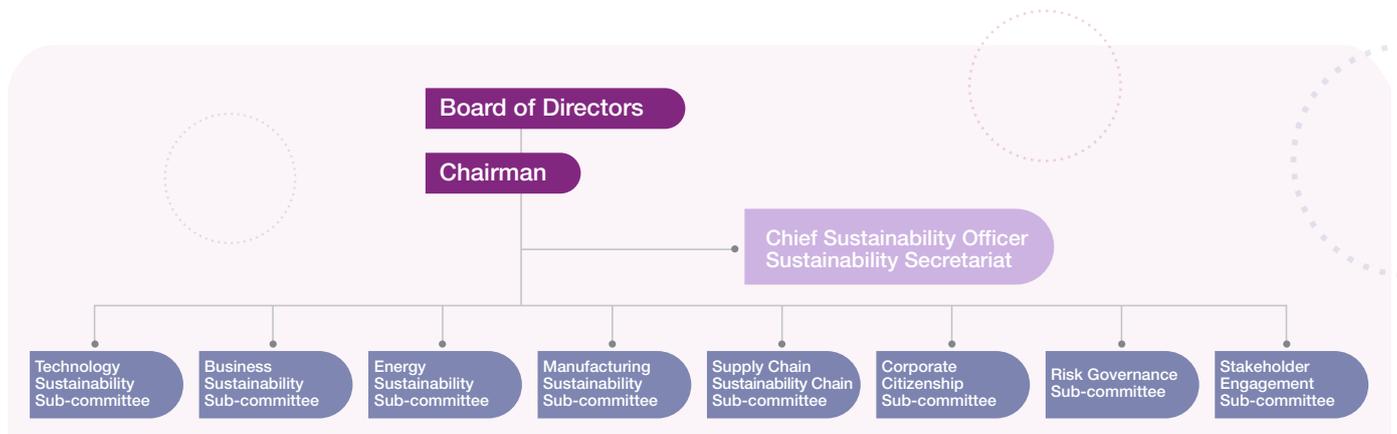
The CSR Committee is headed by the Company's chairman with functional sub-committees led by vice presidents and executives. Corresponding team targets are reviewed every month, and sub-committees will regularly update key issues to the chairman in quarterly meetings. The CSR Committee also reports their performance to the Board of Directors every year in accordance with CSR best practice.

Additional working groups such as the Carbon Energy Group and Circular Economy Working Group, oversee key topics and are headed by the VP of Manufacturing and CTO respectively to align information and resources among sub-committees.

Corporate Governance Committee

The Corporate Governance Committee was established in October 2019 to strengthen corporate governance and enhance effectiveness of the Board. The Company's chairman serves as the convener of the Committee. The committee also includes all Independent Directors. According to the Committee Charter, the committee should convene at least once a year, and ad hoc meetings could be held if necessary.

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	✓



Information Security Committee

The Information Security Committee is directed by the Company’s chairman, with the President as the deputy chair. Committee members are composed of senior executives from each department. The Chief Information Officer (CIO) serves as the convener, managers from relevant units are appointed as team leaders for the promotion of information security operations.

Annual information security risk assessments are conducted in accordance with the Information Security Policy.

- (1) The internal information security platform operates 24-hours a day for timely support and response.
- (2) The Company from time to time conducts Cyber Attacks Drills including scenarios of machine offline, network disconnection, along with back-up systems activation and subsequent recovery. These drills are conducted and reviewed to reinforce our capability to respond to and resolve cyber attacks.



Certification	Version	Original Cycle Start Date	Verification Authority
ISO 27001	2013	2017	TAF

Business Continuity Plan

To ensure business continuity, AUO constantly monitors external and internal operating risks that may impact the company’s operations, and invests in risk control for comprehensive response preparations. AUO has implemented Business Continuity Plan (BCP) since 2018, and topics covered includes water shortage, fire, earthquake, chemical spills, infectious diseases, component shortages, and digital threats.

In late December 2019, global spread of COVID-19 has seriously impacted business operation and production. Comprehensive quarantine and response procedures were initiated by AUO soon afterwards. For instance, a "Cross functional Task Force" was immediately established in the early stages to track the status of the pandemic. When the situation began to worsen, a "Global Business Continuity Response Command System" led by the Chairman/CEO was set up to coordinate all COVID-19 related information so to quickly response to any change of the situation.

Business Integrity and Legal Compliance

AUO believes all employees should adhere to the highest ethical standards and follow related regulations. In an effort to eradicate corruption, bribery and extortion, the Company has set out anti-corruption guidelines in the "Employee Manual" and published the "AUO Integrity Policy" for employees. Results and achievements from the execution of Code of Ethical Management are presented to the Board of Directors every year, and publicly disclosed in the annual report and CSR report.



AUO is implementing integrity management through employee education, declarations and systems in collaboration with various stakeholders. The scope of these efforts include fair competition, integrity policy and anti-corruption litigation.

AUO policy related documents are publicly available to download on the AUO website:
<https://csr.auo.com/en/operating/policy-person>

Whistleblowing system

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.”

