

AUO

**Sustainability
Report**

2022



AUO



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

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About the Report

The Journey of Sustainability Reporting

AUO began publishing its Environmental Brochure in 2004, and the Environmental, Health, and Safety Report in 2005. The CSR Report has been published on an annual basis since 2006. The report provides a systematic compilation of AUO's goals and accomplishments in the corporate governance, environmental and social aspects. To provide a complete disclosure of AUO's sustainability accomplishments and the outcomes of stakeholder communication, the third edition of the Global Reporting Initiative - Sustainability Reporting Guidelines (GRI-G3) was adopted in 2007 as the basis for our CSR report structure, followed by the adoption of the GRI Standards in its entirety in 2017. The sustainability report is now prepared in accordance with the GRI Standards, and the Sustainability Accounting Standards Board (SASB) Index (Hardware). This report is the 17th sustainability report by AUO.

Scope & Basis of Calculations

The information disclosed in this report encompasses the sustainability performance of all AUO sites worldwide between the period 1st January, 2022 and 31st December, 2022. The reporting boundary encompasses all sites in Taiwan, China, other Asian regions, the Americas, and Europe. Key information from the subsidiary AUO Crystal and suppliers, as well as highlights of innovative product/service from the subsidiary AUO Display Plus, AUO Envirotech, AUO Digitech, and Space4M are also included to disclose the Company's sense of responsibility and influence on the value chain.

Reporting Standards & Guidelines

Important economic, environmental, and social issues from around the world were collected by AUO, and materiality analysis was applied to identify topics that were of concern to stakeholders. In 2022 Q3, all the relevant departments were invited to discuss and identify the issues of importance. The implementation results for each issue are presented in this report. This report discloses the Company's performance and management guidelines for these issues in accordance with the GRI Standards revised in 2021, SASB index (Hardware), and Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

Information Credibility

Internal audit

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

External assurance & verification

All of the data in this report were verified by an independent third party and presented using internationally accepted indicators. Estimation is indicated in their corresponding sections.

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

Report Publication

The Sustainability Report is published annually by AUO.

Current version: Issued in June, 2023

Previous version: Issued in June, 2022

Next version: To be issued in June, 2024

Feedback

Please do not hesitate to contact us if you have any suggestions or questions. Our contact information is provided below. You may also click on "Contact AUO" on our homepage to reach us.

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- Telephone: +886-3-500-8800
- Email: CSR@auo.com
- AUO's CSR official website: csr.auo.com/en

Cover Story

Featuring 2D and 3D patterns combined with various geometric shapes and spheres, it represents AUO' intelligent display technology applied in diverse fields. The center of the composition consists of various innovative panel designs, symbolizing display panels, green energy, and ESG, conveying AUO' commitment to continuously bring innovative experiences to the public and its unwavering determination to sustainable development.

Awards & Recognition

Governance

- Asia Responsible Enterprise Awards - Corporate Governance Award
- Manufacturing Leadership Awards
- ROI-EFESO Industrie 4.0 Award
- Clarivate Top 100 Global Innovators
- Ranked among the top 5% in the TWSE corporate governance evaluation
- TCSA Taiwan Top 10 Corporate Sustainability Award (Manufacturing), Sustainable Supply Chain Leadership Award, Innovative Growth Leadership Award
- Commonwealth Sustainable Citizen Award - Ranked 10th in Large Enterprises Category
- Harvard Business Review Digital Transformation Awards - Smart Manufacturing Transformation Award, ESG Special Award

Society

- Asia-Pacific Sustainability Action Awards - Gold Award in social aspect
- Hsinchu Science Park Excellent Occupational Safety and Health Unit
- TCSA Human Rights Practice and Development Leadership Award

Environment

- Asia-Pacific Sustainability Action Awards - Silver Award in environmental aspect
- Executive Yuan National Corporate Environmental Award - Gold Award
- Ministry of Economic Affairs Energy Saving Leadership Award - Gold Award
- Environmental Protection Administration Excellent Recycling Performance Awarded - Gold Award
- Taiwan Circular Economy Award - Product Model Award and Corporate Model Award
- Science Park Carbon Reduction Excellence Award
- TCSA Climate Leadership Award, Water Resource Management Leadership Award, Circular Economy Leadership Award

Innovation

- Central Taiwan Science Park Excellent Manufacturer Innovation Product Award
- Hsinchu Science Park Excellent Manufacturer Innovation Product Award
- Ministry of Economic Affairs Taiwan Excellence Awards - 5 Grand Awards
- SDIA - Futuristic Display Award - Gold Prize



For more about innovative product, see [5.1.3](#) & [5.1.4](#) >

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

DJSI World for 13
consecutive years

Corporate
Responsibility
Prime
rated by
oekom research

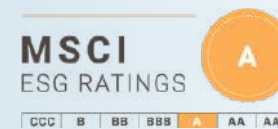
ISS Oekom Sustainability
Rating - Prime Status



Listed in the Top 5%
S&P Global 2023
Sustainability Yearbook



EcoVadis Sustainability
Rating - Silver



MSCI ESG Leaders Indexes
MSCI ESG Rating A



Included in the Bloomberg Gender
Equality Index for 6 consecutive years



CDP Climate Change, Water
Security, Supplier Engagement
score of "Leadership"



FTSE4Good
Emerging Index

Message from our Chairman



Chairman & Group CSO (Note)

A handwritten signature in black ink, appearing to read 'Paul Peng', written in a cursive style.

Note: On 23 February 2023, the Board of Directors of the Company approved the appointment of Mr. Shuang-Lang (Paul) Peng as the Group CSO with effect from 1 March 2023.

Dear Valued Partners with an Interest in the Sustainability of AUO,

A turbulent confluence of factors including war, inflation, and the pandemic in 2022 brought about global challenges such as economic recession, energy crisis, and material shortages. The Global Risks Report published by the World Economic Forum (WEF) highlighted that, in addition to persistent concerns over economic and social development in the short term, climate change represents another challenge that the world cannot afford to ignore. Businesses must adopt a holistic approach to sustainable development.

The weak economy over the last year weighed on the end consumer market and presented AUO with significant challenges. In response to this industry downturn, we cautiously pursued a robust financial structure, building up the energy to accelerate our biaxial transformation, continuing to add value to advanced display technologies (Go Premium), and exploring vertical fields (Go Vertical). Concurrently, we drew up the "One AUO" strategy in 2022 to focus the Group's resources on transforming non-panel-centric businesses into future growth engines for AUO. We also enhanced our corporate governance and implemented a company-wide ESG campaign to build a sustainable ecosystem.

Thanks to our team's efforts in 2022, our biaxial transformation strategy is beginning to bear fruit, with substantive progress made in technology, product manufacturing, and regional business development. In terms of enhancing business resilience, AUO unveiled a range of LED Display products, from large LED displays and premium MicroLED transparent displays to rollable panels and spherical displays featuring fine-pitch seamless tiling technology. These innovative, cutting-edge technologies have received widespread praise. Moreover, AUO maintained our R&D advantage with patents and a strategic roadmap comprising both quality and quantity, earning recognition as a "Top 100 Global Innovator" by Clarivate and LexisNexis.

In the arena of field applications, we developed next-generation cockpits and transportation applications for the Smart Mobility field, facilitated precision diagnosis and treatment for medical workers in the Smart Healthcare field, and created a fully integrated Online-to-Offline consumer experience in Smart Retail. High-quality displays were also integrated with software and hardware to develop further applications for the enterprise and educational fields.

Our efforts in smart manufacturing over the last few years translated into productivity boosts and cost reductions, leading to esteemed accolades such as the Manufacturing Leadership Award in the U.S. and the ROI-EFESO Industry 4.0 award in Germany. This recognition positions AUO as one of the top smart factories globally. Furthermore, smart factory and green manufacturing solutions developed by AUO Digitech and AUO Envirotech have both turned profitable, with integration continuing to expand and grow.

As a leader in climate action, AUO actively addresses climate challenges by developing low-carbon production processes, utilizing renewable energy, reducing product energy consumption, and enhancing product circularity. The application of AI technology promotes the further refinement of our green manufacturing technology, optimizing water and energy efficiency, reducing carbon emissions, and minimizing waste production. With the goal of reducing supply chain carbon emissions by 20% by 2030, AUO is committed to mentoring businesses and assisting industry-wide low-carbon transformation through carbon management, smart energy conservation, clean production, and smart manufacturing solutions.

Despite a challenging 2022, AUO's collaborative efforts resulted in a strong sustainability performance, including selection by the Dow Jones Sustainability World Index for the 13th consecutive year, an MSCI ESG rating of "A", a top 5% ranking in the TWSE Corporate Governance Evaluation, and numerous other domestic and international accolades. As we move into 2023, AUO will continue to consolidate and expand our Group synergies, working collaboratively and co-creating with our ecosystem partners to fulfill our commitment to low-carbon operations and sustainability.

I would like to take this opportunity to thank all stakeholders for their support and affirmation. We shall continue to embrace the future through the spirit of "Tap into the Possibilities."

Message from our CSO

Looking back on 2022, the global landscape underwent significant changes in political and economic spheres, climate action acceleration, and rapid digital technology advancements. These developments underscored the necessity of businesses to adapt and enhance their resilience quickly. AUO places emphasis on sustainability and would share our view to key ESG challenges with our stakeholders through this Q&A format. We also look forward to nurturing our growth and success with external partners.

Q: How can businesses enhance corporate governance to better address diverse and complex risks?

Addressing risk factors is crucial for corporate sustainability. Traditionally, risk identification was conducted annually through qualitative and quantitative assessments by division heads in strategy, finance, and business operations. In 2022, we refined our risk governance mechanism to emphasize improved monitoring and defensive management. We extensively utilized digital applications to analyze reports by domestic and international think tanks media and established Key Risk Indicators (KRI) for closer monitoring. We also employed classification and indicator lights to strengthen our risk governance capabilities and stay abreast of current trends.

Q: How can we inspire collective action for carbon reduction and achieve concrete results?

Carbon reduction is integral to AUO's value chain. In 2018, we set the goal of reducing accumulated carbon emissions by 6.5 million metric tonnes by 2025, which we achieved ahead of schedule in 2022, thanks to collaborative efforts between manufacturers, product, and supply chain partners. We implemented energy-saving initiatives, such as equipment upgrades and AI-driven smart manufacturing, reducing our annual power consumption by 2.57%. Additionally, we continued to develop low-energy consumption products and partnered with our supply chain to create green finance incentive programs, resulting in a 72% increase in carbon reduction performance from the previous year. The pathway to carbon reduction will only increase in difficulty in the future, but we remain committed to pursuing net zero emissions.

Q: How can we strategize actions and evaluate our performance in response to the global emphasis on biodiversity?

At AUO, we recognize the significance of ecological protection and environmental sustainability. In 2022, we established a "Biodiversity and Ecosystem Policy," with a focus on consistently evaluating the benefits of harmonious coexistence with nature. Our achievement of Green Building certifications for four of our global facilities. Since launching a tree-planting initiative in 2008, we have reached our goal of planting one million trees and transitioned to proactive protection efforts. These include programs such as the "Green Party: Protecting Taiwan's Fortress" and the "Ocean Party: Protecting Taiwan's Coast." To reduce ecological footprint which align the spirit of the "Kunming-Montreal Global Biodiversity Framework," we have developed our wastewater recycling technology and set objectives for waste emissions and waste management moving forward. As we implement these systems, we are dedicated to systematically evaluating our value chain impact and collaborating closely with our partners to foster a more harmonious relationship with the natural environment.

Q: Considering that people are a company's greatest asset, how can we promote employee sustainability in this ever-changing world?

Adaptive talent development is a top priority at AUO. We provide systematic educational resources through AUO University and design personalized training roadmaps for employees based on their positions and specializations. In response to company transformations and external trends, we incorporated the College of Future in 2021 and added the College of Business and College of ESG in 2022. We employed various channels, such as news alerts, special classes, topical lectures, photography exhibitions, micro-learning podcasts, e-learning courses, and innovation challenges, to foster a collaborative learning environment and enhance participants' knowledge and skills. A sustainability census conducted in partnership with social enterprises revealed that AUO employees demonstrate above-average performance compared to the general population. This showcases how AUO employees strongly embrace the company's core value of continuous learning.

Q: How can we engage with social enterprises to drive innovation, make breakthroughs, and expand our influence?

AUO has participated in Buying Power activities for three years, consistently supporting small farmers and social enterprises. We also established the Sustainable Agriculture Alliance to encourage collaborative and inclusive growth. AUO Foundation projects, backed by social innovation, have created diverse opportunities for collaboration, including water resource education promotion, plastic reduction workshops, charity fundraisers, tree planting and rehabilitation initiatives, and rural campus sustainability education projects. These cross-disciplinary collaborations have generated innovative ideas and outcomes. AUO remains committed to partnering with social enterprises and social innovation to convey the power and influence of social care in a synergistic manner.



Chief Sustainability Officer

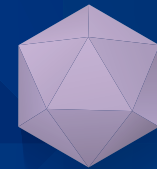
A handwritten signature in black ink that reads "Amy Kuo". The signature is written in a cursive, flowing style.

Chapter

1

Business Operation

- 1.1 Company Profile
- 1.2 Economic Performance
- 1.3 Governance Organization
- 1.4 Business Integrity
- 1.5 Risk Management



Highlights

New Corporate Image

New evolution of brand identity to convey the future positioning of AUO and the corporate spirit of Tap Into the Possibilities.

Investment in Sustainability

Partnering with multiple banks on green credit, green deposits, blue loans, and sustainability-linked loans.

Enhancing Board Diversity

Women made up 44% of Board directors. Directors' background and experience encompassed fields such as technology, finance, and sustainability.

Organizational Culture of Integrity

Unobstructed whistleblowing channels and annual inventory of anti-corruption.

Refinement of Risk Governance Mechanism

New KRI light management system and monitoring of early risk indicators for more complete and comprehensive risk management.

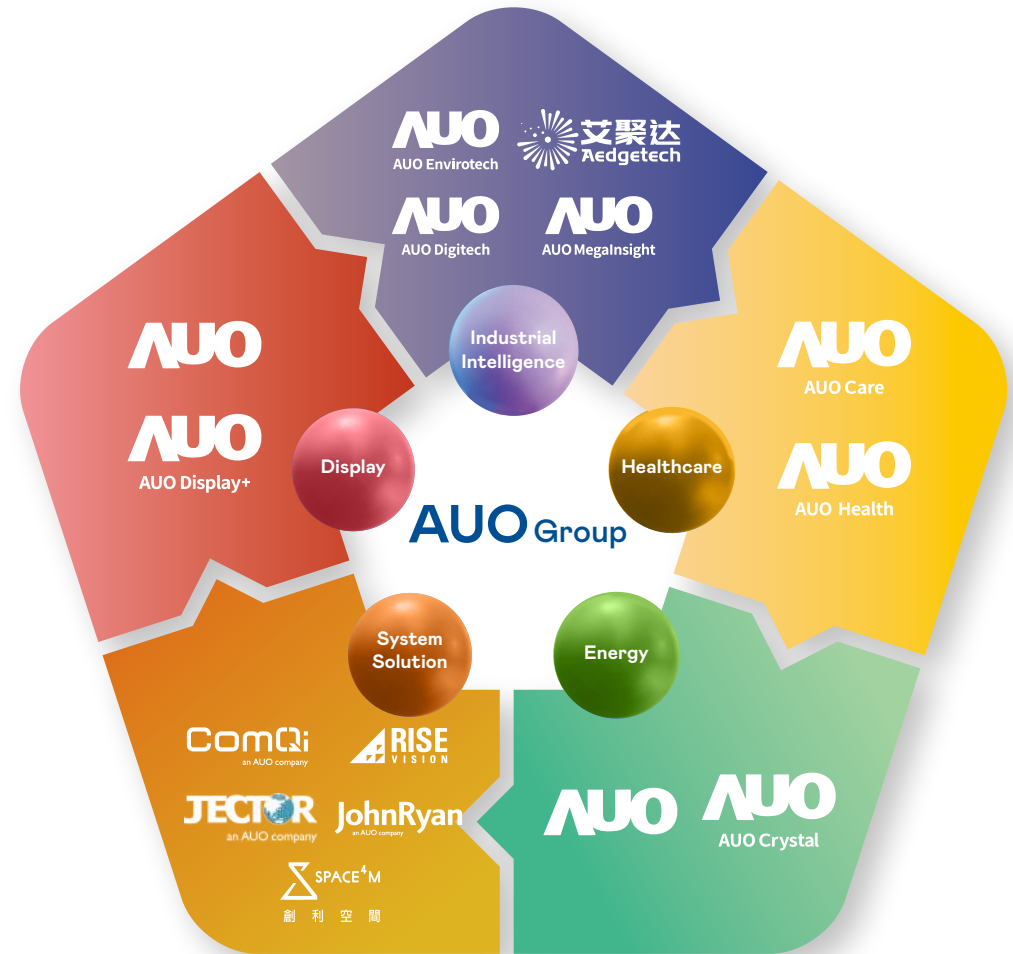
1.1 Company Profile

● Tap Into The Possibilities

Founded in 1996, AUO is an enthusiastic, technology-driven company delivering products and solution services that advance the frontier of innovation. Consolidating the strength of the Group, AUO's operation covers major business areas including display, system solution, industrial intelligence, healthcare, and energy.

AUO specializes in the R&D and manufacturing of display panel, and develops high-valued and differentiated product applications. Leading the industry with abundant R&D personnel and innovative technologies, AUO is committed to providing diverse vertical solutions through integrating core display technologies with AIoT. Through cooperation, complementation, and co-creation, AUO constructs the smart AIoT eco-system with our strategic partners, achieving our vision of realizing an innovative living future.

"One AUO" strategy to consolidate the strength of the Group, developing continuously in five major business areas including display technology, system solutions, smart manufacturing, medical care, and green energy, focus resources on a single brand to expand the international market, and embrace the future of infinite possibilities with the power of the group.



AUO at a Glance



Founded in
1996













People
36,000

2022 Revenue
NTD **246.8 B**








Innovative Display Technologies

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

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

AUO is Everywhere

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

Smart Retail 	Smart Healthcare 	Smart Mobility 	Smart Education & Enterprise 	Smart Manufacturing 
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AUO Around the Globe

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



● Business

● Manufacturing

● Headquarters

1.2 Economic Performance

1.2.1 Financial Performance

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



For more about financial performance, see [2022 Annual Report Chapter 5](#) >

Business Operation Proportion

In terms of panel manufacturing, AUO offers complete production lines for LCD TVs, desktop monitors, notebook and tablet PCs, automotive, and commercial display monitors. We have a portfolio of many advanced technologies and deliver our services worldwide. Elsewhere, the biaxial transformation strategy adopted by AUO in recent years is now beginning to produce results. In 2022, more than 10% of AUO revenues came from non-panel sources. We will accelerate the pace of transformation in the future to expand our non-panel revenues, increase their returns, and bring greater stability to AUO operations by reducing the impact of the boom-bust cycle in the panel market.



For more about patent strategy, see [5.1.1](#) >

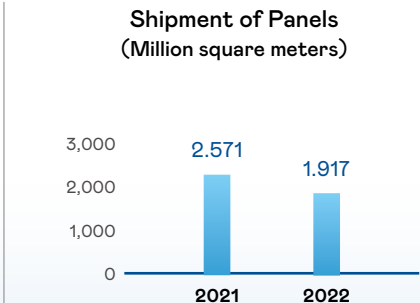
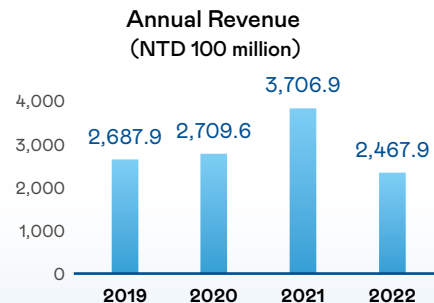
Financial Strategies

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

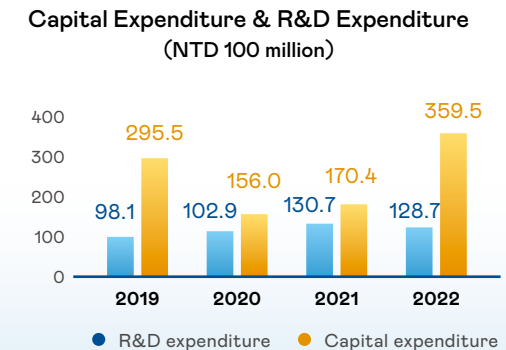
AUO is also strengthening our global operations and resources by implementing localized management. The advantages and human talents of local ecospheres around the globe are brought together to provide customers with total solutions. We look forward to becoming the supplier of AIoT smart solutions based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

Capital Expenditure & R&D Expenditure

AUO follows the Smart Investment principle by carefully reviewing all of our investments. The biaxial transformation strategy is emphasized with investments aimed at making further improvements to the value-added in display technologies (Go Premium) and exploration of vertical market applications (Go Vertical). Technological leadership is essential to maintaining our competitive advantage. AUO investment in research and development has stayed steady every year, regardless of industrial or economic trends. AUO's consolidated R&D expenditure in 2022 was NT\$12.87 billion. In addition to upgrading advanced technologies like Mini LED and Micro LED as well as optimizing our production processes, we have also developed a comprehensive patent strategy. The consolidation of our technological leadership by increasing value-added by our products and production capacity, we can not only raise the threshold for our competitors but also support our brand customers during their global market expansion.



Note: Since 2021 shipment unit change into square meters, which used to piece in the past



● Sustainability-linked Loans



Green Credit

Green credit is when financial institutions provide loans earmarked for the purchase of real estate, machinery or equipment required for green R&D, manufacturing, or business operations, for obtaining intangible assets such as green certification or patented technologies, or for investment, starting a new business, acquisitions, or business operations. AUO obtained green loans from the Changhua Bank in 2022 to support our expanded use of green electricity and investment in the construction of a solar power plant by our subsidiary DaPing Green Energy Corp.



Blue Loan

A Blue Loan is where a financial institution provides a loan that must be invested in designated water resource sustainability, ocean resource sustainability, supply of clean water resources, ocean friendly products, or ocean ecological conservation projects or programs. The use of funds and project outcomes are also examined on a regular basis. Blue loans were provided by the DBS Bank in 2022 to support AUO's investment in water recycling and purification equipment. The expansion of financing options will enable the development of even more blue initiatives.

Progress

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



Sustainability-Linked Loans

A sustainability-linked loan is where a sustainability performance index published by an impartial third-party body is used as a basis for periodic assessment of the borrowing enterprise's performance in economic development, environmental protection, and social impact. The bank will then actively lower the loan interest rate if a firm achieves some growth in the indicators mentioned above. AUO obtained separate sustainable development loans from DBS Bank, Mega Bank, a total of 25 bank include Bank of Taiwan and First Bank from 2019 onwards. Another sustainability-linked loan was set up with the Republic of China's Export-Import Bank in 2022. For the period of the loans, partner banks will periodically assess the sustainability performance of AUO through Dow Jones Sustainability World Index and other indices annually.



Green Deposits

A green deposit is where deposits received by the bank is designated for investment in the green financing projects and programs related to topics such as development of renewable energy and renewable energy technology, improvement of energy efficiency and energy conservation, pollution prevention and control, water conservation and purification or reclamation for reuse. Once the deposit is received, the bank must periodically provide a report on the use of funds that has been reviewed by an impartial third party and reveal how project funds are being used. The bank may also raise the interest rate on the deposits above the board rate to encourage the participation by corporate customers. AUO sets up green deposits with DBS Bank, Changhua Bank and KGI Bank in 2022 to promote green transformation, joining forces with the banks to promote green transformation and realizing sustainable operations.

1.2.2 Tax Governance

● Taxation Governance

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

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



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

● Tax Risk Management

As a global leader in photoelectric solution leader and with investment in many countries, AUO pays close attention to any taxation policy changes in countries to evaluate taxation risks that may arise from developing the business locally.

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

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

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

1.3 Governance Organization

AUO's Corporate Governance Blueprint

AUO voluntarily emphasizes corporate governance and has complied with the Financial Supervisory Commission's Corporate Governance 3.0 Sustainable Development Blueprint to enhance the Company's sustainable development and strengthen our international competitiveness, ultimately developing into a sustainable and outstanding enterprise.



Measures

- Enhance operations of the board**
 - Articles of Incorporation
 - Corporate Governance Principles
 - Ethical Corporate Management Principles
 - Rules of Procedure for Shareholder Meeting
 - Rules of Procedure for Board Meeting
 - Organizational Charter for Corporate Governance Committee
 - Handing Procedure of Audit Committee
 - Organizational Regulations of Remuneration Committee
- Protect shareholders' rights**
 - Rules for the Election of Directors
 - Methods to Evaluate Performance of the Board of Directors
 - Procedures for Handling Shareholder Suggestions, Doubts, Disputes and Litigation Matters
 - Strategy meeting
 - Director Appointment and Training
 - Risk Management Policy
- Implement compliance**
 - Management Procedure for Insider Trading Prevention
 - Antitrust Compliance Policy Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Senior Management
 - Tax Policy
 - Information Security Committee
- Increase information transparency**
 - Reporting System for Violation of Ethical Conduct
 - Policy and Procedures for Complaints and Concerns Regarding
 - Accounting, Internal Accounting Controls or Auditing Matters
- Create green business opportunity**
 - Corporate Social Responsibility Principles
 - Green financing
 - Green investment
- Protect shareholders' rights**

Enhance the Structure and Operations of the Board

Since 2013, the number of AUO's independent directors has been more than half of the entire board directors and over half of the independent directors have served no more than three consecutive terms. To strengthen corporate governance and enhance the effectiveness of the Board, AUO has appointed Mr. Benjamin Tseng, currently AUO's Chief Financial Officer and Spokesperson, as head of Corporate Governance and established a Corporate Governance Committee in 2019 to stipulate the Corporate Governance Principles, study and review of the succession plan for directors, evaluate the development of the board, the performance and independence of directors, and search, review and nomination of director candidates.

Increase Information Transparency

AUO has completed the declaration and payment of consolidated and individual financial reports 75 days before the fiscal year-end of 2022. Since 2016, we have been autonomously conducting the ISAE 3000 accounting system for assurance in a bid to enhance the financial report transparency and internal operation precision.



For more about Financial Statements, see [AUO website](#) >

Protect the Shareholders' Rights

AUO has stipulated the "Procedures to Handle Suggestions, Inquiries, Disputes and Litigation from Shareholders", set up a spokesperson and acting spokesperson system to ensure timely and adequate disclosure of any information that may impact shareholders' decision making. The department dealing with stock affairs and juridical persons is the designated unit in charge. AUO has created a special mailbox to deal with shareholder suggestions, doubts and disagreements. Any legal issues raised by shareholders will be addressed by the Legal Department.

Equal Treatment of Shareholders

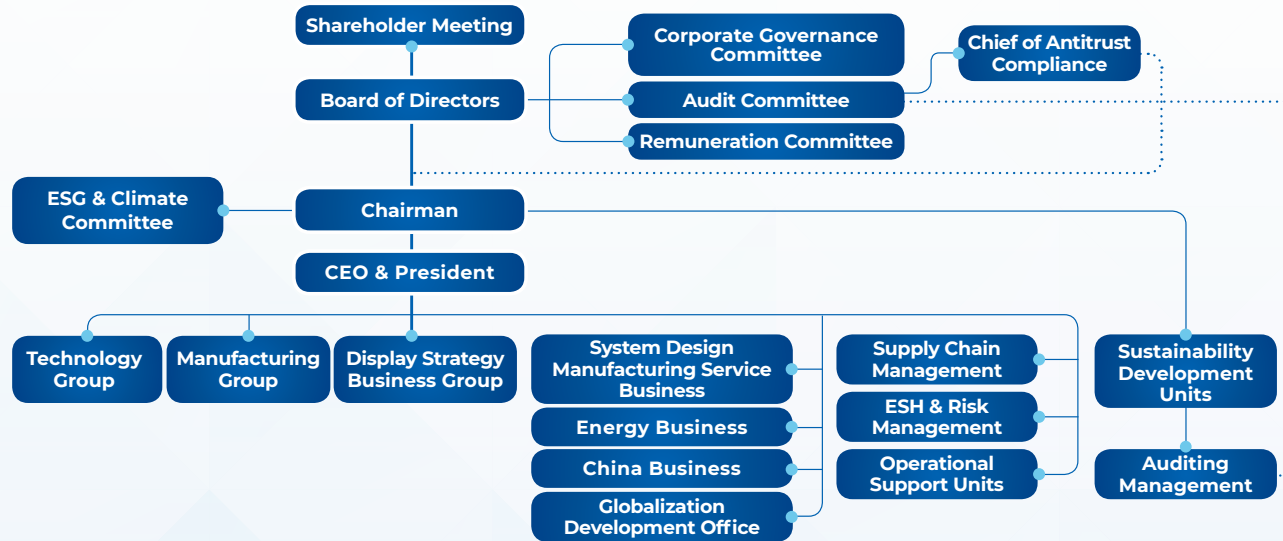
AUO has stipulated the "Management Procedures to Prevent Insider Trading", prohibiting internal personnel from buying or selling securities by using undisclosed information to the market. The Management Procedures also serve as a reference to the Company's handling and disclosure mechanism of major information. The Company also reviews the Management Procedures intermittently to comply with the present laws and regulations and practical management needs.

AUO has arranged for new directors and managers to take training courses in the prevention of insider trading within a month of their appointment. For new hires in 2022, both the attendance rate for the Corporate Integrity Training Course and the signing rate for the Statement of Integrity have reached 100%. Before the quarterly operating results are published, the Company would also remind internal personnel, relevant managements, and colleagues of the regulations governed by the provisions of Article 157-1 of the Securities Exchange Act, in order to concretely publicize the prevention of insider trading.

Fulfill Corporate Sustainable Responsibilities

In order to improve the management efficiency of corporate sustainable responsibilities and meet stakeholders' expectations for corporate governance, environmental sustainability and social welfare, AUO has set up a designated department unit for sustainable development for full-scale plan implementation, horizontal integration of resources and active connection with international communities, leading the company towards excellence with sustainable management. In 2022, AUO has been selected as a constituent enterprise of the Dow Jones World Sustainable Development Index for 13 consecutive years, remained in the top 5% of the Taiwan Stock Exchange (TWSE) Corporate Governance Evaluation, also achieved outstanding results in ESG evaluation at home and abroad and received much recognition in the form of Asia Responsible Enterprise Award, Global Corporate Sustainability Award and more.

Organizational Structure



Department	Business
ESG & Climate Committee	Establish a strategic corporate sustainable development plan that is in line with international trends. With net-zero carbon emissions as our core goal, we will develop proactive mitigation and adaptation actions to meet stakeholders' expectations for corporate governance, environmental protection and social care.
Technology Group	The R&D of advanced display technologies, design, and development of new products.
Manufacturing Group	The planning and management of display manufacturing process, raw materials and finished products.
Display Strategy Business Group	The management of TV, information, mobile devices, automotive and other display business departments, including product planning, marketing, businesses and customer service, and provision of a full range of smart solutions.
System Design Manufacturing Service Business	The provision of a full range of smart systems, integrated solutions and marketing services for retail, mobility, industrial and commercial spaces.
Energy Business	The provision of high-efficiency solar modules, all-round solar power plant service, and highly integrated service platform concerning energy management & service.
China Business	The management of the regional market development, customer development and technical services of and for the display business in mainland China.
Globalization Development Office	The management of the regional market development, customer development and technical services of and for the display business of overseas companies.
Supply Chain Management	The management of procurement, export and import affairs.
ESH & Risk Management	Planning for environmental safety, health and operating risk management.
Sustainability Development Units	Sustainable Development and New Business Investment.
Operational Support Units	Finance, Legal, Human Resource, Digital Technology, Quality Management, Corporate Strategic Planning, etc.
Chief Consultant of Antitrust Compliance	To ensure compliance with domestic and international antitrust laws by the Company; assess, mitigate and provide strategic advices on a variety of antitrust related risk.
Auditing Management	The management and supervision of internal audit and operating procedures.

1.3.1 Board of Directors

● Board Operation

The AUO Board of Directors is responsible for advising company strategies, supervising the managements and overseeing all operations and arrangement of corporate governance systems. The Board reports to the Company and shareholders and exercises its powers under the law, the Articles of Incorporation and resolutions passed by the shareholder meetings. The election of the 10th AUO Board of Directors was held at the Annual General Shareholders' Meeting in 2022. The 9 directors (including 5 independent directors) were elected using a nomination system where shareholders vote from a list of nominated candidates during the meeting. The directors on the current Board of Directors have extensive and diverse industry experience in commerce, finance, accounting, law and business administration, as well as corporate social responsibilities. The AUO Board of Directors meets at least once every quarter and 6 meetings were convened in 2022.

● Board Diversification

The 9 directors on the current Board of Directors all have extensive and diverse industry and academic backgrounds. The AUO "Corporate Governance Principles" calls for diversity in the composition of the Board of Directors. In addition to capping the number of directors that is also company managers to no more than one-third of the Board, suitable diversification guidelines were also drawn up for Board operations, business models, and development requirements. These include but are not limited to the 2 key standards below:

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

■ Management Objectives and Completion Status of Board Diversity Policy

Category	Management Objectives	Progress
Composition	There are 9 seats including 4 directors and 5 independent directors	✓
Gender	Women held at least 2 directorships	✓
Term	<ul style="list-style-type: none"> ● If an independent director has also already served 3 terms, then the appointment may be extended for a 4th consecutive term with the approval of the Corporate Governance Committee ● The majority of independent directors do not exceed 3 terms ● Director's age at time of election must be under 74 	✓
Concurrent Positions	<ul style="list-style-type: none"> ● The number of directors that are also company officers should not exceed 1/3 of the Board ● Independent directors are advised against being an independent director at more than 3 companies concurrently ● Independent directors should not be a director (including independent director) or supervisor at more 5 TWSE/TPEX-listed companies concurrently 	✓
Diverse Professional Skills	Including technology industry, technology R&D, industry innovation, financial accounting, financial investment, and Corporate sustainability	✓



For more about Board of Directors, see [2022 Annual Report Chapter 3](#) >

The AUO Board has included two or more women as directors for 15 consecutive years since 2007. The list of candidates nominated for the 10th Board of Directors consisted of 9 seats including 5 independent directors and 4 female directors. The majority of the Board became independent directors after the elections and the ratio of female directors was increased to 44%.

Name	Position	Gender	Age	Nationality	Term			Professional Knowledge and Skills					Employee position	
					Under 3 years	3-9 years	Over 9 years	Technology industry	Technical research	Industrial innovation	Financial accounting	Financial investment		Corporate sustainability
Shuang-Lang (Paul) Peng	Chairman	Male	60-69	ROC			✓	✓						✓
Frank Ko	Director	Male	50-59	ROC		✓		✓						✓
Chuang-Chuang Tsai	Director	Female	70-79	ROC	✓			✓	✓					
Han-Chou(Joe) Huang	Director	Male	60-69	ROC	✓			✓		✓				
Chin-Bing (Philip) Peng	Independent Director	Male	60-69	ROC			✓	✓			✓	✓		
Yen-Hsueh (Sharon) Su	Independent Director	Female	50-59	ROC		✓		✓			✓	✓		
Jang-Lin(John) Chen	Independent Director	Male	60-69	ROC		✓		✓	✓	✓				
Chiu-Ling Lu	Independent Director	Female	50-59	ROC	✓						✓	✓	✓	
Cathy Han	Independent Director	Female	50-59	ROC	✓			✓			✓	✓	✓	

Board of Directors Performance Evaluation

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

Internal Performance Evaluation for the Board of Directors and Functional Committees

The Board of Directors, functional committees, and Board secretariat conducted a performance evaluation for the "Board of Directors", "Board members", "Audit Committee", "Compensation Committee", and "Corporate Governance Committee" in 2022. The evaluation encompassed the social and corporate governance dimensions, and the outcome was divided into three levels: Above Average, Acceptable, and Improvement Needed.

The outcomes of the 2022 AUO self-assessment on the performance of the "Board of Directors", "Board members", "Audit Committee", "Compensation Committee", and "Corporate Governance Committee" were all Above Average with no major improvements required. The evaluation outcomes were reported to the Board in the first quarter of 2023 and will be used as a reference for determining the performance, remuneration, and re-appointment of Board and functional committees.

External Performance Evaluation for the Board of Directors and Functional Committees

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

● Director Liability Insurance

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

● Mechanism to Prevent Conflicts of Interest

AUO has set down conflict of interest prevention provisions of the Board of Directors in the Management Guidelines for Board of Director Meetings and the Audit Committee Charter that if a director member of the audit committee has a personal interest in any agenda item, the director shall explain the essential content of the interest. If the director's personal interest is likely to prejudice the interest of the company, the director member may not participate in discussion and voting and shall recuse himself or herself from the discussion and voting and also may not exercise voting rights as a proxy for any other independent director member. AUO has independent directors who will take an objective and fair position and make suggestions based on their professional capacity and experience. When discussing any proposals, the Board of Directors should fully consider the opinions of independent directors and include their opinions or reasons of consent or objection in the minutes of the meeting, while complying with the interest recusal principles to effectively protect the interests of the Company. Furthermore, none of the Board Members hold equity stake in the Company's main suppliers. AUO has also set up a spokesperson and company website to serve as a channel for all information transmission and communication. Shareholders' suggestions and all questions can go to the investor's mailbox and will be handled by designated personnel.

1.3.2 Audit Committee

The Audit Committee is responsible for helping the Board of Directors supervise the Company's operations and exercise authorities vested in it by the Securities and Exchange Act, the Company Act and other relevant laws. The Audit Committee communicates with the Company's financial statement auditors on a regular basis and is responsible for the appointment of financial statement auditors as well as conducting independence and performance reviews. Meanwhile, the Company's internal auditors will regularly submit audit summary reports to the Audit Committee in accordance with the annual audit plan, together with the Audit Committee's mailbox submission report. The Audit Committee will also regularly evaluate the Company's internal control system, internal auditors, and their performance. The Company's entire Audit Committee comprises independent directors (including 4 financial specialists), and all 5 independent directors meet the criteria as stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding profession, work experience, independence and the number of independent director positions held concurrently.



For more about Audit Committee, see [2022 Annual Report Chapter 3](#) >

1.3.3 Corporate Governance Committee

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

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



For more about directors' recusal practice, see [2022 Annual Report Chapter 3](#) >

● Corporate Governance Manager

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

● Implement Governance

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

1.3.4 Remuneration Committee

AUO in 2011 set up the Remuneration Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, with the appointment of its committee members determined by the Board of Directors. After the re-election of the Committee members in 2012, the independent directors, Chin-Bing (Philip) Peng, Yen-Hsueh (Sharon) Su and Jang-Lin (John) Chen served as the committee members and the independent director, Yen-Shiang Shih served as the remuneration committee convener. A total of 3 regular meetings were held in 2022. Its primary duties are as follows:

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

● Remuneration Policy of the Board of Directors and Senior Management

AUO Board of Directors remuneration policy is handled 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", proposed by the Remuneration Committee and executed upon the decision of the board of the directors. AUO prescribes in the Company's articles of the incorporation that should the Company reap profits for the year, it shall allocate no more than one percent for the directors' remuneration and should the Company have accumulated losses, it shall reserve a certain amount of the remuneration.

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 ESG goals, 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.

When approving the senior management's remuneration, the Remuneration Committee works simultaneously with external professional salary consultants to ensure that the senior management's remuneration is sufficiently competitive in order to improve the link between salary policies and the market trends.

Part of the compensation for senior management is paid in stock. The "Executive Stock Ownership Guidelines" (Note) also require the value of shares held by senior management to be a set multiple of their annual base salary: the multiple is 10 times for the Chairman who is also senior management, CEO and President, and 5 times for other senior management. Senior management are required to achieve the shareholding target within 5 years of their appointment. The total worth of shares must also be maintained while they are still senior management to strengthen corporate governance and fulfill our commitment to corporate sustainability.

Note: Started from February 2023

1.4 Business Integrity

1.4.1 Integrity Culture

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

● Prevention

Build Integrity Policies and Guidelines

AUO provides integrity principles and compliance guidelines for colleagues to cover four major aspects, and formulates evaluation indicators to ensure that employees consistently implement integrity in their actions.

Corporate Integrity Principles

Print English-Chinese bilingual posters and post them in all managers' offices to remind them to lead by example, adhere to integrity principles of corporate management and give employees guidance on ethical conduct.

Intellectual Property Protection Measures

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

Information Security Management Measures

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

Compliance with Insider Trading Laws

Uphold fair trade and prohibit insider trading that gives certain investors an unethical and illegal advantage.

Antitrust Compliance Principles

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

Code of Ethical Conduct for Employees

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

● Detection

Each year, a designated department will be in charge of conducting conflicts of interest declaration and internal audit, as well as external audit for suppliers to examine possible integrity risks. In 2022, AUO opened up the requirement to the company management and all colleagues who can make their own declarations. A total of 2,428 people completed the declaration. Regarding suppliers, we advocate a commitment to fair trade with integrity at the annual supplier conference and comply with the external audit system of the RBA to affirm that our key manufacturers adhere to the guidelines.



Containment

AUO regularly inspects the integrity department and defines the list of integrity positions for the departments with decisive influence on the import/export, product prices, investment targets and departments with frequent contact with suppliers, customers and contractors. AUO implements regular job rotation and business substitution through systematic management to prevent corruption. In 2022, we inspected 523 people holding integrity positions and conducted 2 trainings for colleagues holding integrity positions, including training for seven major prevention behaviors and case studies and prevention advice programs (Note). There were 5 people on the rotation list, and the rotation implementation rate in 2022 is expected to reach 100%. Regarding the whistle-blowing system, should any personnel in any capacity discover any violations of integrity while they are performing their duties, they can report to the internal or external whistle-blowing systems.

Internal | Direct supervisor, mailbox of CEO, and mailbox of the Audit Committee

External | Reporting system for ethical conduct violation

Once the violation is reported, the investigation procedure will be activated. The designated personnel including the audit department will set up an investigation committee in accordance with the "Guidelines for Managing Investigation Committee for Major Disciplinary Cases". Included in the Guidelines are "Procedures for Handling Complaints Regarding Accounting", "Internal Control and Audit" and "Complaints Processing Procedure" which prescribe the departments responsible for the processing procedures. Personal data will remain confidential and retaliation against colleagues is strictly prohibited. All new hires are required to complete integrity courses. In 2022, a total of 1,583 employees completed the training with a completion rate of 100% and all of them completed the signing of integrity declaration.

Note: The case studies and prevention advice programs were held on March 31, 2023.

Tracking

In 2022, AUO received a total of 27 whistle-blowing cases. We establish an internal control mechanism in accordance with the law. The audit department regularly evaluates the risks to the Company and formulate audit plans accordingly. It also performs relevant audits following the audit plan and regularly reports the audit results to the Audit Committee and the Board of Directors.

	Received	Closed	Ethics related
Reporting System for Violation of Ethical Conduct	17	17	1 (Note1)
Whistle-Blowing Mailbox (Note2)	7	7	0
Audit Committee Mailbox	3	3	0

Note 1: The employee involved in the case colluded with the supplier for improper actions. The employee was dismissed; the supplier was added to a blacklist.

Note 2: AUO renamed the Anonymous Reporting Mailbox to the Compliance Reporting Mailbox in 2023.

Internal Control System

Internal control systems that take into account the Company's overall business activities and industry regulations have been established by AUO in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies". Enforcement rules for internal audits were drawn up by the auditing unit based on the internal control system to serve as a basis for implementation as well as for assessing the effectiveness and level of compliance of the existing control systems and procedures; all Company operations and subsidiaries fall within the scope of the audits.

Internal Audit Tasks

Internal auditing is an independent unit that reports directly to the Board of Directors. It is headed by a full-time Chief Internal Auditor and one or many qualified full-time internal auditors. Internal auditing personnel attend audit-related training courses conducted by professional training bodies every year as required by law to continue refining their professional knowledge and skills. An audit plan is drawn up by the auditing unit based on identified risks each year. The plan is implemented once passed by the Board. Special audits or re-audits are also conducted where necessary. Recommendations or corrective actions are proposed for deficiencies or anomalies discovered during general and special audits. The status of corrective actions is also tracked. The management is also kept up to date on the current status of internal control functions including timely notification of existing deficiencies or potential risks.

Self-Assessment of Internal Control System

Self-assessments conducted by each unit and subsidiaries are reviewed by internal auditing including checking whether the process was carried out and review of documentation for assurance of execution quality. The results of self-assessments are also compiled and reported to the Audit Committee and Board of Directors. They also serve as the basis for assessing the effectiveness of the internal control system as a whole, and for the issuing of Internal Control System Statement.

1.4.2 Regulation Compliance

● Fair Competition

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

● Policy Definition and Update

AUO has had a "Compliance Policy" and a "Compliance Manual" in place since 2015, which were updated with new editions in 2017 and 2020, respectively. Further, AUO has strengthened compliance measures on other legal issues by stipulating the following policies and manuals in 2017: the "Export Compliance Policy", the "Anti-Corruption Law Compliance Manual", the "Copyright and Anti-Piracy Software Policy", the "Anti-Economic Espionage and Trade Secret Theft Policy", the "Conflict Minerals Policy" and the "Anti-Dumping Policy", and the "Data Protection and Personal Data Privacy Policy". Responding to the EU General Data Protection Regulation that came into effect on 25 May 2018, we formulated the "Data Protection Regulation Policy", including the "General Data Protection Policy", the "Data Leakage Management Policy", the "Data Protection and Impact Assessment Policy" and the "Personal Data Inventory Implementation Policy" and so on.

AUO has also formulated the applicable Privacy Statement Notice for wide-ranging operating conditions. In 2019, we continued to update the Anti-Corruption Law Compliance Manual. Responding to China's Personal Information Protection Law implemented on November 1, 2021, AUO has also amended its Privacy Notice and Data Processing Consent form at the end of 2021. The above documents are all published on the Company's website in the Legal Compliance section for colleagues to follow.

● Establish Management, Supervision and Prevention Systems

AUO promises to comply with antitrust law of Taiwan and foreign countries, establish a compliance plan with effective implementation and has set up the Chief Consultant of Antitrust Compliance for antitrust law compliance, who regularly reports directly to the Audit Committee with tasks covering the affirming of incentives and system, advocacy, risk assessment mechanisms, education and effect verification and timely response. Through the year-end risk assessment mechanism, we identify areas with potentially higher risks and modify the corresponding supervision and prevention mechanism accordingly. AUO's frontline business and administration divisions have appointed representatives to comprise the law compliance committee which regularly convenes to discuss law compliance issues including antitrust law, and review and implement law compliance measures. In addition, the Chairman of the Board also issues law compliance reminders for key regulations, on a regular basis.

● Antitrust Litigation

AUO's pending antitrust litigation in 2022 include a civil litigation case with LG Electronics and its affiliates. The litigation details are disclosed in AUO's Annual Report.



For more about litigation cases, see [2022 Annual Report Chapter 7 >](#)

● Education and Training

AUO has established a multi-tier law compliance education and training system, including mix of online exams, classroom courses and cross-departmental large-scale training, plus advanced bespoke courses for certain departments. The education and training courses held in 2022 are as follows.

- Antitrust Compliance training for new hires: all new worldwide recruits, except production line workers, are required to undergo antitrust compliance training within 30 days of commencing their employment.
- Online course and exam: Anti-corruption and bribery online training courses target all of AUO employees worldwide (except production line workers). Approximately 11,000 colleagues took the course, with a completion rate of 99.73%
- Advanced workshop: 4 sessions of advanced workshop for the manufacturing departments. A total of 601 colleagues completed the course with a completion rate of 100%
- Integrity Seven Preventive Behavior Education and Training online courses: All employees are required to participate in the online courses and pass the test. More than 35,000 colleagues completed the course with the training completion rate is 96.34%

1.5 Risk Governance

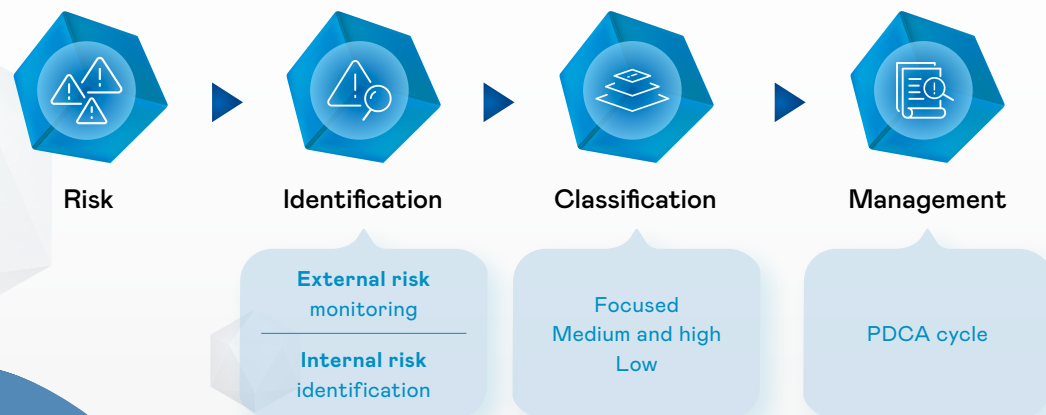
In response to the operational challenges brought by global inflation, COVID-19 surges, fragile supply chains, climate change, and energy crises, AUO established a risk governance organization and management mechanism to observe changes in risk trends, carefully assess the risk to company operations, identify hidden business opportunities in a demonstration of organizational flexibility.

Risk Policy & Operation

The "Risk Management Policy" was established by AUO in 2020 to serve as the company's highest guiding principles for risk management. Policies and processes were established in accordance with international risk management standards. Risk topics are systematically assessed and identified every year to devise corresponding strategies for risk mitigation, transfer or avoidance. Strengthening and improving the integrity of the internal system structure enhances the operational resilience of the Company. The Risk Management Team under the ESG & Climate Committee is responsible for implementing the risk management policy approved by the Board. It is also responsible for the analysis and prevention of overall risks, as well as the monitoring of material risk topics. A report is made to the Board of Directors at least once a year.

1.5.1 Risk Evaluation & Management

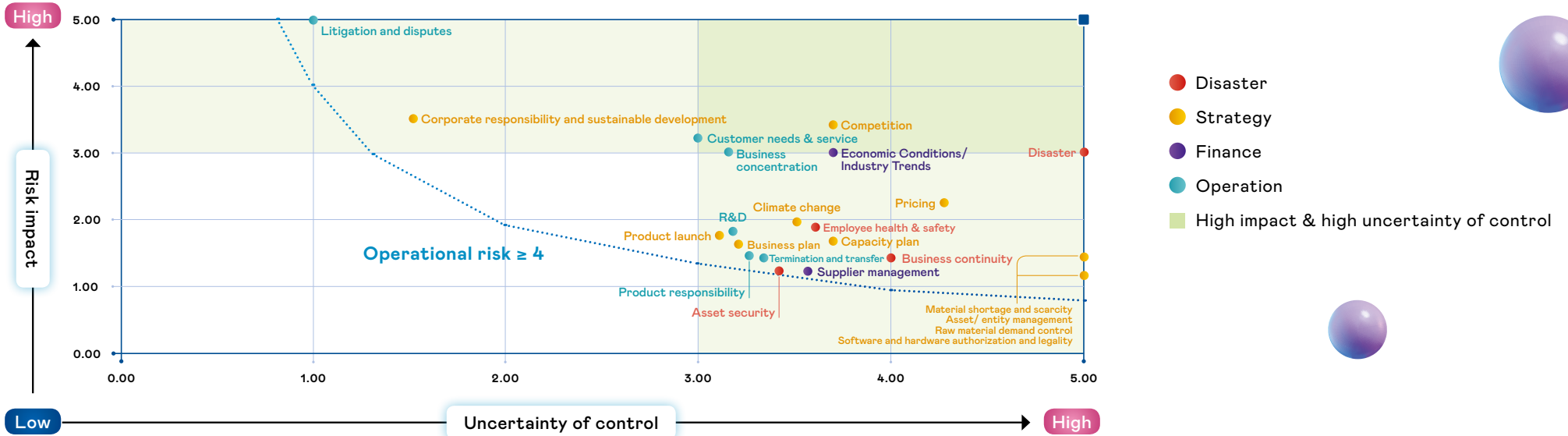
The risk identification mechanism was optimized by AUO in 2022. External risk monitoring was added to the existing annual risk identification process to make risk governance more comprehensive and keep it up to date. The annual risk identification process at AUO has been running for many years. Each unit must identify the frequency and impact for 75 types of risks, then conduct comprehensive qualitative and quantitative assessments based on management controls. Risks were then sorted by priority using matrix analysis to eventually arrive at 23 types of medium and high risks. External risk monitoring is the scanning of industry and economic reports from domestic or international media/think tanks (e.g., World Economic Forum, the Economist etc.) and social media activity in order to define the key risk topics for the year. Key Risk Indicator (KRI) and Business Continuity Planning (BCP) were established by AUO. We leveraged the Company's many years of experience with promotion of digital applications to establish a KRI risk detection light platform. By monitoring the early warning signs of risks, we can prepare in advance for potential risks.



Incident Risk Management


AUO carefully evaluates external topics that may impact on business operations and proposes appropriate response plans. Topics of concern in 2022 included military exercise in Taiwanese waters, the promotion and defining of related US legislation (e.g., the Uyghur Forced Labor Prevention Act, Taiwan Policy, and the Chips and Science Act), natural gas shortages in Europe, changes in the Russo-Ukrainian War, drought and power cuts in China, COVID-19 lockdowns and relaxation; harbor labor strike, an port congestion. At the end of 2022, we activated our incident information platform to optimize the collection of incident information. The AI data extraction technique was improved.




Annual Risk Identification Matrix



Focused Risk Topics and Response Strategies

Focused risk topics in 2022 included geopolitical risk, US-China conflict, and collapse of multilateral cooperation. A rapid drop in demand caused by global inflation and the accompanying increase in raw material prices also created business pressure on the industry. Risks to business operations included disruption of supply chain and operations, information security, talent crisis and management of company's reputation. The impacts of global pandemic and climate change make it essential for businesses to maintain adequate flexibility and resilience in their operations.

Risk Type	Key Concerns	Response Strategy
 Strategy Market Competition	<ul style="list-style-type: none"> New competitors that enjoy an advantage in production output and old competitors withdrawing from the market mean a redistribution of their customers or markets Diversification of business models, strategies and sales channels to reduce the loss of key and new customers Consumer behavior has been changed by the pandemic leading to greater variance in requirements for product packages. Track systemic risks in the market and respond in a timely manner to avoid hobbling the business environment 	<ul style="list-style-type: none"> Development of high-end products and increase their added value through integrated production solutions; work with customers to co-develop the next generation of technologies and maintain our continued technological leadership Adjust business model to increase market acceptance of diverse value solutions. Continue to develop market analysis and development mechanisms, engaged in precision investment, and form in-depth partnerships with business partners Monitor market supply and demand, dynamically adjust the time of shipping on the fly, and track the development of differentiated products
Geopolitics	<ul style="list-style-type: none"> US-China Competition and Changes in multilateral collaboration relations Developments in cross-strait relations 	<ul style="list-style-type: none"> Monitor global trade and political developments with the Company engaging in strategic planning and risk management to take advantage of business opportunities Establish and implement risk management system

Risk Type	Key Concerns	Response Strategy
 Financial Macroeconomic & industry trends	<ul style="list-style-type: none"> ● Rising raw material prices will directly or indirectly increase cost of production for the Company ● Inflation and macroeconomic changes that lead to decrease in end demand 	<ul style="list-style-type: none"> ● Strategic adjustment of parts inventory and production plan ● Review prices when necessary with strict control over costs and inventory levels
 Business Business continuity	<ul style="list-style-type: none"> ● Adequate supply of energy resources for plant operations ● Prevent digital network security risks such as cyber-attacks, information security and use of emerging technologies from impacting on company operations 	<ul style="list-style-type: none"> ● Continue to develop the smart grid to improve response capabilities while also continuing to implement energy conservation plans and monitoring by dedicated units ● Develop water conservation and diversification of water sources based on the climate change and the state of water supply while also obtaining related insurance for risk transfer ● Develop information security management strategy goals and actions plans through the Information Security Committee, continue to promote improvements to information security, and boost maturity of information security
Supply Chain	<ul style="list-style-type: none"> ● Degree of interference in the supply chain from changes in the external environment such as changes in the pandemic, political-economic situation, and natural disasters ● Monitor the external environment to see if there is any change to transportation duration 	<ul style="list-style-type: none"> ● Monitor the supply of key materials and changes in inventory water level ● Monitor changes in sea, air and land transportation to determine whether action should be taken to control risk
Epidemics	<ul style="list-style-type: none"> ● COVID-19 continued to wreak havoc around the globe in 2022 and plant operations were impacted by the local epidemic situation 	<ul style="list-style-type: none"> ● Dynamic adjustment of corporate epidemic prevention measures through the BCP
 Disasters Climate Change	<ul style="list-style-type: none"> ● Climate change has led to inconsistent wet and dry seasons that impact on normal production operations at the factory ● Disasters caused by severe climate change have affected the shipping priorities of the global supply chain ● Impact on supply chain costs from fluctuations in energy prices and the imposition of carbon reduction controls in each country ● Customer requirements on carbon reduction and renewable energy as well as response to international initiatives 	<ul style="list-style-type: none"> ● The TCFD was used as a guide to prepare for all the risks that climate change will bring for each aspect in the long-term. Risk mitigation strategies and measures were also devised based on the financial impacts of climate change ● Active participation in the signing of international initiatives and customer climate engagement

1.5.2 Risk Response Cases

● Energy Supply Risk Management

Taiwanese industries are paying close attention to the stability and resilience of the electrical grid. Even though AUO experienced no issues with the electricity supply in 2022, a management plan for electricity shortages and supporting measures have been developed in advance. Actual power outages in Taiwan in recent years as well as AUO's actual power requirements were used as a reference to set key internal/external indicators and enforce routing monitoring. The traffic light management system and standard response processes ensure that our personnel can keep track of any developments and deal with any problems right away.

External Indicators

- Status of electricity supply from Taipower
- Status region of electricity supply from Taipower's regional grid
- Regional meteorological information

Internal Indicators

- Status of electricity supply at each auo plant
- Reserve electricity capacity at each AUO fab

● KRI traffic light management system

Five indicators were visualized as traffic lights so that AUO personnel can use the system to keep track of their plant's current electricity supply situation, and the health of the plant's reserve power supply. By ensuring proper routine management, the risk of production interruptions, scrapped products, and damage to electrical equipment due to temporary electricity shortages can be minimized.

● Standard response process for electricity shortages

AUO has defined different response procedures for each electricity shortage alert light to ensure that our personnel can take the right action right away if there is an electricity shortage. The emergency response measures of the BCP are immediately activated during an incident. The relevant units such as environmental safety, plant management and manufacturing are convened to conduct safety inspections and equipment inventories.

Case 1.

● Supply Chain Transportation Risk Management

Based on the large-scale sea and air strikes, AUO uses the formal mechanism, process, and response methods of supply chain risk warning and management to observe, monitor, and prevent potential risks at any time, and infiltrate risk management awareness into daily operations. Key practices include:

- Optimizing the logistics business situation of logistics vendors: AUO logistics unit organizes quarterly QBR meetings to ensure that logistics suppliers promise to provide accurate logistics information in real time. Such as large-scale strikes in ocean, air, and land transportation zones. AUO weekly reviews the implementation of logistics business conditions provided by logistics suppliers as the basis for quarterly scoring.
- Real-time big data analysis and activation of BCP: AUO has developed a web crawler tool to actively collect potential large-scale strike events. The logistic unit will take the initiative to inform the relevant units in real time. The system will immediately use the latitude and longitude of the incident circle to select the map based on information about the region which could impact the supply chain. Then the procurement unit will start the BCP. Suppliers are required to reply within 24 hours, and to conduct impact assessments, respond to impacts, activate other suppliers.
- Real-time monitoring of shipments: AUO has developed a platform for real-time monitoring of in-transit shipments. It can collect the real-time punctuality rate of in-transit shipments and reasons for abnormal delivery days, real-time detection of congested routes of in-transit shipments, flexible adjustment of alternative transportation routes, and inform relevant unit in-transit cargo status and estimated delivery time.

Case 2.

1.5.3 Information Security & Privacy Protection

The safety of our employees and partners' information assets is important to AUO. Targets are set for the protection of confidential data and the information security management organization is continuing to refine our risk control mechanism and protective measures to strengthen our corporate information security.

Achievement of Material Issues

Material Issue- Technological Innovation & Market Strategy						☑ Meet	☒ Miss
	Goal	2022	2022 progress		2023	2024	
Confidential information security	Major information security incidents affecting operations	0 cases	0 cases	☑	0 cases	0 cases	
	Maturity of information security	> 85 points	85.16	☑	> 85 points	> 85 points	

Information Security Management Organization

The AUO "Information Security Committee" is responsible for the promotion and implementation of information security management, protection of the Company's intellectual property and customer data, as well as raising the information security awareness of employees. The Information Security Committee is chaired by the Chairperson with the CEO as the deputy chair. Committee members are made up of tier-1 managers from the Sales, R&D, Manufacturing, Sustainability/HR, Auditing, Legal Affairs, Environmental Safety and Risk Management, and Digital Technology units. The "Information Security Implementation Team" reports to the Committee and the Chief Digital Officer (CDO) serves as the convener. The Implementation Team oversees the implementation of all Information Security Committee resolutions. The position of Chief Information Security Officer (CISO) and Information Security Management Division were established in 2022 in response to guidelines issued by the competent authority on the establishment of a dedicated information security unit. Dedicated information security personnel are now assigned to corporate information security governance, risk management, and compliance, monitoring of important internal and external trends and topics in information security, and to expand information security protection to the rest of the AUO Group.

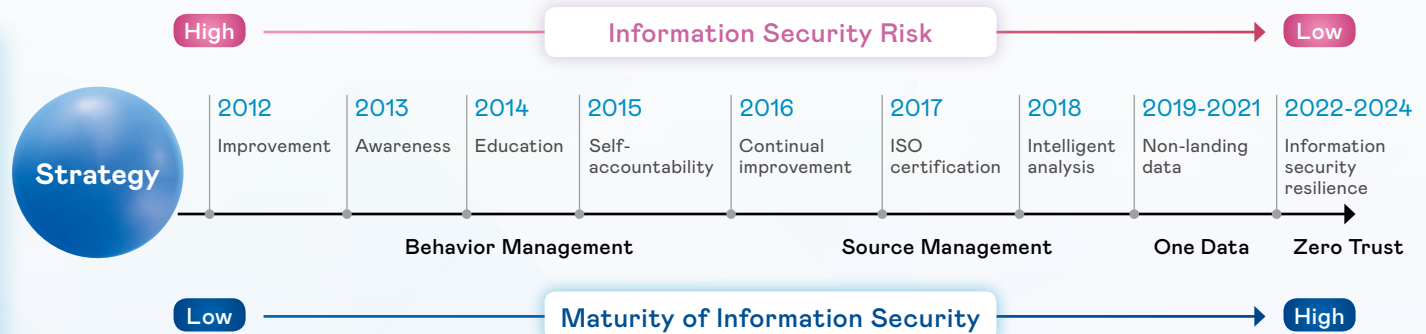


Information Security Management Strategies & Development

The information security police of AUO is "Protection of company intellectual property, enhance overall information security awareness, and create opportunities for success (profits) together." Implementation strategies and action plans are developed every year. In 2022, we launched a new three-year initiative based around "Strengthening information security resilience through a zero-trust architecture" that should produce annual reductions in information security risk and improvements in information security maturity.

2022 Approach

- Enhance integrity of the information security protection architecture; development of risk visualization dashboard
- Expand information security intelligence sharing and joint defense mechanism with external parties
- Reshape the boundaries of information security defenses, implement information security resilience management cycle, and strengthen crisis response and management capability



Information Security Innovations in 2022

Device security

- Protection of notebooks connecting to outside networks to protect against malicious websites
- Information security compliance check for notebooks connecting remotely

Network security

- Two-factor authentication for external connections to protect against brute force password cracking attacks
- Tokens installed on company computers to prevent connections from fraudulent devices

Applications

- Providing knowledge and ability to developers through secure development training
- Development of source code testing platform with black box, white box, and source code testing to improve software safety and compliance

Training

- Develop interactive information security web game to educate employees with common hacker attacks and how to defend against them
- Shoot micro-videos to raise awareness about information security knowledge and regulations

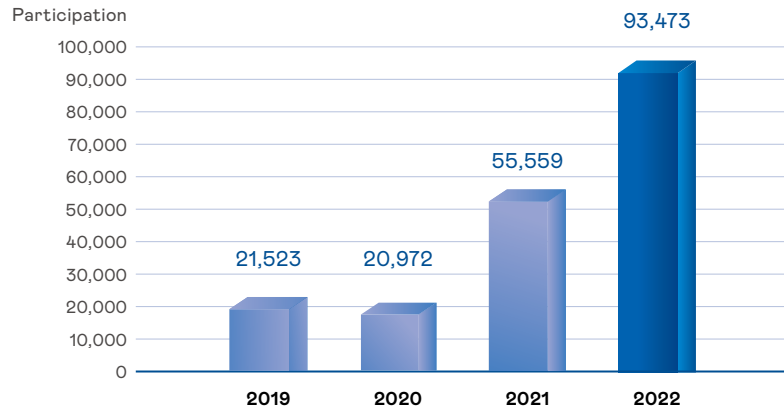
Information Security Campaign

A series of information security events were held by AUO. Two mandatory courses for all colleagues were set up featuring micro-videos on regulations governing the use of USB drives, and information security guidelines for mobile offices. Information security awareness was also promoted through a variety of channels including the corporate intranet homepage and large display signs inside plants. An immersive information security attack and defend online game was also developed that proved popular with employees.



Social Engineering Exercises

Social engineering exercises and training are conducted by AUO every month to continue strengthening the information security awareness of employees and protect against e-mail phishing attacks. During 2022, we carried out 2 company-level exercises and 10 department level internal exercises. Total cumulative participation during the year was 93,473. Thanks to the intensive training, only 2.83% employees failed to pass the exercise.



Material Issue

◆ Maturity of information security

Information Security Maturity

A culture of collective responsibility of information security has long been promoted by AUO. Indicators such as implementation of information security control measures, the results of periodic social engineering exercises, completion of information security education and training, and violations of information security of personnel are converted by AUO into the information security maturity score. The scores are provided to the Committee and the heads of each department each month to serve as a basis for measuring improvements in information security management. AUO's information security maturity score for 2022 was 85.16 points.

Information Security Maturity



Material Issue

◆ Major information security incidents affecting operations

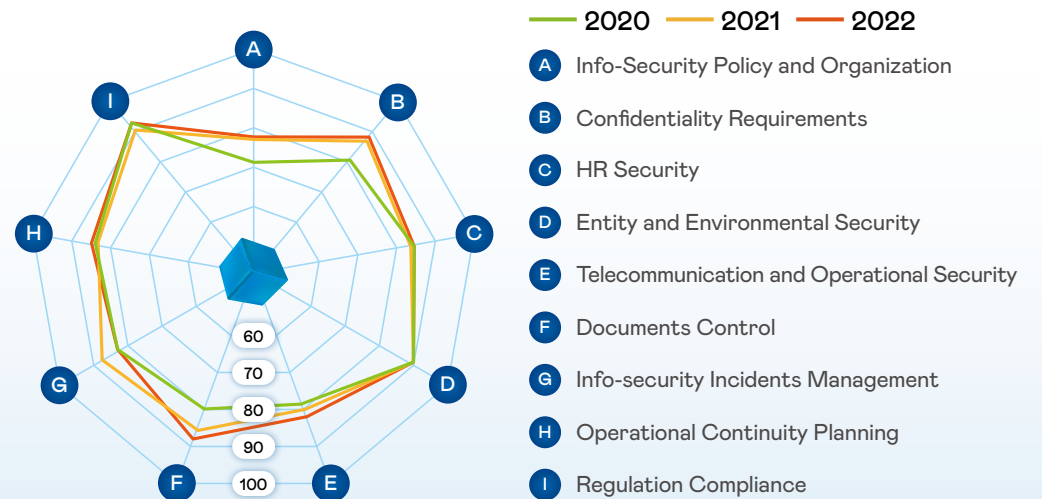
Information Security Incident Reporting & Response

The AUO information security platform includes an online reporting mechanism for employees to report what they found or encountered. Reports are handled by the Implementation Team based on incident type and level. There were no significant information security incidents that impacted on business operations in 2022.

Information Security Exchanges with Supplier Partners

Supply chain information security is one of the topics important to our customers. AUO has continued to conduct information security exchanges with suppliers through questionnaire surveys and in-person visits since 2020. There has been a steady increase in the overall confidence of suppliers on information security over the past three years. There have been marked improvements in confidentiality requirements, human resources security, physical and environmental security, information and operational security, document control, business continuity planning, and compliance. The increased willingness of supplier partners to invest in information security management represents a positive outcome of information security exchanges and self-assessment programs. AUO contributes experience to assist them improve the integrity of their information security management organization and systems, as well as comply with the competent authority's policy of requiring businesses to set up dedicated information security units.

Average Scores of Info-security Self-assessment



● Support for Cultivation of Information Security Talent

AUO joined with several other businesses to find the Taiwan Chief Information Security Officer Alliance in 2022. In addition to serving as a member of the Promotion Committee, AUO also actively participates in the operations of its subordinate Supply Chain Committee and Talent Cultivation Committee to assist the industry with the cultivation of CISO core competencies, training of specialists, linking of information security industry's service capabilities, and establishment of information security management systems. To identify and cultivate quality information security talent as well as increase the proportion of women in the corporate technology sector, AUO sponsored the "2022 Girls in CyberSecurity" competition organized by Taipei Computer Administration under the guidance of the Ministry of Science and Technology. AUO also offered internship opportunities for outstanding students.



● Privacy Protection

Privacy protection for customers, suppliers, employees, and all stakeholders is enforced by AUO to maintain stakeholder trust. All collection, storage, processing, dissemination, and sharing of personal information must conform to privacy and information security laws as well as regulatory requirements. In terms of information security, protection of stakeholder information is governed by the Information Security Policy. "Information Security Management" is promoted and enforced through the information security management system and the Committee. The system has been integrated and strengthened to establish a standardized, documented and systematic management mechanism that ensures the enforcement of information security policy, protection of customer information, protection of company intellectual property, as well as strengthening of the information security environment and response capabilities in order to satisfy the information security policy metrics.

To enforce personal information protection and management, the "Personal Information Protection Management Regulations" and "Privacy Statement" were established by AUO to serve as the highest principles in customer privacy protection. The AUO intranet also has sections dedicated to EU and China's personal information protection regulations. Related policies and reference documents are provided for employees so they can actively comply with regulatory requirements. New hires must complete the EU General Data Protection Regulation (GDPR) course within 30 days of their arrival. The course provides employees with a basic understanding of privacy protection and its operational implications including the collection, processing, and use of customers' personal data during business transactions or other essential interactions.

If there is a leak of personal information, the Committee is immediately notified by the department and a single point of contact established for the incident by the executive director of the Committee. The Incident Emergency Response Center is also convened. For serious incidents, Legal Affairs will also report the matter to the competent authority and launch an investigation. Once the incident has been investigated by the Committee, the departments involved with the incident must notify the people involved in an appropriate manner as quickly as possible. An incident prevention review meeting must also be convened after the incident's resolution to discuss the emergency response measures of the incident.



Number of cases where AUO was penalized by the competent authority for confirmed violations of privacy protection in 2022

0 cases



Number of verified complaints or whistleblower reports received by the AUO privacy protection e-mail(privacy@auo.com) regarding violations of customers' personal privacy in 2022

0 cases



For more about Privacy Statement, see [AUO website](#) >



Chapter

2 Sustainable Management

- 2.1 ESG & Climate Committee
- 2.2 CSR EPS 2025 Goals
- 2.3 Stakeholder Management
- 2.4 Customer Relations
- 2.5 Responsible Supply Chain



Highlights

Deeply cultivate stakeholders

Promote customized deep cultivation plans, cultivating 131 internal spokespersons, and achieving a 4.86-point interaction temperature with the stakeholders

Enhance quality and customer satisfaction

Establish a comprehensive quality culture and a fully-developed customer service mechanism, achieving customer satisfaction rates of over 94% for several consecutive years

Strengthen supply chain climate resilience

Draw a carbon reduction path for suppliers, aiming to reduce carbon emissions by 20% by 2030, with 42 suppliers having completed setting up carbon reduction baselines

2.1 ESG & Climate Committee

AUO appreciates the long-term significance of sustainability for an enterprise. Thus, the Company's ESG & Climate Committee continues to promote the organization's sustainable commitment and vision, as well as foster employee recognition and commitment to corporate sustainability through diverse means.

■ Achievement of Material Issues

Material Issue – Sustainable Governance Operation						☑ Meet	☒ Miss
	Goal	2022	2022 progress		2023	2024	
<ul style="list-style-type: none"> ESG & Climate Committee operational structure, sustainable goal management and performance linkage Sustainability goals and all employees culture promotion 	Annual achievement rate of the CSR EPS Goals	100%	80%	☑	100%	100%	
	Improve the participation of all employees and enrich the knowledge energy through multiple innovative techniques	16,000 person-times	21,451 person-times	☑	20,000 person-times	24,000 person-times	

Note: Among the ten CSR EPS goals, two have not been met. For an explanation of the unmet goals, please see 2.2 CSR EPS

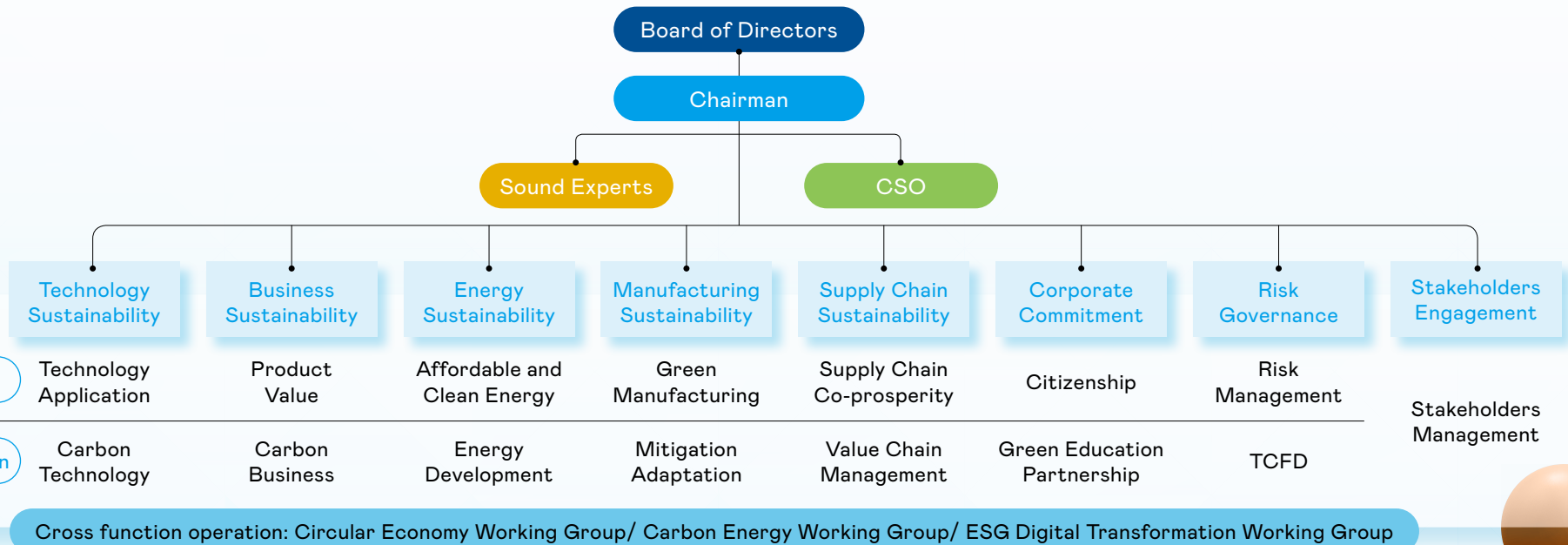


For more about annual achievement of CSR EPS goals, see [2.2](#) >

For more about improving the participation of all employees and enrich the knowledge energy through multiple innovative techniques, see [4.3.1](#) >

● History & Operation of the Sustainable Governance Organization

AUO has unveiled AUO Green Solutions since 2008, taking the lead in the industry to use a systematic strategy to reduce the impact of product life cycle on the environment, and established the CSR Committee at the end of 2013, which is the highest governance body for the Company's sustainable development operations. In 2018, building on the firm foundation created over the last decade, the Sustainable Development Department was further established to coordinate the sustainable development policy. In response to global climate issues and net-zero trends, AUO's CSR Committee was transformed and upgraded to the ESG and Climate Committee at the end of 2021, focusing on net zero by 2050 as the core objective to build the strategic climate blueprint and plan proactive mitigation and adaptation measures. In addition to fulfilling the 2025 CSR EPS Goals, the ESG & Climate Committee also takes on the carbon tasks of environment, society, and corporate governance. It will use 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 bolster sustainable DNA efforts. Moreover, the committee will continue cooperating with value chain partners in the spirit of The Common Good to create a sustainable ecosystem.



Organizational Operation

- The performance of the operation is supervised by the Board of Directors, and reports to the Board of Directors at least once every six months
- The Chairman serves as the Chairperson, and the first-level Managers serve as the Chairperson of each Sub-committee to integrate the strategy and resources across departments, and the CSO leads the Secretariat to coordinate the implementation. The ESG Digital Transformation working group, newly established in 2022, coordinates the basic infrastructure and data flow integration of carbon-related data for the company

Goal & Vision

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

Implementation

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

For more about ESG& Climate Committee, see [AUO ESG website >](#)


For more about Policies, see [AUO ESG website >](#)

2.2 CSR EPS 2025 Goals

Connect with the SDGs, AUO has established AUO CSR EPS (Environment, People & Society), focusing on environmental sustainability, inclusive growth and agile innovation, actively committed to complete the short-, medium- and long-term goals of sustainable development by 2025.

Material Issue ◆ **Annual achievement rate of the CSR EPS Goals**

Achievements & Development



Environment
Environmental Sustainability

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Energy Optimization

Accumulated reduction of **6.67 million** metric tonnes of carbon emissions

Water Optimization

Accumulated water savings of **177,000 CMD**

Circular Production

In 2022, economic benefits of **5.44 billion** were generated

Climate Adaptation


Accumulated cases: **22**

Cumulative Achievement Rate	Cumulative Achievement Rate	Achievement Rate	Achievement Rate
Over 100%	Over 100%	52%	Continue to manage the financial risks

-  **3.1 Climate Change**
-  **3.2 Water Resource Management**
-  **3.3 Circular & Clean Production**
-  **3.1.4 Climate Adaptation**

Definition

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



Society
Agile Innovation

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

Affordable & Clean Energy

Power plant installation capacity reached **2,189 KW**




Smart Manufacturing


Honored with recognition from the **United States and Germany** for smart manufacturing awards

Intelligent Life

Diversified display products have reached a cumulative total of **685 million people**.

Cumulative Achievement Rate	Achievement Rate	Cumulative Achievement Rate
73%	42%	68%

-  **5.5 Affordable & Clean Energy**
-  **5.4 Smart Manufacturing**
-  **5.1.3 Pioneering Display Technologies**
5.1.4 Diverse Field Applications



People
Inclusive Growth

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

Quality Education

Promoting popular science education, employee competency, and industry-university collaboration with **390,000** participants




Inclusive Growth

Accumulated creation of **50,000** job opportunities

Enjoyable Work Place

85% of employees identify with the company

Cumulative Achievement Rate	Cumulative Achievement Rate	Achievement Rate
66%	85%	Achieved for two consecutive years

-  **4.2.1 Talent Distribution**
4.3 Talent Development
4.5.4 General Science & Environmental Education
-  **4.2.1 Talent Distribution**
4.2.2 Diversity & Inclusion
4.3 Talent Development
-  **4.2.4 Enjoyable Workplace**

Definition

- **Quality Education:** Provide diversified educational opportunities to more than 600,000 people and increase employee participation in AUO quality education by 20% each year.
 - **Inclusive Growth:** Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold.
 - **Enjoyable Work Place:** 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. (Note)
- Note: The scope of the approval survey is indirect employees

Definition

- **Affordable & Clean Energy:** Improve capability in renewable technology, expand the installed capacity of renewable energy around the world and double the cumulative growth rate. (100% cumulative growth)
- **Smart Manufacturing:** Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration.
- **Intelligent Life:** Development products and integrated services to expand the cumulative reach of education, health, finance, shopping, lifestyle, transport and other smart city applications to a one billion people.

Explanation for missed goals:

Due to the decline in production capacity, the annual goals for circular production and smart manufacturing have not been achieved.

2.3 Stakeholder Management

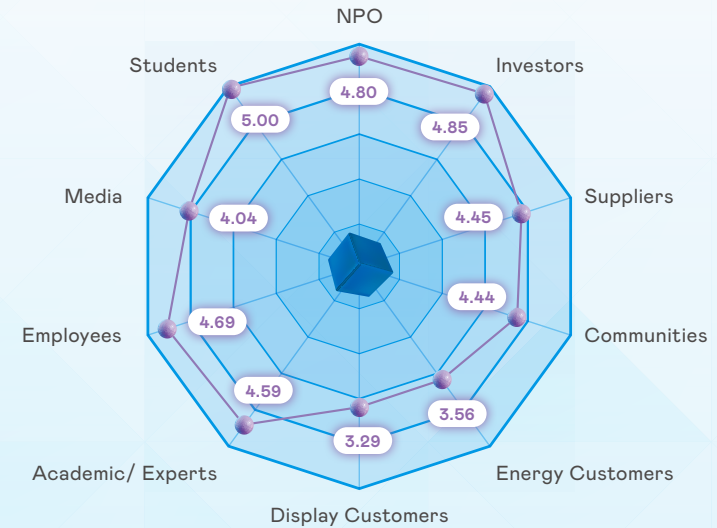
AUO defines nine major stakeholders in reference to the AA1000 SES and GRI Standards. Through the stakeholder group under the ESG & Climate Committee, the CEO leads the six functional teams, continuously promotes the stakeholder in-depth cultivation plan, and communicates across departments on a regular basis. We review the status of engagement with stakeholders in real time, quickly integrate internal resources for accurate responses, and dynamically review the implementation of annual material topics, sustainable goals and policies, and strive to achieve the expectations of stakeholders. Since 2019, we have promoted the customized in-depth cultivation plan for stakeholders based on the three principles of complementarity, collaboration and co-creation, continued to cultivate sustainability front-line spokespersons internally, and deliver AUO key messages through the ESG & Climate Committee and spokesperson to maintain a good two-way interaction with stakeholders, listen to external voices and turn them into the driving force for our continuous progress.



Stakeholders In-depth Cultivation Results






AUO reached an agreement 10 of categories (customers are divided into display and energy business) among 9 major stakeholders, for a total of 131 in-depth cultivation targets. We produce a dialogue temperature radar chart. The overall temperature in 2022 is 4.86 points, which is situated in the friendly to positive range. We will base on this result to develop an optimization mechanism for future communication programs with stakeholders.

2022 Stakeholder Engagement Temperature







CSR Mailbox

AUO has set up a CSR mailbox managed by a dedicated person to promptly convey external voices to relevant departments. In 2022, a total of 113 requests were fulfilled. Serving as an essential bridge for communication and interaction with the outside world, the mailbox holds high value in facilitating both internal and external connections. In recent years, collaborative efforts and exchanges with external partners have been gradually established, including responding to invitations from foreign trade development associations, incorporating energy business and AUO's subsidiary solutions into the Clean Technology Industry Map, and promoting clean energy technologies internationally. Moreover, in response to invitations from startup hubs, AUO shares its developments and achievements in the circular economy. In the future, the company will continue to utilize this mailbox to maintain open communication channels with stakeholder partners and use valuable external feedback as a reference for continuous improvement.

	Engagement Focus	Communication Channel	Topic of Communication	Key Achievements
 <p>Academic Experts</p>	<p>Inject R&D energy through exchanges between industry, government and academia. When dealing with all kinds of issues, the expert opinions are actively consulted, and relying on the external professional viewpoints to quickly grasp the trend of the topic, and accurately respond to external needs.</p>	<ul style="list-style-type: none"> ● Expert meeting ● Conferences ● Mailbox 	<ul style="list-style-type: none"> ● Technology R&D ● Product health and safety ● Environmental safety and health practice ● Industry-academia cooperation ● Talent development ● Regulatory consulting ● Brand image ● Climate change 	<ul style="list-style-type: none"> ● Improve talent and industry-academia collaboration/exchange by forming the Taipei Tech Joint R&D Center, NTU Joint R&D Center, and NCKU Joint R&D Center ● Consolidate the industry, government, and academia to preserve and promote the Sidadun Kiln culture ● Collaborate with the Forestry Bureau for the Green Party tree-planting event to plant new trees and preserve existing forests ● Various factories communicate and share their experience with government units on fire protection, environmental protection, safety and health, and emergency response ● Continue to communicate with scholars and government agencies concerning optronics project sites to minimize the impact of site development on the environment, ecology, and cultural assets
 <p>Suppliers</p>	<p>Uphold the spirit of growing together with suppliers, promote several cooperation projects, and share AUO experience through audits and group learning courses; grasp the states of suppliers with platforms and create a stable supply chain.</p>	<ul style="list-style-type: none"> ● Project meeting ● On site exchange ● Co-prosperity course ● Supplier audits ● Supplier CSR Portal ● Complaint mailbox 	<ul style="list-style-type: none"> ● Circular economy ● Net zero carbon emissions ● Operating risk ● Stable supply chain 	<ul style="list-style-type: none"> ● The supply chain SCM CSR Portal is online to communicate sustainability-related policies and information to the suppliers through the system ● 70 suppliers and nearly 200 partners joined the online and physical CSR supply chain co-prosperity meeting ● Completed carbon reduction briefing for 63 key suppliers, of which 42 have stipulated their carbon reduction baselines ● Encourage direct material and packaging material suppliers to receive recycled material certification ● Convene approximately 600 supplier engagement meetings to ensure smooth supplier communication
 <p>Customers</p>	<p>Under the biaxial transformation strategy, we continue to provide customers with high-value-added products and solutions, meeting their needs and expectations through communication meetings and satisfaction surveys.</p>	<ul style="list-style-type: none"> ● Project meeting ● Customer satisfaction survey ● Customer service website system 	<ul style="list-style-type: none"> ● Sustainable product ● Circular economy ● Renewable energy business opportunitie 	<ul style="list-style-type: none"> ● Engage with customers to promote products containing recycled materials, accounting for roughly 10% of all new product developments ● Promote energy-saving product solutions ● Convene about 30 meetings to engage in product carbon footprint and product carbon reduction strategies with customers
 <p>NGOs</p>	<p>Proactively collaborate with NGOs and social enterprises to promote projects, combining their expertise and enthusiasm to expand the project's impact.</p>	<ul style="list-style-type: none"> ● Project meeting ● External seminar ● AUO Foundation ● Mailbox 	<ul style="list-style-type: none"> ● Environmental education promotion ● General science education promotion ● Social welfare practice 	<ul style="list-style-type: none"> ● Promote sustainability literacy scholarships, befitting more than 2,000 students ● Sustainability training program completed and executed 11 sets of special topics ● DADA's Magic Science Camp online course allows students to receive popular science education anywhere ● Collaborate in remote township development projects, conducted five environmental education courses in Taichung and five DADA Elementary School courses
 <p>Media</p>	<p>Actively communicate the biaxial transformation and the progress of sustainable development with relevant stakeholders.</p>	<ul style="list-style-type: none"> ● Exhibitions ● Press conference ● Press release ● Social media 	<ul style="list-style-type: none"> ● Operating performance ● Biaxial transformation strategy ● ESG Brand 	<ul style="list-style-type: none"> ● 50 ESG-related news exposures ● Attend at least 9 exhibitions

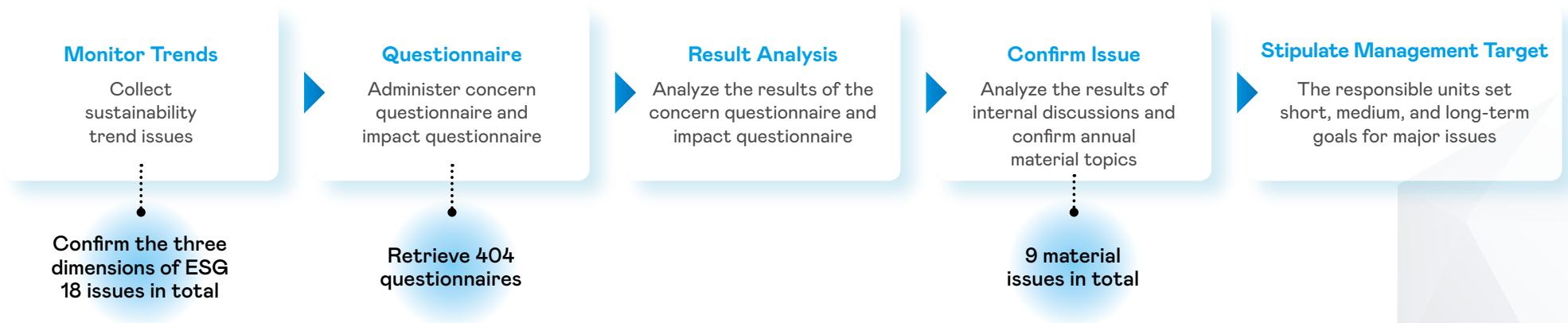


	Engagement Focus	Communication Channel	Topic of Communication	Key Achievements
 <p>Employees</p>	<p>Caring for employees' physical and mental wellbeing and focusing on their welfare contributes to shaping a friendly workplace. Create a sustainable internal environment to foster a culture of sustainability within the company</p>	<ul style="list-style-type: none"> Internal publication Club activities Labor-management conference Questionnaire survey Secretary Meeting 	<ul style="list-style-type: none"> Business operations Charitable activities 	<ul style="list-style-type: none"> Convene 4 labor-management meetings Convene 4 Welfare Committee meetings Invite the Company's internal clubs to engage in public welfare activities that include the Wish Program, mountain cleaning, and beach cleaning
 <p>Investors</p>	<p>Actively communicate with investors in the principle of openness and transparency to demonstrate transformation capacity and sustainable performance; proactively communicate with investors to update the operating conditions closely to reduce doubts.</p>	<ul style="list-style-type: none"> AUO website investor relations Annual shareholders' meeting Quarterly investor briefings Mailbox Financial report 	<ul style="list-style-type: none"> Biaxials transformation strategy ESG strategy and achievements Energy business strategy Risk issues communication 	<ul style="list-style-type: none"> Proactively negotiate green, sustainable performance-related financing partnerships Organize ESG Roadshow to communicate ESG issues and performance with corporate investors Continue to communicate the biaxial transformation strategy, expand investments in the energy business, and communicate the performance of value transformation to investors
 <p>Students</p>	<p>Help students experience the workplace early through the GOLF and Summer Internship Program; actively recruit outstanding talents through campus recruitment.</p>	<ul style="list-style-type: none"> A+ Summer Internship Program GOLF Platform Campus Recruitment Mailbox Job Search Page 	<ul style="list-style-type: none"> Industrial internship Employment and benefits Brand image 	<ul style="list-style-type: none"> Organize or participate in 5 or more campus recruitment briefings and campus expos 19th A+ Summer Internship Continue to promote the GOLF program to help interns keep up with the industry
 <p>Communities</p>	<p>Actively communicate with neighbors in the community, shorten the distance, and visit community representatives regularly; and build an educational field within the factory area to promote environmental and cultural learning in cooperation with neighboring campuses.</p>	<ul style="list-style-type: none"> Regular on-site visits and care Factory venue Project meeting Irregular good-neighbor activities Factory complaints hotline Mailbox 	<ul style="list-style-type: none"> Cultural education promotion Popular science and environmental education promotion Optoelectronics project communication Plant environment communication 	<ul style="list-style-type: none"> Develop environmental education courses with teachers in the community to convey water resource and net zero-related knowledge DADA's Magic Land collaborated with the National Museum of Natural Science to design a new course and launch time-limited activities The Longtan site co-developed the regional Sustainability Tour Group with community associations to appreciate the local culture Regularly engage with nearby communities to ensure the quality of the residents' living environment Bring together enterprises and local district farmers' associations to purchase from small farmers at fair, reasonable prices. The total purchase amount was about NTD 3.23 million

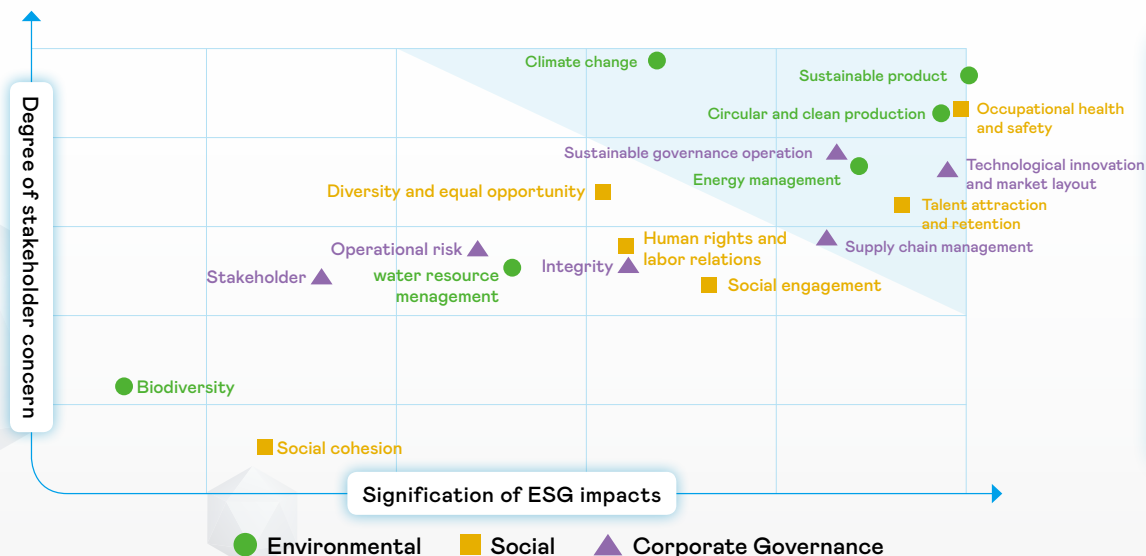
2.3.1 Monitoring & Responding to Material Issues

Materiality Analysis Procedure

AUO implements questionnaires every year to understand the concerns of stakeholders and follow the GRI Standards to review the appropriateness of issues. AUO's key internal groups evaluate the impact of society, the environment, and corporate governance on the Company. AUO values the expectations and suggestions of its value chain partners, so they are invited to provide two-axis feedback on the concern and impact. A total of nine items were defined as material issues of the year through internal discussions, and relevant goal-setting and implementation results will be reported to the Board of Directors.



Material Issues Matrix



2022 Material Issues	Ranking	Compared to the previous year (Note)
● Sustainable product	1	↑
■ Occupational health and safety	2	—
● Circular and clean production	3	↑
▲ Technological innovation and market layout	4	—
● Climate change	5	↑
▲ Sustainable governance operation	6	—
● Energy management	7	↓
■ Talent attraction and retention	8	↓
▲ Supply chain management	9	New

Note: Water resource management was a major issue in 2021. Due to the reduced attention and impact in 2022, it is not listed as a significant issue.

2022 Material Issue Management Goals

NEW

2022 New goals

-

2022 did not set goal

Material Issue	Item	Target	2023	2024	2025	Responsible Unit	Management Approach
Sustainable product	Sustainable product innovation and design capacity	NEW Technology capacity: Decrease energy consumption of IT products 2021 is the base year	-	50%	60%	Sustainable technology subcommittee	Review and enhance the R&D capacity through the technology platform, so that the products can be more energy-efficient than before
		NEW Technology capacity: Decrease energy consumption of car products 2021 is the base year	-	30%	40%		
		Technology Capacity: Increase the penetration rate of TV LCD panels 2021 as the base year	Technology inventory	Technology inventory	> 30%		Continue to improve the penetration technology of TV LCD panels to solve the problem of high energy consumption of large screens and high resolution through the technology platform
		The weight proportion of recycled materials used in special regulation products 2021 as the base year	-	30%	30%		Continue to evaluate the high-quality application of different recycled materials through the operation of the Circular Economy Working Group to improve the comprehensive recycling of products and meet the requirements of green brand customers
	Product green information Transparency and Communication	The number of products that provide green information, mainly monitors and laptops	15	20	20	Sustainable technology subcommittee Sustainable business subcommittee	Increase the application of green technology and recycled materials in new product modules, and provide related information for customers to increase the product's green performance and competitive differentiation
Circular and clean production	NEW Promote circular and clean production value chain engagement and management	NEW Continue to expand the circular economy supply chain	43 suppliers	58 suppliers	64 suppliers	Circular economy working group	Facilitate close collaboration with the supply chain regarding the issue of circular economy through the supply chain platform
		NEW Ratio of recycled materials certification for the circular economy supply chain	> 90%	> 90%	> 90%		
	Market application and commercial value creation of circular and clean production technology	Financial benefits growth rate 2017 as the base year	68%	110%	135%		The Circular Economy Working Group horizontally integrates resources across various units and generates circular economy growth through the reduction and recycling of raw materials, as well as waste reduction and the development of high-value, green product markets
Management innovation of product life cycle	Re-establish product carbon footprint projects and systems in response to standards trends	System trial	System integration	Product carbon information service	Circular economy working group Sustainable management department	In response to product diversity and complexity, AUO has reformulated an appropriate product carbon footprint calculation methodology that is applied to new product development through collaboration between different units	

NEW 2022 New goals - 2022 did not set goal

Material Issue	Item	Target	2023	2024	2025	Responsible Unit	Management Approach
Climate change	Value chain climate change mitigation and adaptation as management, engagement and operation	Carbon reduction ratio of key suppliers 2021 as the base year	2%	4%	8%	Sustainable supply chain subcommittee	Promote carbon reduction actions of suppliers, where key suppliers are required to obtain greenhouse gas (GHG) inventory verification and implement carbon reduction targets
		Number of suppliers working together on ESGzzz	60 suppliers	70 suppliers	80 suppliers		Foster a consensus and share resources through supplier-related meetings (high-level exchanges, seminars, and courses) to accomplish common action and growth
	Management of climate change risks and financial impacts	Number of projects completed the risk assessment and management process	3 projects	3 projects	3 projects	Carbon energy working group	Promote TCFD and complete the preparation of financial risks arising from different climate scenarios
	Carbon asset management and international initiatives	Carbon rights management	Acquired 200,000 metric tonnes of carbon credit	Building emission offset	Building emission offset	Sustainability development	Integrate AUO's resources and engage in regular communications, as well as gradually complete the existing renewable energy consumption and carbon reduction goals
Energy management	NEW Promote energy management policies throughout the value chain	Ratio of suppliers with high electricity consumption who have obtained ISO 50001 certificates for energy management systems (Note 1)	50%	75%	97%	Sustainable supply chain subcommittee Carbon energy working group	Continue engagement and mentoring to help suppliers improve electricity efficiency, and introduce management systems to realize energy conservation and carbon reduction
	Renewable energy development and certificate market participation	Number of cases for electricity storage and residential energy solutions	4 cases (Energy storage and Taipower service system)	4 cases (Energy storage and Taipower service system)	4 cases	Energy sustainability subcommittee	Continue to fortify management system applications and develop management systems to serve different purposes through software/hardware integration, so as to expand the integrated application in diverse fields
		Shipment volume of modules required by the solar energy market	435MW	300MW	300MW		Continue to develop the solar energy markets and maintain module shipments through solar panel production or power plant operation and maintenance needs

Material Issue	Item	Target	2023	2024	2025	Responsible Unit	Management Approach
Occupational health and safety	Safety and health management mechanisms and operations (Note 2)	Major accident	0 case	0 case	0 case	ESH & risk management division	Regularly supervise and inspect the mechanism to foster and implement various safety solutions, thereby realizing AUO's safety culture in a tangible manner
		Frequency of disabling injuries (FR)	< 0.2	< 0.2	< 0.2		
		Number of industrial safety accidents	< 16 cases	< 15 cases	< 15 cases		
		Number of traffic injuries	< 116 cases	< 115 cases	< 115 cases		
	NEW Contractor safety management systems and measures	Frequency of disabling injuries (FR)	< 0.2	< 0.2	< 0.2		
	Implementation and promotion of employee health and culture	Regular follow-up visit rate for personnel with three-hypers	80%	85%	85%	Human resources center	Conduct the I care health plan to implement health risk prediction, and risk management and create a healthy environment to look after the colleagues health

NEW 2022 New goals - 2022 did not set goal

Material Issue	Item	Target	2023	2024	2025	Responsible Unit	Management Approach
Talent attraction and retention	Competitive compensation and diverse employee benefit policies	Percentage of employees who experience happiness and are willing to recommend others to participate	76%	78%	79%	Human resources center	Conduct post-experience happiness questionnaire survey through digital communication platforms to create a smooth and friendly communication channel with employees
		Q12 annual questionnaire communication channels survey on employees' recognition of the company and work (Note 3)	82%	84%	85%		Conduct the Q12 employee survey every year to gain employees' feedback and design countermeasures to enhance employees' recognition and sense of belonging to the Company
	NEW Learning passport assignment completion rate	>90%	>95%	>95%	Supervisors assign training projects based on the skills and knowledge required for employees' job roles, continuously promoting their professional growth		
	NEW Complete key functional development training, career development, assistance, and other systems	NEW Internal promotion rate for executive and professional positions	Not less than 80%		Through the quarterly talent review meetings, organizational development needs are assessed and appropriate appointments are made		
	NEW Indirect staff job rotation rate	Not less than 30%		Continuously optimizing the internal job competency mechanism and fostering the necessary expertise for different positions through employee training, promoting internal talent mobility			

Material Issue	Item	Target	2023	2024	2025	Responsible Unit	Management Approach
Technological innovation and market layout	Establish strategies for product operation, market strategy, and new business development	Shipment volume of products using recycled materials	1.4 million pieces	1.8 million pieces	1.8 million pieces	Sustainable business subcommittee	Collaborate with like-minded partners and continue to increase the sales of green products through the Company's R&D and sales teams
		Shipment volume of products with special regulations of energy-conservation (Note 4)	13.5 million pieces	15 million pieces	15 million pieces		
	Apply core technologies, innovative practices	The products of designated customer, the productivity of promising to use renewable energy	Communication	Meet customer specified requirements	Meet customer specified requirements		Progressively increase the use of renewable energy with a long-term focus on customers with green core values. Their products are produced at AUO sites using renewable energy, and the progress of green power development is monitored through the management platform
Sustainable governance operation	NEW Fortify the association between the Board of Directors' oversight mechanism and sustainability performance	NEW Included in the annual target review of the Remuneration Committee	Once a year	Once a year	Once a year	Sustainable management department	Continuously strengthen the connection between senior management performance and organizational sustainability performance, and conduct annual evaluations through the Compensation Committee
	ESG and climate committee operational structure, sustainable goal management and performance linkage	Annual achievement rate of the CSR EPS Goals	100%	100%	100%		Monitor the implementation and achievement of various goals through regular committee meetings, cross-departmental communication, and coordination of resources
	Sustainability goals and all employees culture promotion	Improve the participation of all employees and enrich the knowledge energy through multiple innovative techniques	20,000 person-times	24,000 person-times	25,000 person-times		Promote diverse activities through the College of ESG and encourage colleagues to participate in these activities to create an ambiance of sustainability and enrich the knowledge of all employees

NEW 2022 New goals 2022 did not set goal

Material Issue	Item	Target	2023	2024	2025	Responsible Unit	Management Approach
Supply chain management	Supplier risk management mechanism	NEW LCD local purchase ratio (Note 5)	82%	82.7%	82.7%	Sustainable supply chain subcommittee	Develop local supply sources, forge a priority cooperative relationship, and increase the ratio of local purchase
		NEW LCM local purchase ratio (Note 5)	75%	75%	75%		
		NEW Ratio of key direct materials with diverse source development plans	91%	97%	97%		
	Promotion of supplier sustainability initiative and evaluation of sustainability competitiveness	NEW The number of key suppliers implementing risk management has increased every year	18 suppliers	36 suppliers	54 suppliers	Sustainable supply chain subcommittee	Comprehensive supply chain risk control and management lower potential risks and maintains supply chain stability
		NEW The average score of the key supplier ESG scorecard has increased every year	Inventory	Increase 3%	Increase 5%		
		NEW The number of key suppliers who have completed the CDP climate change questionnaire has increased every year	15 suppliers	20 suppliers	25 suppliers		

Note 1: Based on electricity consumption scale and carbon emissions, an estimated 35 suppliers with high electricity consumption are designated.

Note 2: In the 2021 major theme management goals, the "Number of occupational injury cases" is integrated into the 2022 goals for Frequency of disabling injuries (FR) management.

Note 3: In the Q12 annual questionnaire survey, employee identification in the two questions: "I am passionate about my job and willing to give it my all" and "I am willing to recommend friends to my friends".

Note 4: Focusing on new energy-saving technology applications for products and low-temperature process (LTPS) capacity in R&D units.

Note 5: No Vendor Managed Inventory (VMI) system.

Material Issues' Boundaries and Significance to AUO

In order to reflect the overall value chain of AUO, the defined scope should be included for each topic to ensure the transparency of the value chain and its extended impact. Given the fact that multiple indicators exist for specific issues and they cover different scopes, this report has taken the approach of presenting the results using the maximum boundary.

Relevant and disclosed in this report Relevant

Materials Issue	Significance to Operations	Within the Organization				Outside of the organization			Corresponding Chapter
		AUO			AUO Crystal	Local Communities Suppliers	Suppliers / Subcontractor	Customers	
		Taiwan	China	Overseas					
Sustainable product	Develop green products and services or a rigorous green material certification and conflict minerals management mechanism, to be able to gain customer trust and be environmentally friendly	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	2.4 Customer Relations 3.3 Circular & Clean Production 5.1.2 Sustainable Products

● Relevant and disclosed in this report ◻ Relevant

Materials Issue	Significance to Operations	Within the Organization				Outside of the organization			Corresponding Chapter
		AUO			AUO Crystal	Local Communities Suppliers	Suppliers / Subcontractor	Customers	
		Taiwan	China	Overseas					
Occupational Health and Safety	Employees and contractors are important human capital of the company. Ensuring the safety of the working environment and the health of personnel can reduce the loss of human capital and smooth production operations	●	●	●	●		●		4.4 Health & Safety
Circular and Clean production	Innovative technologies for waste reduction and reuse can help reduce production impacts and open up new business opportunities	●	●	●	●		●		3.3 Circular & Clean Production
Technological Innovation and Market Strategy	Customer management, product operation, market strategy, new business development, as well as R&D are the core key to the company's competitiveness	●	●	●	●			●	5.1 Innovative R&D 5.2 Smart Manufacturing
Climate Change	Facing impacts of climate change, appropriately implementing mitigation and adaption actions, thinking about life cycle management to identify risks and opportunities	●	●	●	●				3.1 Climate Change 3.2 Water Resource Management
Sustainable Governance Operation	From the Board of Directors, senior managers to all employees can effectively implement the goals and visions through systematic operation, and avoid the risk of violating laws and establish the same values	●	●	●	●				1.3 Governance Organization 2.1 ESG & Climate Committee
Energy Management	Facing the scale of manufacturing electricity consumption, the trend of energy transition and the impact of national energy policies, strengthen energy efficiency and stabilizing sources	●	●	●	●		●	●	3.1 Climate Change
Talent Attraction and Retention	Provide employees with fair and complete remuneration, benefits and policies, so that the manpower is stable, in order to bring up the competitiveness of the company	●	●	●	●		●		4.1 Talent Attraction & Retention
Supply Chain Management	Suppliers are important partners for the company. It is essential to establish risk control and incentive mechanisms, achieve synergistic growth with supplier partners, and construct a resilient supply chain.	●	●	●	●		●		2.5 Responsible Supply Chain

2.4 Customer Relations

AUO had been provided high value-added products and solutions to more than 1,000 customers around the world. Deeply cultivated in the display industry for many years, we possess profound technical strength, and using global base resources and smart production capability to build efficient, high-quality, and highly flexible customer services. AUO is committed to meeting customer needs and continuously reviewing and improving through annual satisfaction surveys.

Achievement of Material Issues

Material Issue – Technological Innovation and Market Strategy					
	Goal	2022	2022 progress	2023	2024
<ul style="list-style-type: none"> Apply core technologies, innovative practices and introductions to create a smart life for human beings Product quality management, customer satisfaction management and confidential information protection 	The products of designated customer, the productivity of promising to use renewable energy	Assessment	Renewal energy certificates obtained will be planned for use in customer products, increasing competitiveness, (The approach is under evaluation)	Communication	Meet customer specified requirements
	Customer rating satisfaction ratio	90%	97.13%	91%	92%

Under the biaxial transformation strategy, we integrate software and hardware as well as upstream and downstream to provide customers with diversified customized applications, innovative and high-quality products and complete solutions in response to market changes and customer requirements. In response to the ever-changing demands of the market, AUO also actively discusses cooperation programs with customers, jointly plans for products, identifies unmet demands of end consumers, guides the potential markets, and successfully helps customers in gaining high market recognition, creating AUO, customers and consumers win together.



2.4.1 Quality & Service

Quality Management Policy

AUO builds a meticulous quality management system with a conscientious and careful attitude, with the goal of creating excellent products and becoming a long-term partner trusted by customers.

- Achieve high quality** — Continually proposes activities to strengthen high quality culture
- Introduce smart management** — Promote digital and smart management to stabilize process capabilities
- Improve quality capability** — Improve customer satisfaction in technology, new product introduction, quality, service, and delivery schedule

In recent years, AUO has actively promoted digital and smart management, with digital AI, Big Data, and other quality tool courses cultivating digital talents through a flexible learning model, and combining ongoing improvements with AI technology to accelerate the problem analysis process, thereby improving decision-making quality. Concerning smart management, AUO focuses on data governance, including designing data management structures, defining and sorting data sources, improving data quality across various systems, establishing the Company's important data assets, optimizing the effectiveness of data, and assisting data-driven decision-making processes, thereby endowing decision-making with speed, precision, and comprehensiveness. Over the last few years, AUO has continued to refine smart management, applied digital transformation and Big Data analysis, and improved the management model, as well as forecasted and pointed out potential problems promptly and expeditiously, effectively preventing abnormalities and improving efficiency. Besides the biaxial transformation policy, AUO is also striving toward a differentiated technology arrangement. In order to further develop the mobile and medical fields, the Company also follows and integrates the requirements of various international standards, to continue improving product and process quality, enhancing internal management processes, and meeting or exceeding customer expectations to elevate customer satisfaction.

Promote the Continuous Improvement Culture

To cultivate the problem-solving ability of colleagues and strengthen the Company's quality, AUO has implemented the Continuous Improvement Program (CIP) since 2002. AUO applies systematic and logical steps to improve problems and establish a consistent, common language throughout the Company to achieve corporate or departmental performance goals. After two decades of promotion, the continuous improvement activities have closed more than 500 cases annually in the last three years. The activities include the annual Quality Control Circle (QCC) for production line personnel and the Systematic Improvement Program (SIP) competition for engineers. Senior executives present awards to outstanding projects and the best-performing team, as well as conduct public presentations to share case studies, thereby achieving the goal of learning from each other and learning from the best. This establishes a corporate culture of continuous improvement and elevates the overall competitive edge.

Comprehensive Customer Service Process

AUO strives to provide customers with comprehensive services and product experience, establishing a sound and precise customer service mechanism through systematic management. AUO's self-developed marketing intelligence (MI) platform collects external information such as the overall economy and the supply/demand of the industry, which is reviewed and analyzed by relevant experts to forecast the potential impact of the changing external environment on customers and the market, to enable relevant units to adjust their strategies. In addition to gaining insight into the market, to effectively manage the needs of over 1,000 clients worldwide and meet their expectations, AUO has developed the Request for Quotation (RFQ) system, where dedicated personnel compiles the basic project data that is shared with global sales and product R&D teams to engage in co-creation, thereby accurately understanding customers' needs. Furthermore, the Company monitors recent and changing needs in the future through the customer needs management system and the need fulfillment rate system to implement real-time adjustments to the factory's production capacity and material purchasing, in turn ensuring that the delivery will not be affected by a material shortage or obsolete materials.

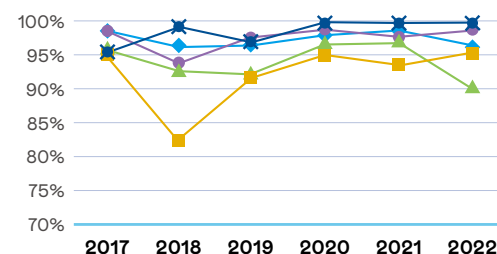
Material Issue

◆ **Customer rating satisfaction ratio**

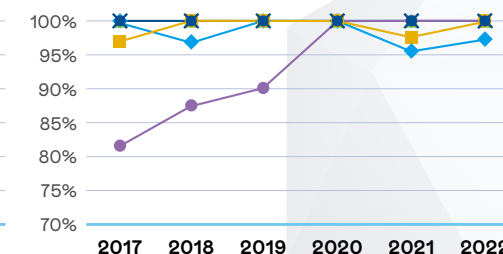
Customer Satisfaction

AUO annually conducts customer satisfaction surveys, and the improvement measures are reviewed by senior executives in management review meetings and will be handed over to responsible units to propose and implement improvement strategies. Aside from satisfaction surveys, AUO also continues to pursue progress in three aspects, including product, business, and quality. Through weekly and monthly meetings, Quarterly Technical Reviews (QTR), Quarterly Business Reviews (QBR), quarterly quality meetings, high-level meetings, inviting customers to visit AUO product exhibitions, and other irregular meetings to maintain a two-way interaction with customers. Taking key customers as an example, over 50 communication meetings are held annually on average, reflecting AUO's customer-oriented philosophy of maintaining a close partnership with them and enhancing customer trust. Both the Display Products Business Group and the Energy Business Group have maintained a high satisfaction level of over 90% in recent years. The analysis of the survey results in 2022 demonstrates that customers have recognized AUO's quality capabilities and achievements in smart management. In particular, the Display Product Business Group maintains a high level of satisfaction in terms of delivery, product innovation, quality, and after-sales service. At the same time, the satisfaction of new products introduced is also maintained at 90%. The Energy Business Group joined the power plant project satisfaction survey in 2021, and it demonstrated a better performance in 2022 in terms of delivery, product innovation, quality, product efficiency, and after-sales service.

Display Products Business Group



Energy Business Group



◆ Delivery schedule ● Product innovation ▲ New product introduction
 ■ Quality ✖ After-sales service

Quality Target & Achievements

Target	2019	2020	2021	2022
Number of Continuous Improvement Cases	Target 345 Achievement 442	Target 447 Achievement 551	Target 496 Achievement 553	Target 450 Achievement 763
SPC Achievement Rate (Note1)	Target 80% Achievement 85.93%	Target 80% Achievement 84.47%	Target 80% Achievement 84.13%	Target 80% Achievement 86.37%
Customer satisfaction (Note2)	Target 90% Achievement 94.88%	Target 90% Achievement 97.68%	Target 90% Achievement 97.90%	Target 90% Achievement 97.13%

Note 1: Statistical Process Control (SPC). AUO applies SPC tools to improve abnormality monitoring capabilities and stabilize the process. The calculation method used: the target quantity that has been achieved/the total target quantity*100%.

Note 2: The calculation method applied is the mean of "the number of satisfied customers selected/the number of customers in the satisfaction survey*100%" among the five major dimensions of satisfaction.

Customer Return Policy

AUO continues to pursue "on-time provision of high-quality green products and services to create a win-win situation with customers," and provides cross-border electronic E-quality after-sales service through service locations around the world. The Customer Service System (CSS) allows customers to apply for repair and Return Material Authorization (RMA) service to arrange product return, exchange, repair, and delivery during the product warranty period. Customers can also track the progress through the CSS. In 2022, as the pandemic eased and people learned to co-exist with the virus, AUO adjusted its contingency measures accordingly to maintain customer interaction and the business continuity management plan. Whether it is the delayed RMA application and delayed return due to the pandemic prevention and control measures, or the new repair and maintenance service proposed by the customers after the pandemic has eased, AUO will strive to provide customers with the corresponding support, including assisting customers in adjusting their warranty and extending the warranty service, as well as arrange a flexible return policy to support customer's projects. AUO continues to optimize the products' service quality to create a good customer experience.

Case Sharing

In addition to flexible product return and exchange service, AUO also incorporates the philosophy of cherishing the environment into the service to realize the responsibility of sustainability and environmental friendliness.

Renowned coffee chain maintenance service to help extend product life

The original maintenance and warranty service conditions were four years, and AUO provides customers with extended maintenance and operation services for their projects. Besides meeting the needs of customers for panel displays in existing stores and planning to expand new stores in the future, the Company also extends the service life of products through ongoing maintenance and service, thereby minimizing the environmental burden caused by consumers' frequent product replacement.

Seamless replacement service is provided for large TV wall models, and packaging material recycling is also encouraged

For large TV walls used in airports, hotels, and exhibition venues, when customers apply for returns and exchanges, AUO will arrange for spare products to be replaced immediately at the customer's site to prevent any interruptions before the defective product is shipped to the maintenance center, thereby providing customers with flexible product exchange/return services. AUO reuses the original packaging materials that are still in good condition and encourages customers to recycle the outer boxes. This not only decreases the cost of packaging materials and transportation but also prevents the waste of resources.

Customer Collaboration Case

Creating the world's highest refresh rate 500Hz Esports monitor

AUO, NVIDIA, and ASUS ROG have jointly announced today the release of the world's highest (Note) refresh rate panel, ROG Swift 500Hz Esports monitor. By combining AUO's gaming dedicated E-TN technology with NVIDIA Reflex Analyzer, the new 500Hz panel ensures that games deliver images that are clear, sharp, and smooth for the ultimate lag-free rapid-fire gaming experience.

AUO actively held meetings with customers during the initial stages to discuss and combine market information, technical capabilities, and product specifications from all parties to formulate a new product development plan. AUO also demonstrated its innovative ability by developing E-TN technology to break through the physical limits of liquid crystals, achieving ultra-fast response speeds. With this advantage as a foundation, we simultaneously improved panel structure design, liquid crystal material enhancement, and process optimization across three main aspects.

Note: Based on the available market research information as of May 24, 2022



AUO A.R.T. Powered Customers Receive World's First TÜV Reflection Free Certification

Since the release of AUO's A.R.T. advanced anti-reflective technology in 2019, it has received excellent feedback from customers. In response to market demand, we have improved and applied this technology to various display sizes. In 2022, A.R.T. technology passed multiple strict standard tests of the internationally renowned testing and certification organization TÜV Rheinland, obtaining the world's first "Reflection Free" certification. The desktop displays from Acer and BenQ, which adopted AUO's A.R.T. technology, also passed the stringent test standards simultaneously, demonstrating AUO's commitment to providing customers with high-quality products and helping them achieve outstanding market-representative services.



Material Issue

◆ The products of designated customer, the productivity of promising to use renewable energy

Satisfy Customers' Demand for Green Products

AUO became the first display panel manufacturer to receive the UL 3600 Circularity Certification in 2020 by unveiling the world's first display manufactured with renewable materials. In 2021, the Company extended its collaboration with Taiwanese brand customers to launch notebooks using recycled materials; in 2022, AUO officially became the first global display manufacturer to commit to 100% renewable energy by 2050, in turn establishing our leadership status in green display manufacturing. As the carbon footprint of end products receives increasing attention, AUO has not only expanded the application of recycled materials, but also continued to develop and launch panels with low energy consumption, high penetration rate, and high performance. For example, a foreign brand customer intended to launch an end product with a low carbon footprint, so AUO collaborated with the customer to discuss and evaluate the carbon emissions of the end product during its life cycle and applied the design framework of AUO's new generation panel in conjunction with low energy consumption technical characteristics. As a result, the carbon footprint of the new generation panel can be lowered by over 15% compared with previous panels of the same size. The product has garnered a high level of recognition and praise from customers. In terms of manufacturing, AUO is also joining forces with foreign customers. In the future, the Company plans to apply green electricity to produce customers' products to meet their end product carbon emission reduction goals.

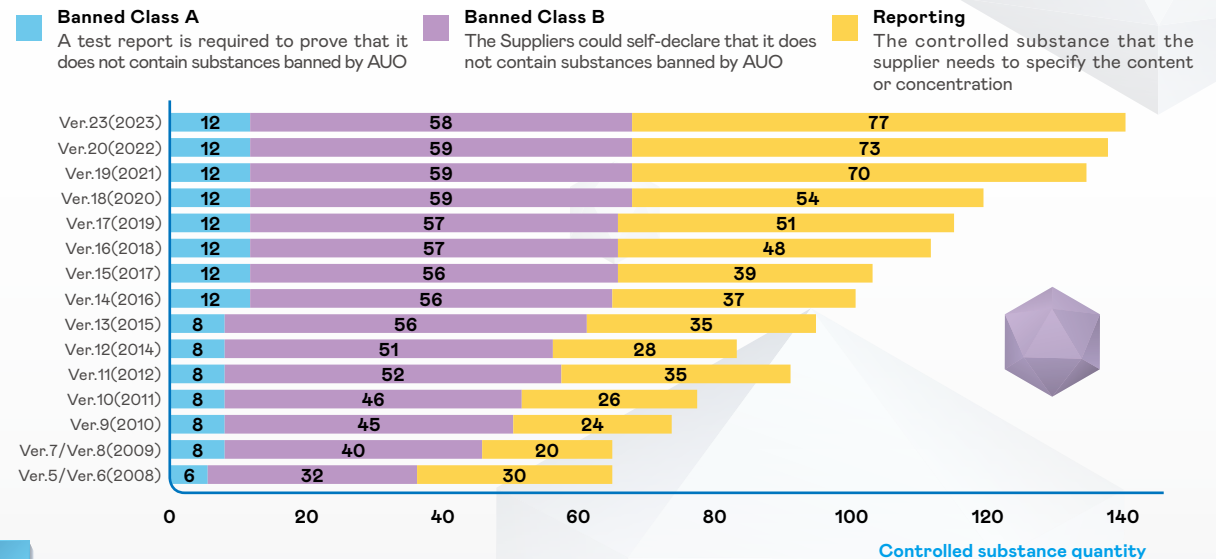
Recycling Of Customers' Product Packaging

AUO encourages customers to recycle packaging materials. Recycling product packaging materials can minimize repeat purchasing of packaging materials, reduce material purchasing costs, and lower carbon emissions from the production of new packaging materials. Apart from the unrecyclable packaging materials caused by damage, dirt, scratches, and size variations due to material characteristics, transportation, and the customer's production process, the remainder are recycled and cleaned for reuse. In 2022, the average recycling rate of packaging materials for all TV Display factory areas was 55.36%. The total amount of recycled packaging materials was approximately 155,000 sets, decreasing carbon footprint by roughly 1,521 metric tonnes through recycling.

2.4.2 Hazardous Substance Management

AUO adjusts the "Hazardous Substances Management Regulations for Green Products" every year in accordance with international laws and regulations, environmental protection trends, and customer requirements for hazardous substances to ensure that green products with low environmental impact are provided. In 2022, the 23rd revision of management regulations was conducted according to international regulations and customer requirements, and it will be implemented in 2023. The number of hazardous substances under control has reached 147, encompassing all the declared substances listed in IEC 62474 and key customer regulations. To improve product inspection, AUO has introduced a thermal desorption mass spectrometer for rapid detection of phthalates at the Xiamen factory, and performs incoming material inspection according to customer requirements, while lowering the risk of products violating international regulations. Furthermore, according to the results of the 2022 Stockholm Convention's 18th meeting of the Persistent Organic Pollutants Review Committee (POPRC-18), the ultraviolet absorber UV-328 is expected to be listed as a banned substance. In line with international standards, AUO launched the ultraviolet absorber UV-328-free material campaign in September 2022. From raw material inspection to verifying alternative materials, relevant departments work together to ensure that products comply with international regulations and customer needs.

AUO Hazardous Substance Management Regulation Revision History



2.5 Responsible Supply Chain

AUO has established display manufacturing sites and operating sites globally, and the Company has more than 3,700 suppliers worldwide. AUO regards suppliers as important partners. Hence it has extended the concept of sustainable management to supply chain management to devise specific supplier sustainable management regulations and goals. New suppliers must sign the "Supplier/Subcontractor Code of Conduct," to declare that they comply with environmental and social relevant standards, and commit to integrity and anti-corruption concepts. The Company also collaborates with supply chain partners to enhance operational resilience through communication, mentoring, and audit training.

■ Achievement of Material Issues

Material Issue – Climate Change				☑ Meet	☒ Miss
	Goal	2022	2022 progress	2023	2024
<ul style="list-style-type: none"> Value chain climate change mitigation and adaptation as management, engagement and operation 	Carbon reduction ratio of key suppliers 2021 as the base year	Inventory (Establish a New Baseline)	42 suppliers have completed setting up carbon reduction baseline ☑	2%	4%
	Number of suppliers working together on ESG	50 suppliers	57 suppliers ☑	60 suppliers	70 suppliers

2.5.1 Sustainable Supply Chain Management Strategy

In addition to rigorous requirements on suppliers' quality, cost, delivery date, environmental safety and health, etc., AUO also clearly discloses its management principles and systems, as well as introduces comprehensive external standards and automated management by designing a comprehensive sustainable supply chain management process. Through sharing feedback, review and mentoring, and extensive exchanges, AUO provides suppliers with important policies such as carbon reduction and energy saving, legal mineral sources, and local and green purchasing, and accompanies suppliers to implement the aforementioned actions.

● Supplier Composition

There were a total of 3,731 suppliers who conducted transactions with AUO in 2022. AUO divides suppliers into seven categories according to purchase categories, including raw material suppliers, process outsourcers, waste subcontractors, equipment and parts suppliers, manpower outsourcers, service outsourcers, and transportation categories. In particular, raw material suppliers include glass substrates, chemicals, polarizers, backlight modules, driver ICs, printed circuit boards, etc. AUO also classifies suppliers according to issues to implement key management. The classification method includes environmental actions (water saving, energy saving, carbon reduction) or international evaluation standards (RBA, DJSI). Moreover, principles, including the annual purchase amount and a single source of material, are applied to identify key suppliers.

Tier-one suppliers	756	Annual purchase amount > NTD 10 million
Tier-one key suppliers	124	<ul style="list-style-type: none"> Material key suppliers with annual purchase amount > NTD 1 billion: 36 Ratio of single material>60%: 0 Non-direct material key suppliers: 88
Tier-two key suppliers	5	Tier-two direct material key suppliers

● Four Major Dimensions of Sustainable Supply Chain Management

AUO upholds the principle of balanced ESG development to formulate specific supplier sustainability management techniques and targets across four major dimensions: environmental sustainability, risk control, partner communication, and digital platforms.



Sustainable Supply Chain Management Process

AUO has formulated and improved the five-stage supplier cycle management mechanism, which includes new supplier evaluation, compliance with standards, risk assessment, audit and verification, and continuous improvement. An SOP is created for every stage to facilitate effective management, and additional projects are launched for specific issues. In 2021, we introduced the SCM CSR Portal system in an effort to strengthen the digital management of the sustainable supply chain. Ensure the suppliers' business continuity by convening quarterly operation meetings and the business continuity plan (BCP).

Step	New Supplier Evaluation	Compliance Guidance	Evaluate Risks	Audit and Verification	Continue to Improve
Target	Ensure that new suppliers comply with codes of conduct, regulations, and customer codes of conduct	Regularly promotes sustainability-related regulations to make sure that suppliers understand the latest domestic and international trends, as well as the latest ESG requirements of AUO and other brand manufacturers	Establish a comprehensive supply chain risk process and constantly optimize and improve the risk control system to maintain supply chain stability	Ensure suppliers' data quality and reliability, focusing on high-risk suppliers to implement strengthened audits	Provide suppliers with training courses and practical exchanges according to different issues, offering outstanding suppliers rewards as incentives
SOP	<ul style="list-style-type: none"> Sign Supplier/Subcontractor Code of Conduct Commitment to comply with AUO's statement on the non-use of conflict minerals policy 	<ul style="list-style-type: none"> Send integrity promotion letters Host annual CSR Partners conferences Publication of management regulation-related documents and issuing of policies 	<ul style="list-style-type: none"> CSR risk questionnaire survey QBR meeting Vendor information system (VIS) Conflict mineral process management BCP Local purchasing management Water conservation management Electricity-saving management Packaging material recycling management Carbon inventory management 	<ul style="list-style-type: none"> Introduce the RBA standards and conduct annual audits Document employee interviews Supplier performance analysis Demand suppliers to implement and pass ISO 14064/ISO 50001 certification 	<ul style="list-style-type: none"> Regularly host co-prosperity courses Regularly host local energy conservation-related exchanges Regularly host annual supplier CSR awards
Projects	<ul style="list-style-type: none"> Multi-source project for key material suppliers Regional multi-source project for suppliers 	Regularly host supplier and stakeholder meetings	<ul style="list-style-type: none"> Green power usage survey Carbon footprint survey 	Demand suppliers to participate in CDP disclosure	<ul style="list-style-type: none"> Green loan matchmaking Government resource matchmaking Mentoring resource matchmaking
Management tools	Implement automated supplier CSR data management through the SCM CSR Portal system to lower overall management costs and enhance efficiency				

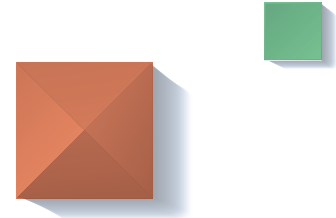
Implement Digital System Management on Sustainable Supply Chain

AUO developed the SCM CSR portal platform in 2020 to systematically arrange suppliers' sustainability performance indicators related to water, electricity, carbon emissions, and waste. The platform offers a clear view of the sustainability performance of all suppliers, realizing benefits such as management automation, data standardization, and cost minimization.

2.5.2 Sustainable Supply Chain Risk Governance

Supplier Risk Evaluation Mechanism & Outcome

AUO has been conducting supply chain risk assessments every year since 2015. Through self-assessment questionnaires, the Company can understand suppliers' risk level and control status in terms of economic performance, social responsibility, environmental safety, and health, and apply the information to select high-risk manufacturers for RBA audits every other year.



CSR Risk Assessment

Main Inspection Targets	Assessment item	Economic Performance	Social Responsibility	Environmental Safety and Health
		Investigate the current management conditions of suppliers' finances, corporate governance, and business continuity plans	Monitor suppliers' compliance in terms of labor rights, personal data protection, and ethics	Review suppliers' measures on fire safety, pollution treatment, and the implementation of an environmental safety and health system
Tier-one suppliers who account for the top 80% of the purchase amount	Implementation outcome	A total of 92 suppliers were investigated in 2022. In particular, there were 6 social responsibility-related high-risk manufacturers, mainly due to a lack of a risk mechanism that regularly monitors labor and ethics-related issues. There were 20 high-risk manufacturers in terms of environmental safety and health; this is attributed to the fact that the daily operation of suppliers involves the discharge of several pollutants. AUO identified 23 suppliers (27 factories) based on the questionnaire results, past audit results, past questionnaire results, whether they have obtained the RBA VAP certificate, as well as supplier categories and transaction volumes.		

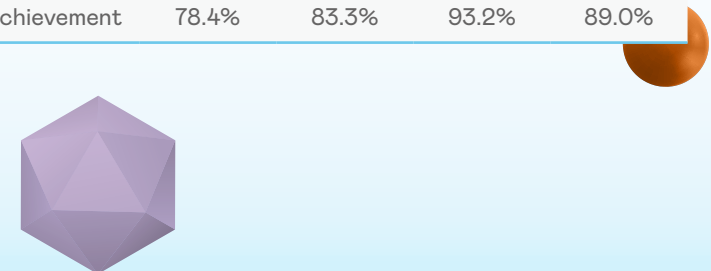
RBA Assessment

Two of the 23 suppliers selected through CSR assessment have already implemented the RBA VAP audit and hence did not repeat the audit. In 2022, AUO conducted RBA audits on 21 suppliers (25 factories). Concerning the non-conformities discovered, AUO has requested suppliers to respond and review their practices, and the Company also supervised their implementation. The suppliers have all made improvements, hence none of them were terminated from the partnership.

Assessment Targets	Assessment Item	Environment	Society
<ul style="list-style-type: none"> High-risk suppliers from the CSR risk assessment Key suppliers receiving mentoring 	Outcome Analysis	The 73 minor non-conformities are mainly related to health and safety, accounting for 80.8% of all non-conformities.	Of the 101 non-conformities, 13 are designated as priority improvement items. Work hours and public health, food, and accommodation-related non-conformities are the majority, accounting for 42.6% of total non-conformities.

RBA Audit Outcome

		2019	2020	2021	2022
Social aspect	Achievement	60.0%	70.0%	75.0%	75.0%
	Achievement	74.5%	78.3%	89.8%	89.0%
Environmental aspect	Target	60.0%	70.0%	75.0%	75.0%
	Achievement	78.4%	83.3%	93.2%	89.0%



● Implement Conflict-Free Minerals

AUO is committed to fulfilling social responsibilities, respects and protects human rights, and establishes the Conflict-free Minerals Policy according to the due diligence investigation procedures of the Organization for Economic Cooperation and Development (OECD), and requests suppliers to attach importance and fulfill jointly.

AUO upholds the principle of full material disclosure and uses the system platform to disclose components and ingredient-related information. In response to customers' needs for conflict mineral investigation documents, AUO provides CMRT (Conflict Minerals Reporting Template) and EMRT (Extended Minerals Reporting Template) to fulfill due diligence duties and public disclosure (Note). Furthermore, the Company has formulated relevant improvement measures consistent with customer requirements on conflict minerals management.

Statement on Conflict-Free Minerals	Mineral Source Inquiry	Due Diligence	Public Disclosure
<ul style="list-style-type: none"> Establish AUO Conflict Minerals Policy 	<ul style="list-style-type: none"> Product analysis Screen metal-containing materials Launch investigations using the verification platform 	<ul style="list-style-type: none"> Request suppliers to submit conflict minerals information through the system 	<ul style="list-style-type: none"> Accept customer audits Submit conflict minerals documents to customers



3TG Metals Management

3TG (tantalum, tungsten, tin, and gold) are indispensable raw materials for electronic products. To ensure conflict minerals do not exist in AUO's supply chain, the Company has devised a detailed conflict mineral management process to monitor the source of tantalum, tungsten, tin, and gold. The process includes three major operating models. In 2022, AUO investigated 71 suppliers and verified 4,027 part numbers, confirming that the sources of the four metals are not from conflict areas, thereby ensuring the implementation of the conflict-free minerals policy as well as the protection of human rights and justice.

Data verification process

The part numbers containing metal materials are selected according to material classification through product analysis, and the risk management of key raw materials is also implemented. If the part number must be investigated, the system will launch the conflict minerals investigation e-form automatically. After receiving the investigation form, the supplier must conduct an inventory of this product's conflict minerals supply chain. Upon completing the form, AUO will begin to review the information.

Abnormality management procedure

After reviewing the conflict minerals information, the judgment will be made based on the country where the mineral source disclosed by the supplier is located. If the country is the Democratic Republic of the Congo, the abnormality management process must be activated. Formulate corresponding measures to ensure the legality of conflict minerals in materials.

Material management procedure

Manage information such as material numbers and suppliers in the current month through the purchasing system, and generate weekly monitoring reports to keep track of the verification progress of conflict minerals.

Cobalt & Mica Management

Since cobalt is a key material in the manufacturing of batteries, it has become an important material for the global energy transition in a bid to mitigate global warming. However, most of the world's cobalt comes from Democratic Republic of the Congo, which is associated with the risks of armed conflicts and illegal operations, so Responsible Minerals Initiative (RMI) has listed cobalt mines as the fifth conflict mineral in 2019. Mica has diverse applications in numerous industries because of its different optical, functional, electrical, and thermal insulating properties. Mica is the main ingredient of paint, thus it is mostly used for the exterior finishing of electronic products. In recent years, problems of child labor, illegal operations, as well as unsafe health and safety have been exacerbated in the process of mica mining and processing. Therefore, RMI has also included mica as a conflict mineral (Note).

Note: As of December 31, 2022, AUO manages gold, tantalum, tin, tungsten through CMRT, while cobalt and mica are managed through EMRT.

2.5.3 Green Supply Chain

AUO perceives combating climate change as a priority for collaborating with suppliers. The Company is committed to minimizing GHG emissions throughout the value chain, expanding supplier GHG inventory management, giving priority to local suppliers, and stipulating the direction of carbon reduction in the product life cycle. The circular economy is one of the important strategies, thus AUO consolidates key suppliers and partners to implement green supply chain solutions, as well as continues to expand the use of recycled materials and the development of low-carbon manufacturing processes without compromising quality.

Key Suppliers' Climate Commitments & Actions



Key carbon reduction management targets

Account for the top 80% of the purchase amount

Tier-two direct materials

Key indirect materials

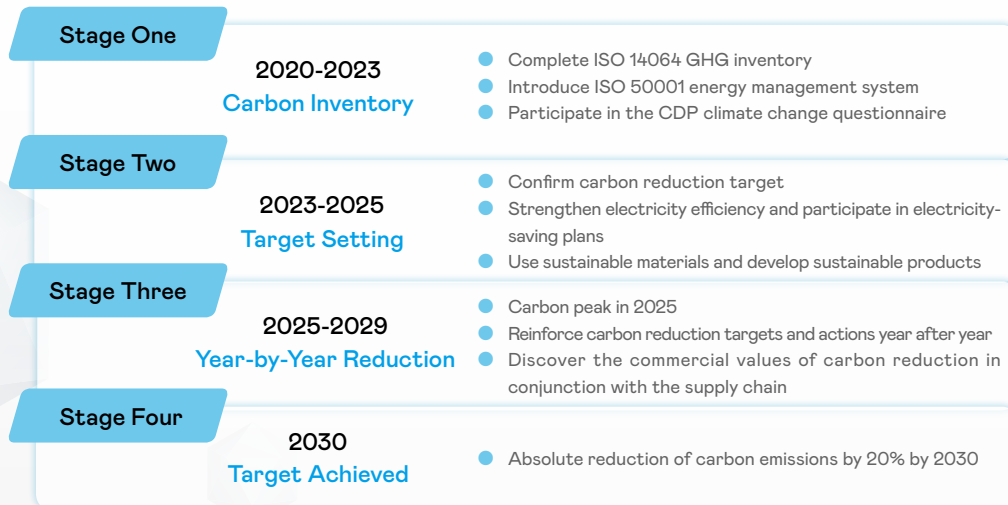
- Suppliers must commit to the 2030 carbon reduction goals and paths, and AUO will conduct performance reviews every year
- Suppliers must disclose carbon emission data verified by a third party on the SCM CSR portal every year
- Suppliers voluntarily provide energy-saving solutions and achievements and reinforce carbon reduction goals and actions year after year

Material Issue

Number of suppliers working together on ESG

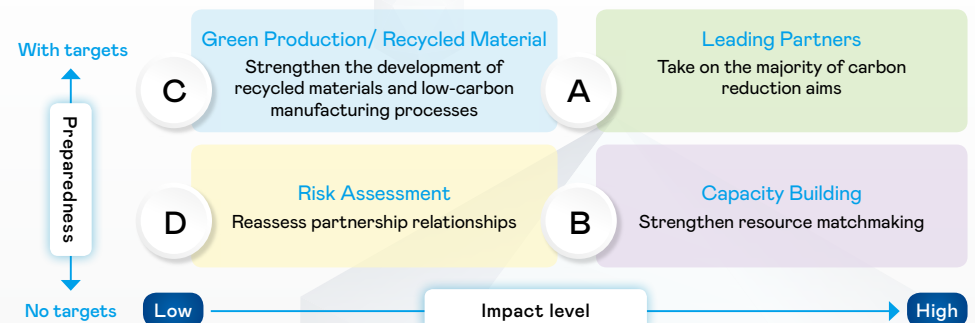
Suppliers' Commitment to Reduce Carbon Emissions by 20% by 2030

AUO has depicted the 2030 carbon reduction goals and paths for suppliers. Through the four stages of carbon inventory, goal setting, year-by-year reduction, and goal achievement, 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%. The Company strives to achieve low-carbon transformation in collaborations with its supply chain partners. As of late 2022, 57 key suppliers have committed to completing the 2022 carbon inventory and set their respective 2030 carbon reduction targets. In particular, 42 suppliers have finished setting their carbon reduction baselines and 2030 carbon reduction targets.



Differentiation Management Strategy

AUO boasts a diverse supply chain. Hence various industry types or scales of suppliers must be grouped and managed by employing different plans and strategies. For suppliers with a relatively higher level of carbon reduction deployment who exerts relatively more influence on AUO, they are designated as pilot partners. In addition to shouldering greater carbon reduction responsibilities, AUO prioritizes the development of diverse recycled materials and new products, as well as the trial implementation of extensive systems and projects to actively attempt different carbon reduction plans. For suppliers without carbon reduction goals, the Company plays a supporting role, offering them relevant resources or experiences for training and empowerment purposes. Meanwhile, for suppliers with potentially high carbon risks, AUO will bolster their management or refrain from working with them.



Other Joint Actions

Targets	Action plans	Applicable targets	Target	2019	2020	2021	2022	2023
Water Conservation	Promote water conservation management	Process contractors and raw material suppliers who have complied with AUO's policy in implementing water conservation	Target	4,000 CMD	5,000 CMD	8,000 CMD	8,200 CMD	8,500 CMD
			Achievement	4,846 CMD	9,209 CMD	8,514 CMD	8,959 CMD	
Energy-saving and carbon reduction	Continue to lower product energy consumption and increase energy efficiency	Contractors and raw material suppliers who voluntarily participated in the program	Target	10,000 metric tonnes	10,000 metric tonnes	10,000 metric tonnes	32,000 metric tonnes	54,000 metric tonnes
			Achievement	11,636 metric tonnes	13,008 metric tonnes	31,342 metric tonnes	54,004 metric tonnes	
Supplier packaging material recycling	Reduce the consumption of earth resources through reverse logistics and recycling	Mostly display packaging materials suppliers	Target	92.0%	93.0%	93.0%	93.0%	93.0%
			Achievement	92.6%	96.0%	93.6%	92.9%	
Green logistics	Implement transportation methods that are consistent with the low-carbon spirit	Transportation supplier	Target	3,436 metric tonnes	4,300 metric tonnes	4,300 metric tonnes	4,300 metric tonnes	4,300 metric tonnes
			Achievement	3,901 metric tonnes	5,828 metric tonnes	12,125 metric tonnes	9,553 metric tonnes	
On-site energy conservation sharing with suppliers	Visit the suppliers' factories to help them improve energy-hungry equipment or operations and lower energy consumption	Domestic raw materials supplier	Target	-	3 suppliers	3 suppliers	3 suppliers	3 suppliers
			Achievement	-	3 suppliers	3 suppliers	3 suppliers	
Localized purchasing (Note)	Adopt green purchasing and local purchasing to minimize the carbon footprint of raw materials and foster developments in the local economy	Raw material supplier	Target	91%	91%	91%	91%	91%
			Achievement	92.0%	89.7%	90.0%	90.4%	

Note: Refer to materials in the Vendor Managed Inventory (VMI)

Definition

- Energy-saving and carbon reduction: The energy-saving suppliers mainly include key suppliers of various important materials categories, with a focus on high electricity consumers.
- Supplier packaging recycling: Mainly focused on display material packaging, excluding packaging of glass, colored filter plates, etc. (The calculation method is the recycling quantity provided by the supplier / the usage quantity given by the supplier to AUO *100%).
- Green logistics: Fast sea freight to mainland China ports, followed by inland transportation to AUO's mainland plants, reducing air transport. The Suzhou plant transports containers to Shanghai port, replacing container truck transportation with feeder ships. The Xiamen plant uses integrated customs clearance and transports goods to Hong Kong region by truck mode instead of air transportation.

Localized Purchasing

AUO has long upheld the principle of localized purchasing and local production to realize timely and adequate purchasing, thereby decreasing management and operating costs. In response to the spirit of SDG12 Responsible Consumption and Production, AUO endeavors to create local employment opportunities and foster economic prosperity and development. The local supply ratios of display and solar raw materials were 90.4% and 36%, respectively.

2.5.4 Sustainable Interaction & Engagement

Co-Prosperity Activities

In 2022, AUO organized five CSR co-prosperity activities, encompassing topics such as CSR portal system instructions, product carbon footprint introduction, contractor whole process management, RBA 7.1 practice sharing, energy conservation and carbon reduction practical case studies, etc. A total of 336 supply chain partners participated in over 200 activities throughout the year, achieving an average satisfaction ratio of 4.6 points (out of 5 points).

CSR Partners Conference

In response to the spirit of the UN's SDG 17, Partnership for the Goals, AUO has consolidated upstream and downstream supply chain partners to generate and share values. Two CSR Partners conferences were held in 2019 and 2020, respectively, which received enthusiastic support and positive feedback from the supplier partners. To continue the Company's aspiration of exchanging and sharing resources and expanding the influence of the value chain, when the pandemic eased off in 2022, AUO convened the third conference under the theme of "Embracing Net Zero and Mutual Benefit", inviting 70 suppliers and nearly 200 partners to participate in the grand event via online and physical means. Seven major awards including the "Global Sustainable Partners Award", "Outstanding CSR Partners Award", "Best Society Inclusion Partners Award", "Best Environmentally Friendly Partners Award", "Best Energy Management Partners Award", "Best Water Management Partners Award", and "Best Circular Economy Partners Award" were presented to outstanding supplier partners in recognition of their efforts and achievements in sustainable development. Experts from diverse disciplines were also invited to share their experiences and solutions in sustainability, such as ESG trends, carbon reduction, and green energy, hoping to encourage value chain partners to take actions together to mitigate climate change, thereby generating product competitiveness and shaping new values of the green paradigm.

On-Site Energy Conservation Exchanges

AUO boasts years of experience in factory energy saving and carbon reduction, and it is willing to share such experience through annual on-site communication activities with suppliers. The Company's factory colleagues visit the supplier's factory area to share AUO's experiences, techniques, and technologies in carbon reduction management to assist supplier partners in implementing carbon reduction. In 2022, AUO conducted on-site exchanges with 3 domestic raw material suppliers. The topics include environmental safety, practical experience sharing energy conservation in factories, etc.

Promote Green Purchasing

In response to the Environmental Protection Administration (EPA)'s green purchasing policy, AUO collaborated with the Industrial Technology Research Institute to introduce a green purchasing management system in 2021, as well as formulated and revised the green purchasing policy. Moreover, a supplier selection and inspection mechanism was also established. The purchasing unit has complied with the principle of green procurement to minimize the purchase of disposable items and prioritize the evaluation of products and services that meet the EPA-approved green mark requirements. Furthermore, AUO has been recognized by the EPA as an "Outstanding Private Enterprise in Promoting Green Purchasing in 2021". In 2022, AUO will continue to conduct internal promotion of green purchasing. The total declared amount was NTD 92.32 million. AUO will expand the promotion of green purchasing in the future, practicing responsible procurement by taking concrete actions.

Global Partners Summit

AUO communicates its transition vision and sustainable targets to global supplier partners through the Global Partners Summit (GPS). The summit was canceled in 2020 due to the pandemic, and it was resumed in 2022 after the pandemic situation gradually improved. Besides commending partners who have demonstrated outstanding performance in sustainability, experts from diverse fields were also invited to share AUO's innovative display technology, green solutions, as well as sustainable experiences and solutions with the audience. The biennial summit allows AUO to positively interact with its suppliers and form a tight partnership.



The First Sustainable Supply Chain Financial Cooperation in Taiwan

AUO and Taipei Fubon Bank became partners in the sustainable supply chain financial cooperation project, integrating the technology supply chain and the financial industry to forge the first collaboration of its kind in Taiwan. For this collaboration, AUO selects compatible suppliers and formulates sustainability indicators together. At the same time, Taipei Fubon Bank designs corresponding financial products that are linked to sustainability indicators. Suppliers who meet the indicators' requirements can enjoy preferential interest rates, incentivizing suppliers to join the ranks of energy conservation and carbon reduction.

CDP Supply Chain Engagement

In the 2022 CDP supplier engagement rating report, AUO received rating of Leader A, exceeding the average of global enterprises (C-level). AUO is committed to supplier partnership, and actively conducts value chain partnerships engagement for climate change mitigation and adaptation. Through the integration of the system platform, AUO effectively grasps the carbon energy usage of supplier partners, accounting for about 70% of the purchasing amount, and optimizes their efficiency.



Chapter

3

Environmental Sustainability

- 3.1 Climate Change
- 3.2 Water Resource Management
- 3.3 Circular & Clean Production
- 3.4 Biodiversity



Highlights

Improve Energy Efficiency

With over 990 energy-saving improvement plans in place, the annual power-saving rate reaches 2.57% under electricity reduction scenarios

Improve Water Recovery Efficiency

Deeply applying AI technology, the process water recycling efficiency reaches 95%

Use diverse recycled materials

Continuously expanding the penetration rate of recycled materials. 33 products use recycled materials, and the proportion of recycled materials in special specification products exceeds 20%

Implementing waste reduction and creating new value

Improving waste management throughout the entire process, the total amount of waste generated decreased by 7.8% compared to the previous year

3.1 Climate Change

As the world is striving towards net-zero, AUO has formulated a climate strategy blueprint and specific tasks based on industry characteristics and operating conditions, bolstering the management of all aspects of operations, as well as making plans and preparations in advance for financial support. AUO's stakeholders have always valued the Company's actions and achievements in "climate change", "energy management", "water resources management" and "circular production". AUO will also try to meet the stakeholders' expectations and take the initiative in the low-carbon transition of the value chain through high-level management leadership and collaboration between different units.

AUO's Climate Commitment

2025 Absolute carbon reduction
25% vs 2018

2030 Global offices achieve
Net Zero

2050 **100%** use renewable energy

AUO responds to climate change via two fronts: mitigation and adaptation, and it is also vigorously keeping up with the latest global developments. In light of the heavy energy consumption in the display manufacturing process, the Company strives to improve energy efficiency and increase the use of renewable energy by setting specific goals and steadily implementing them year by year.

■ Achievement of Material Issues

Material Issue – Climate Change					☑ Meet	☒ Miss
	Goal	2022	2022 progress	2023	2024	
● Management of climate change risk and financial impacts	Number of projects completed the risk assessment and management process	3 projects	6 projects ☑	3 projects	3 projects	
	Join the international initiatives	Join RE100 initiative	AUO officially joined RE100 in February 2022 ☑	-	-	
● Carbon asset management and international initiatives	Carbon rights management	Apply for carbon credit	Completed carbon credit project application ☑	Acquired 0.2 million metric tonnes of carbon rights	Do carbon offsetting of buildings	

Material Issue – Energy Management					☑ Meet	☒ Miss
	Goal	2022	2022 progress	2023	2024	
● Energy management technology and efficiency improvement	Proportion of renewable energy installed under the standard of major electricity consumers (Note)	- The goal begins in 2023	-	6%	8%	
	Energy storage system installation capacity	- The goal begins in 2023	-	3,000 kwh	6,000 kwh	
	Number of annual energy conservation competition proposals	48 proposals	48 proposals ☑	48 proposals	48 proposals	
	Organize annual energy perceptible in work and life conservation and carbon reduction events	2 sessions	2 sessions ☑	2 sessions	2 sessions	

Note: According to the definition of the regulation, 10% of the contracted electricity capacity is the legally required to be installed.

3.1.1 Governance Organization

Governance Functions of the Board of Directors and the ESG & Climate Committee

AUO values the governance function of the senior management on climate change. The Board of Directors is the highest management and decision-making unit of the risk management organization. The Board of Directors approves risk management policies based on the Company's business strategies and the industrial environment, thereby ensuring the effective operation of the management system. The annual Board report includes important topics for climate risk-related decisions such as joining the RE100 initiative and status, financial planning to meet the demand for green power purchase and sales, and compliance with SBTi's carbon reduction path. AUO's ESG & Climate Committee drew up a blueprint for net-zero development by 2050 in response to the global net-zero trend. Also, six major platforms were established as the foundation for the Company to achieve the net-zero vision. Chief Sustainability Officer and various chairpersons report important progress to the Chairman every quarter in the ESG & Climate Committee, including reports on project management, goal review, and external trends, so as to coordinate resources appropriately and ensure that goals can be achieved on time.

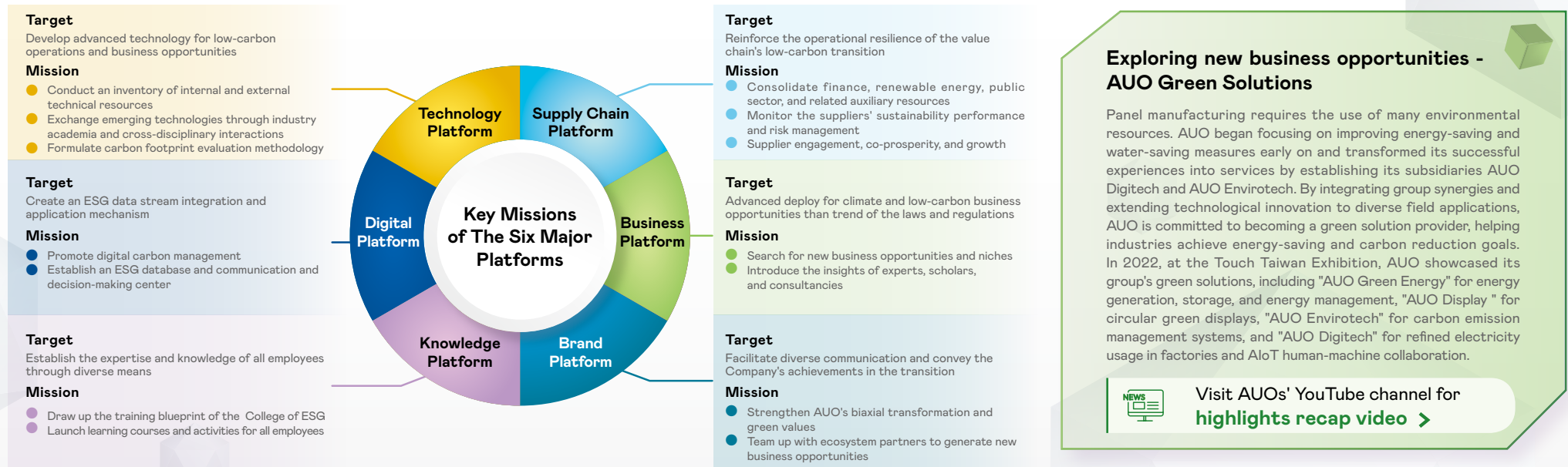
Carbon-Energy Working Group

The Carbon-Energy Working Group is a subsidiary of AUO's ESG & Climate Committee. Operating across different units, the working group is led by the Vice President of Manufacturing, and it is divided into three groups according to different tasks: Emissions reduction group, Risk Adaptation group, and Resource Platform Group to coordinate the organization's climate adaptation and mitigation.

3.1.2 Strategy & Target

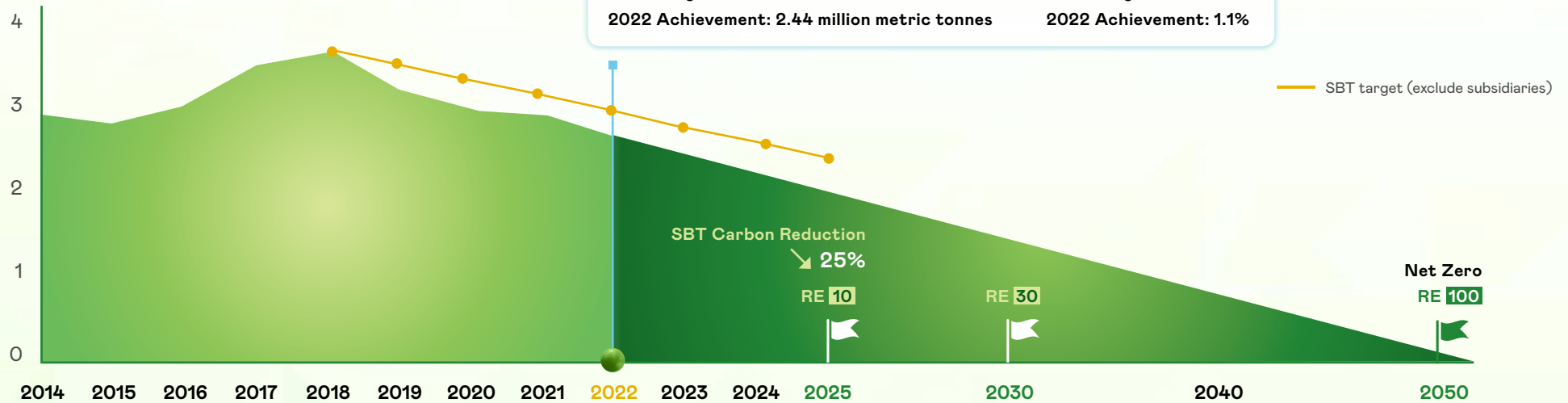
Climate Strategy

AUO has drawn up a strategic climate blueprint and deployed the six major platforms as the foundation. Internally, AUO has examined core technologies, enhanced digital applications, and improved talent strength in response to technology, digital, and knowledge platforms. Externally, AUO has bolstered the supply chain's resilience, tapped into low-carbon business opportunities, and highlighted its brand value in response to the supply chain platform, business platform, and brand platform. AUO will continue to achieve the goal of net zero by 2050 through the consolidated operations of the six major platforms.



The Path & Progress to Net Zero

Carbon Emissions (Million Metric Tonnes of CO₂e)



SBT Carbon Reduction
 2022 Target: 2.91 million metric tonnes
 2022 Achievement: 2.44 million metric tonnes

RE100
 2022 Target: 1%
 2022 Achievement: 1.1%

Achievement

Through improvements in equipment energy efficiency, increased production performance, and energy-saving solutions, the following results were achieved:

2014~2018
Carbon Intensity



(Carbon emissions per unit glass area, kgCO₂/m²)

2018~2020
Absolute Reduction



(Organizational carbon emissions, kgCO₂)

Future Approach & Goal

Energy Efficiency

Continue to improve energy efficiency through ISO 50001. Besides saving 1.5% of electricity annually in the process and progressively lowering carbon emissions from power consumption, AUO has also applied smart manufacturing and digital technology to factory operations through the R&D of technical tools. In the future, AUO will invest in low-carbon fuel and replace obsolete equipment to gradually reduce organizational carbon emissions every year.

Renewable Energy

Initially, AUO's existing power plants will be terminated and transferred to power supply, and continue to include diverse renewable energy purchase and sale contracts as well as green power certificates from abroad to achieve short-term internal goals every year. In the medium and long term, AUO will reach 30% by 2030 and 100% use of renewable energy by 2050, respectively, thereby decreasing indirect energy carbon emissions.

Negative Carbon Technology and Carbon Credits Management

Redeem existing carbon rights, conduct carbon pricing management, and continue monitoring the economic feasibility and scale applicability of negative carbon technologies.

Net Zero Buildings

Smart buildings and energy monitoring are complemented by self-contained solar energy as well as the purchase and sale of renewable energy to achieve zero carbon emissions by 2030 in all offices.

Supply Chain Carbon Reduction

Stipulate the supplier carbon reduction target of 20% by 2030, where four stages of inventory verification, initiative participation, setting carbon reduction targets, and matching business opportunity are applied to realize low carbon transition with AUO's supply chain partners.

Material Issue

◆ Join the international initiatives

● Responding to Climate Initiatives

AUO became an official member of RE100, a global renewable energy initiative in 2022, and the first global display manufacturer to commit to 100% renewable energy by 2050. Based on the foundation of the Science-Based Targets (SBT), the Company is committed to decreasing the total carbon emissions year by year. AUO also joined forces with leading companies in the country to form the Taiwan Climate Partnership and join the Taiwan Alliance for Net Zero Emission initiative. AUO is willing to collaborate with industry partners to promote carbon reduction actions.



Key Targets

Under the WB2C (Well Below 2 °C) scenario; using 2018 as the base year, the Company must achieve the goal of an absolute carbon reduction of 25% by 2025.

Actions

Promote smart factories and increase energy efficiency, including implementing AI modules to optimize the factory maintenance and operation system. In terms of engineering, energy-hungry facilities are examined to improve production efficiency. On the other hand, minimize carbon emissions more vigorously through green power and certificates.



Key Targets

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

Actions

Proactively engage in the development and strategic layout of green power purchasing to accommodate the organization's demand for green power via diverse channels. These include rooftop power plants, privately owned power plants, purchase of official certificates, and participation in various corporate power purchase agreement (CPPA) negotiations.



Key Targets

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

Actions

The Carbon Energy Working Group formed the TCFD team to forecast climate risk scenarios, implement PDCA impact mitigation management through joint operations across different units, and gain insight into business opportunity development.



Key Targets

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

Actions

As one of the founding companies of the Taiwan Climate Partnership, AUO will team up with value chain partners to lower carbon emissions and enhance climate resilience.

For the supply chain's carbon reduction collaboration, see 2.5 >



Key Targets

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

Actions

Focusing on the corporate headquarters as the primary target, rooftop solar energy, green power transfer certificates, and carbon rights are used to achieve net zero offices by 2023. In 2022, AUO received the Taiwan version of the green-level certification recognized by the Taiwan Alliance for Net Zero Emission and the EPA.

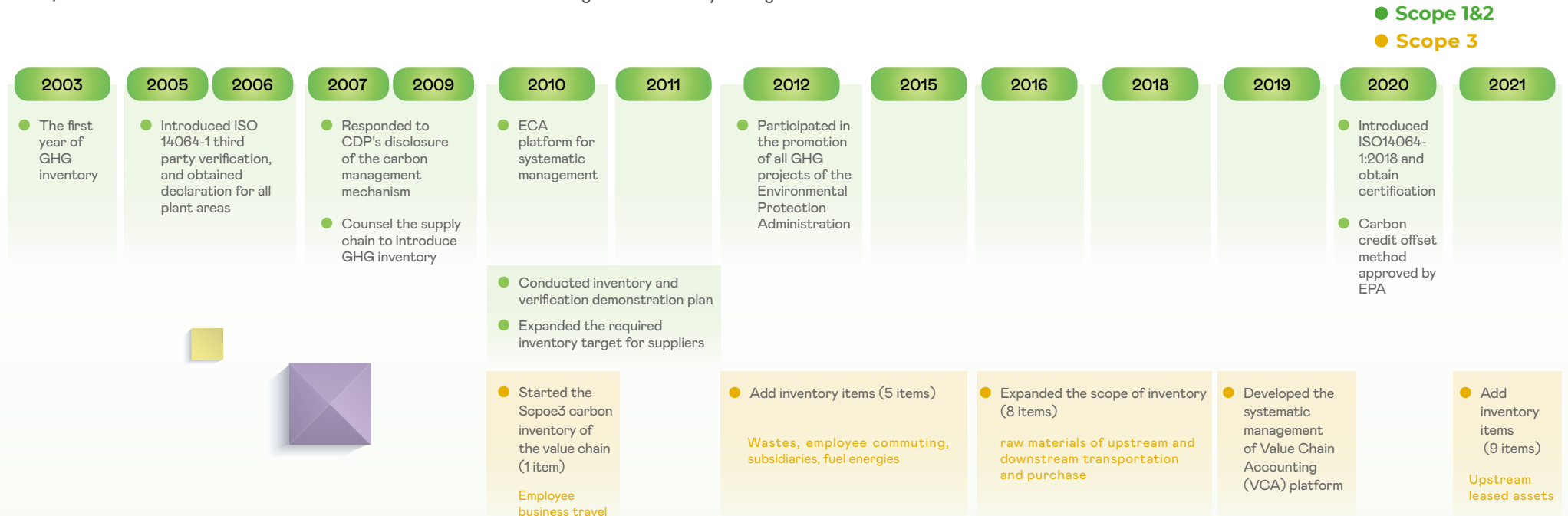
AUO is committed to achieving a net-zero headquarters by 2023, 40% net-zero offices by 2025, and 100% net-zero offices by 2030. In 2022, the Company transformed the headquarters into a net zero demonstration site and a benchmark factory through four major steps: Inventory, reduction, energy generation, and offset. The measures include:

- Replacement of energy-hungry equipment and implement the intelligent management of smart buildings to increase electricity efficiency and energy conservation benefits;
- Harness the collective strength of the public to enhance and cultivate employees' sustainability awareness through activities such as sustainable literacy surveys and Earth Day sustainable actions.
- Establish facilities such as net zero parking spaces and EV charging piles to create a friendly environment and allow employees to materialize net zero by taking action;
- Construct a rooftop solar energy system as well as use green power transfer certificates and carbon rights to strive towards the goal of net zero headquarters by 2023.



3.1.3 Inventory & Mitigation

AUO began inventorying the GHG emissions of our global manufacturing sites in 2003, and introduced the ISO14064 standard to disclose emissions-related information through external verification. We developed a digital platform internally in 2010 to systematically manage the organization's GHG emissions as a means of managing long-term operational carbon reductions. In 2020, the latest ISO14064 standard was introduced to continue refining GHG inventory management.



GHG Inventory

Emissions & Intensity (scope 1&2)

AUO's global GHG emissions in 2022 totaled 2.44 million tons of CO₂e, mainly consisting of indirect power consumption emissions, accounting for of the Company's total 97.15%. This is followed by direct emissions (2.85%) generated by the production processes using PFCs and fuel emissions from utility systems, accounting for. In 2022, the GHG emission per input sheet substrate area was 51.46 kgCO₂e/m². Due to the decrease of production capacity, there is an increase of 20% compared to last year.



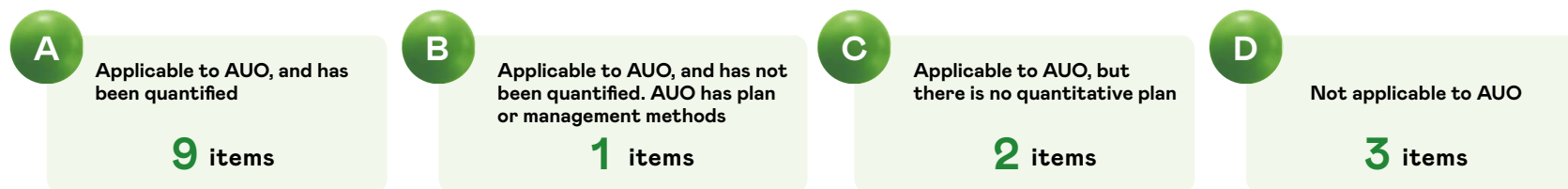
Other Indirect Emissions (scope 3)

AUO has established a company-level Scope 3 greenhouse gas inventory and disclosure since 2010 and has expanded the scope of investigation in line with the corporate value chain standards published by the GHG protocol. In 2020, the latest ISO 14064 standards were introduced in conjunction with a third-party verification to further manage GHG emissions and other indirect emissions (scope 3). AUO has categorized other indirect emissions into 4 categories based on the current conditions and the new ISO 14064 materiality selection principle. A total of 9 items were calculated in 2022.

Seven Materiality Selection Principles

- Data collectability
- The data calculation method is reliable or representative
- The scale of emissions is relatively large based on experience
- Frequency of activities
- Industrial relevance
- Stakeholders' level of concern
- Corresponding to company's reduction actions

Status



■ Indirect GHG emissions from products used by the organization (upstream)

Item	Status	2022	2021
a. Purchased products and services	A	472,378.32	616,395.1
b. Fuel and energy related activities	A	402,996.91	479,272.0
c. Wastes generated during the production process	A	18,126.84	25,661.0
d. Capital goods	C	-	-
e. Upstream leased assets	A	242.72	168.6

- Using previous product carbon footprint inventory conducted by AUO as the basis to calculate the materials needed during production, main carbon emissions from the product raw materials stage are used as the reference for calculating this item. The item includes glass substrate, liquid crystal, photoresist, developer, etchant, array stripper and thinner, etc.
- Calculate AUO's energy consumption including diesel, LPG, natural gas, and electricity, as well as calculate fuel energy-related emissions using the energy resource cradle-to-gate coefficient announced by the EPA.
- Calculate GHG emissions generated during the final waste shipping and treatment process including sludge waste, waste solvent, glass, acid, EAF dust, empty barrel and scrap metal. If the aforementioned items have not reached at least 80% of the total waste disposal volume, new items will be added to the calculation.
- Although this applies to AUO, the company has not purchased a large number of capital goods in 2020, hence it is excluded according to the criteria for the significance of indirect emissions.
- AUO calculates energy consumed by our leased offices in Taiwan and abroad including diesel, LPG, natural gas, and electricity, as well as calculates fuel energy-related emissions using the energy resource cradle-to-gate coefficient announced by the EPA.



■ Indirect GHG emissions generated by transportation

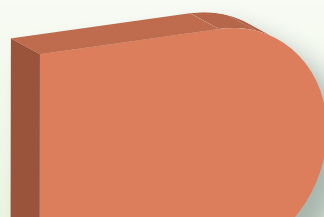
Item	Status	2022	2021
f. Upstream transportation emissions	A	3,092.71	7,972.0
g. Downstream transportation emissions	A	31,004.97	67,284.9
h. Business travel	A	1,051.32	869.0
i. Employee commuting	A	21,764.02	38,732.7

- f. Four major categories of materials needed for plant production are included in the calculation, these include glass, target materials, gas chemicals, etc. These will generate GHG emissions from the supplier's location (the actual address or a representative plant is selected from the website). Transportation between the Company's factories is not included in the calculation.
- g. Products delivered by all the factories in the year (including the contractors' factories) are included in the calculation, but the transportation of front-end products to the OEM is excluded. GHG emissions are generated by land transport to the port or airport, or sea freight/air freight to the destination port/airport, but excluding transport between the factories and OEM factories.
- h. Calculate the GHG emissions of AUO colleagues through the business trip travel system; the individual emissions will be calculated according to means of transportation applied for reimbursement including airplanes, high-speed rails, rental cars, self-owned cars, taxis, etc.
- i. Calculate the GHG emissions of all employees in the plant, including direct employees and indirect employees. Commutations to and from work and shuttle buses between plant areas, the shuttle bus for foreign employees commuting to and from work are also included in the calculation.

■ Indirect GHG emissions from the use of the organization's products (downstream)

Item	Status	2022	2021
j. Investment process	A	53,828.04	49,729.2
k. Processing of products sold	C	-	-
l. Use of products sold	D	-	-
m. Final processing of products sold	D	-	-
n. Downstream leased assets	B	-	-
o. Franchise	D	-	-

- j. AUO Crystal Corp. is a wholly-owned manufacturing subsidiary of AUO. Since it conducts GHG inventory every year, its emissions are included in the calculations
- k. This item applies to AUO; however, since there is no relevant methodology and information collection platform at present, therefore, it is excluded according to the criteria for the significance of indirect emissions
- l. AUO is a B2B company and we do not manufacture end products, therefore this item is not applicable
- m. AUO does not manufacture end products, therefore this item is not applicable
- n. This item applies to AUO, and relevant protocols have been evaluated and formulated. It will be included in future calculations
- o. AUO has no franchise



Reduction Target & Achievement

2025 Targets

Reduce a total of 6.5 million metric tonnes of carbon emissions

In response to SDG 13 Climate Action, AUO proposed a carbon reduction goal in 2018 of achieving a cumulative reduction of 6.5 million tons of carbon emissions based on the life cycle. As of 2022, the cumulative reduction of carbon emissions has reached 6.87 million metric tons, achieving and exceeding the target in advance.

Organizational

Scope 1+2

- Based on the SBT WB2C scenario set an absolute carbon reduction target

Achievement

- Indirect energy carbon reduction by 16.5%
- Absolute reduction YoY 16.3%



For more about organizational carbon reduction, see [3.1.2](#) >

Supply Chain

Scope 3

- Set the target to reduce carbon emissions by 20% by 2030
- Regularly collect and monitor the suppliers' carbon reduction status through the SCM CSR Portal

Achievement

Total energy conservation and carbon reduction of the supply chain reached 54,000 metric tonnes



For more about supply chain carbon reduction, see [2.5.3](#) >

Product

Scope 3

- Evaluate the carbon emissions of the whole life cycle according to the PCR of various products
- Based on the carbon emission intensity during product use, 100% of the shipped products are converted into carbon reduction in the baseline year (2017)

Achievement

- Accelerate carbon reduction goals through product shipping combination and energy consumption reduction design.
- Carbon reduction YoY reached 2.8%



For more about green product, see [5.1.2](#) >

Raw Materials

Scope 3

- Minimize the use of raw materials
- Increase the recycling rate of raw materials

Achievement

- Elevate manufacturing efficiency with the smart material network
- Raw material intensity was reduced by 1.8%, decreasing 58,000 metric tonnes of carbon emissions compared to 2017



For more about raw materials recycle, see [3.3](#) >

Material Issue

Carbon rights management

GHG Management

Scope 1: Carbon right application of SF6 reduction

After numerous years of improvement in carbon emission reduction by AUO, the ratio of direct carbon emissions has dropped to 2.85% of total emissions, which is a relatively low ratio in the industry. However, the high cost of implementing the Scope 1 zero-carbon goal is still a daunting challenge to overcome. AUO has formulated carbon offset regulations with the EPA to voluntarily decrease GHG in advance. In 2020, the Company completed the methodology verification of the carbon reduction project. After the first crediting period (April 2020 to 2021) of the monitoring operation and the third-party verification operation were conducted, approximately 225,900 metric tonnes of carbon credit can be issued.

Scope 2: Electricity Consumption & Management

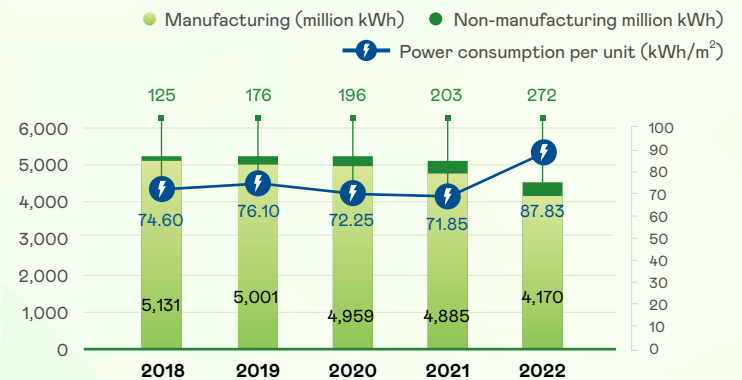
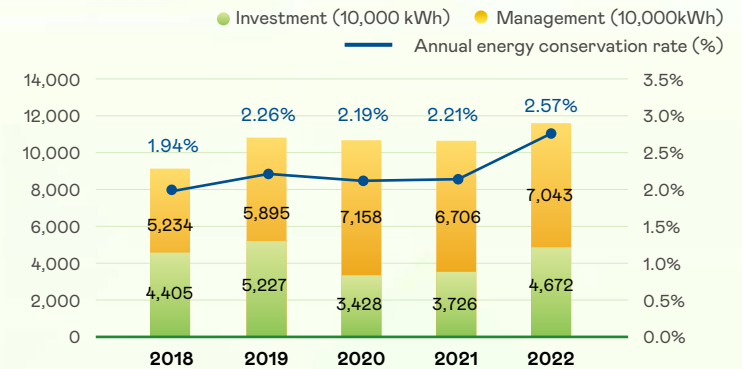
Join the RE100 initiative and continue to increase renewable energy usage

Before joining the RE100 initiative, AUO proactively sought to purchase renewable energy through diverse channels to cater to the long-term and steady demand for green power supply until 2050. From 2022 to 2025, AUO will gradually introduce 1%-10% renewable energy as an internal target. In the short run, the main plan is to terminate the electricity sales contract with Taipower through power plants invested by AUO, as well as purchase green power certificates and the self-contained rooftop power plants. In Taiwan, AUO expects to transfer solar power electricity to supply factories in 2023, which now been sold to Taipower. In China, the Company will expand the idle roof space of the factories to construct self-contained solar power plants. Close to 11.06 million kWh of green power was generated in 2022 (to supplement the self-generated electricity in factories in China). Furthermore, 40 million kWh of green power certificates were purchased through China's Green Electricity Certificate (GECs) trading platform. All in all, AUO achieved 1.1% renewable energy usage in 2022, satisfying the target of RE 1%. In the future, the Company's green power demand will be supplied through large-scale offshore and onshore wind power purchase and sale contracts. Moreover, other more economical sources of diverse renewable energies will be pursued to provide more flexible, economical, and feasible green power solutions.

Expedite the Replacement of Obsolete Equipment to Improve Energy Efficiency

Besides raising the ratio of renewable energy used, AUO's manufacturing and operating units have also invested NTD\$800 million in energy conservation budgets to replace obsolete and energy-hungry equipment year by year to increase overall energy efficiency. In 2022, AUO saved 117.15 million kWh of electricity, achieving an annual saving rate of 2.57%, which is a record high and far higher than the average annual electricity savings of more than 1% of specified energy users as mandated by energy regulations. In terms of energy management, AUO follows the ISO 50001 energy management system standard to rigorously implement energy management with the spirit of continuous improvement. Furthermore, the Company encourages colleagues to propose power-saving solutions through competitions and commendations. In 2022, AUO colleagues proposed over 994 power-saving solutions; 60% of the total power saving comes from the improvement of factory manufacturing management, while the rest is attributed to investments in equipment. In regards to measurement and verification, nearly 72% of the data are estimated after high-precision measurement.

In 2022, AUO's total global electricity consumption was 4.42 billion kWh, of which about 4.17 billion kWh was used for production processes. AUO continues to apply effective approaches to increase energy efficiency. However, due to the weak demand in the general environment and the sharp decline in production capacity, the overall power consumption per unit area has risen by 26%. In light of the rapidly changing production capacity in the future, AUO will implement dynamic on-off and standby management through the Carbon Energy Working Group, and strive to achieve more effective energy conservation.

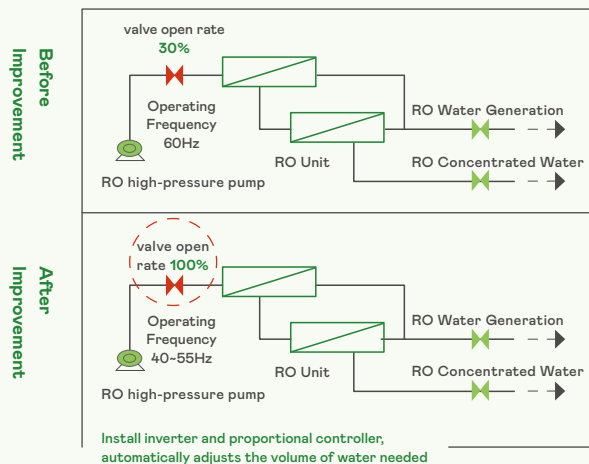


Note: Production capacity in 2022 was influenced by market demand. Panel product shipments were 19.17 million square meters, approximately 25% lower than 25.71 million square meters in 2021. Therefore, it affects the total electricity consumption of the process and the electricity consumption per unit area of the process.

Highlights of Energy Management Projects

Pure Water RO High-Pressure Pump Automatic Regulation Project

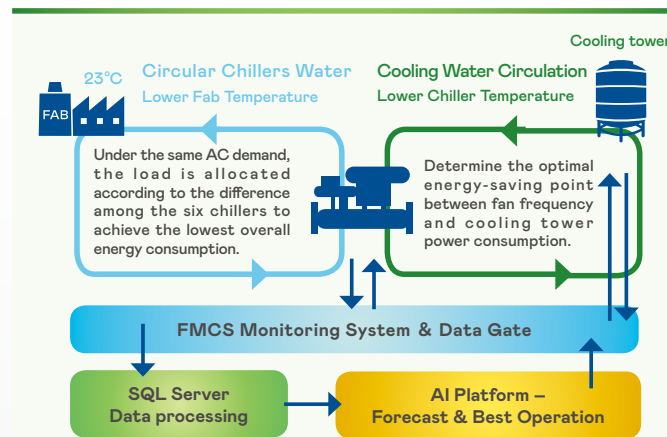
The pure water system can be divided into pre-treatment, generation unit, supply unit, and pure water recovery. In particular, the generation unit accounts for about 36% of electricity consumption, while RO filtration accounts for most of the generation unit's electricity consumption (about 66%). The RO membrane is used to remove residual weak anions and cations, TOC (total organic carbon), silica (silicon dioxide), and particles in water. It is one of the most effective water treatment technologies currently available. However, the old system was designed with quality and stable supply in mind, thus the RO high-pressure pump operates at full load (60Hz), where the required water volume is adjusted through the outlet valve, and the excess water is adjusted through the return valve and routed to the frontend sink; this is not only energy inefficient but also redundant. Consequently, AUO's factory team installed inverters and a proportional controller to adjust the RO high-pressure pump output automatically based on the water demand. Besides ensuring quality and stability, the new thinking of supply-demand balance was also adopted to achieve the goal of energy conservation and carbon reduction. In 2022, the total benefits of the automatic adjusting RO high-pressure pumps in the Taiwan factories translated to 2.35 million kWh in energy conservation.



High-Temperature Chiller Optimization 3.0

The AC system consists of numerous components, where the load and temperature of the chiller, the cooling water circulation system, and the health management of the water tower must work together seamlessly. The AC system connects indoor and outdoor air, thus fluctuations in the outdoor temperature and weather will affect the AC system's performance. If it can instantly respond to outside temperature changes and automatically adjusts various parameters in real-time, the AC system can constantly maintain optimal performance. In light of this, AUO's factory team applies big data and artificial neural networks with machine learning algorithms to accurately forecast the optimal system parameters and feed them back to the control system to prevent wasted energy caused by human operation errors.

Using weather conditions from the last two years as a reference, the Longtan factory implemented the program for two months, and the results indicate that after the algorithm was introduced, the total power consumption of the high-temperature chiller was reduced by 2.42%. Furthermore, machine learning algorithms were applied to automatically retrain and adjust various parameters according to different environments. The Company applied the system to various factories in 2022, saving 10.96 million kWh of electricity annually for high-temperature and low-temperature chiller systems, in turn lowering carbon emissions by 5,580 metric tonnes annually and implementing smart manufacturing on more equipment to realize automated operating parameters.



3.1.4 Climate Adaptation

AUO has incorporated climate change issues into the Company's sustainable development goals to adapt and mitigate thinking responses. In terms of adaptation, AUO has established the PDCA cycle management under the Company's risk opportunity scenarios based on the TCFD framework, acting as a long-term and continuous refining operation mechanism.





AUO published the first Task Force on Climate-Related Financial Disclosure (TCFD) report in late 2022, which will report in depth on AUO's management mechanism and achievements in climate change and carbon issues.



[2022 TCFD Report >](#)

The 2023 report is scheduled for publication in July. Download it from [AUO ESG website >](#)

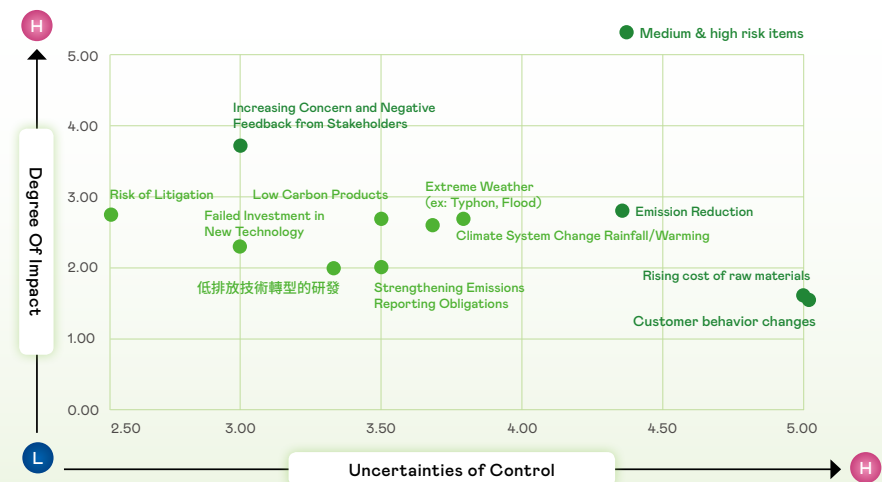
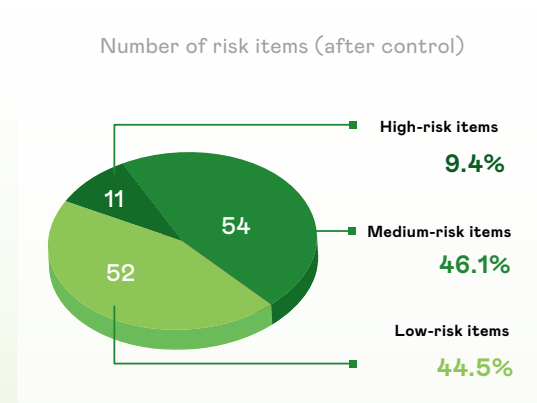
■ AUO TCFD Framework

Core Elements	Description	Disclosure	
 Governance	Disclose the organization's governance around climate-related risks and opportunities	Supervisory Process of the Board of Directors <ul style="list-style-type: none"> Regularly reports to the Board of Directors Material topic, project report 	Role and Responsibilities <ul style="list-style-type: none"> ESG & Climate Committee consists of the CSO and level-one executives who report to the Chairman directly Climate change topic project management and progress report Target review and monitor external trends
 Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Risk and Opportunity <ul style="list-style-type: none"> Carbon reduction in the value chain Renewable energy development & market development Link climate actions to the organization's sustainability targets 	Risk and Opportunity Financial impact <ul style="list-style-type: none"> Categorization based on 4M1E Regularly update the financial impact Evaluate case closure according to the magnitude of the financial impact
 Risk Management	Disclose the processes used by the organization to identify, assess, and manage climate-related risks	Identification and Evaluation Process <ul style="list-style-type: none"> Coupled with the company's risk identification operations Form a risk management working group Opportunity topics are reviewed by the ESG & Climate Committee 	Management Process <ul style="list-style-type: none"> Annual project PDCA management Confirm risk scenario and hypothesis Clarify the responsible department based on the scenario
 Indicators & Target	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	Evaluation Indicator <ul style="list-style-type: none"> Reduce carbon by 6.5 million metric tonnes, SBT goal, RE100 goal Increase climate resilience, continue to lower climate-related financial impacts and risks 	Carbon Emissions Management <ul style="list-style-type: none"> GHG inventory is conducted according to ISO14064 Organizational boundaries: Scope 1 and Scope 2 Other indirect emissions (Scope 3) include a total of 9 types of emissions, which have undergone verification

● Climate Risks & Opportunities


AUO values the organization's governance of climate issues and operational efficiency. Considering the totality of climate risk impacts, the Company integrates the TCFD mechanism with AUO's annual risk identification and reviews climate issues closely related to the Company's business operations through over 100 factory-level supervisors. Finally, risk classification is applied to generate the annual key risk issues, which are entered into the annual TCFD risk project management plan. Furthermore, subsequent tracking management is coordinated by the TCFD working group.

■ TCFD Risk Matrix



2022 Climate Risk Issue Management

In the past several years, AUO has managed and constantly monitored climate physical and transition risks. Nonetheless, climate change remained frequent and severe. Moreover, the net-zero trend leads countries, regional economies, and industries to generate enormous change to the system, market, and global value chain. AUO formulates climate risk scenarios and case studies to summarize potential challenges and opportunities faced by the organization in the short and medium-term in the future.

Risks	Aspect	Issues and Scenarios	Stakeholder	Potential Risks	Financial Impact	Management Measures
 Transition Risk	Markets, policies, and regulations	The impact of the CBAM or trade tariff of the importing country on the export of ICT industry products	AUO, clients	<ul style="list-style-type: none"> The cost increase in response to the trial implementation and carbon tariffs by the EU or others The impact of issues such as calculation methods, reporting mechanisms, and bilateral recognition 	Medium	<ul style="list-style-type: none"> Continue to monitor CBAM's specification direction for electronic components Optimize process carbon reduction, and increase the consumption of renewable energy to minimize product manufacturing-related carbon emissions
	Technology	The vulnerability of the power grid caused by the shortage of electricity in Taiwan and the increase in the ratio of renewable energy	AUO, supply chain	<ul style="list-style-type: none"> Taiwan's electricity demand remains high, in turn affecting the backup capacity of peak electricity consumption Renewable energy supply reduces grid stability Large-scale blackouts and voltage sags associated with feeder line collapse will become more frequent than in the past 	Low	<ul style="list-style-type: none"> Bolster the emergency power backup capacity and load time of the factory area to cope with the peak power consumption reduction due to Taipower's insufficient operating reserve In response to the instability of the grid power supply, AUO continues to review the ability of production equipment to mitigate the impact of voltage sags
	Reputation	Concerns about greenwashing inappropriately disclosed by the Company leading to disputes and litigation	AUO, financial institutions	<ul style="list-style-type: none"> Over-investments in ESG and misquoting of corporate disclosure information Litigation disputes arising from failed investments caused by the misplacement of funds by external financial products 	Low	<ul style="list-style-type: none"> Through regular internal reports and monitoring, AUO reviews the purchase and sale of renewable energy and the achievement of the RE 100 path set by the Company The content disclosed in the sustainability report must go through internal management and external assurance to confirm the authenticity and accuracy of the content. In the future, AUO will continue to optimize the management and control mechanism for the content disclosed in the report
	Market	Natural disasters and market insurance conditions	AUO	<ul style="list-style-type: none"> Update and monitor the changes in insurance products on the market in response to increasingly diverse climate risk issues 	Low	<ul style="list-style-type: none"> Regularly monitor changes in the insurance market every quarter Evaluate the impact of changes in the market or commodities before taking out insurance or renewing the contract
	Policies and Laws	The impact of adjustments in the carbon tax/fee mechanism	AUO	<ul style="list-style-type: none"> Singapore will increase its carbon tax in 2024, and it will be progressively increased in different stages Taiwan is expected to implement a carbon fee 	Low	<ul style="list-style-type: none"> Quantitative evaluation of the financial impact Establish a carbon emissions management system Regularly review carbon reduction performance

Material Issue

◆ Number of projects completed the risk assessment and management process

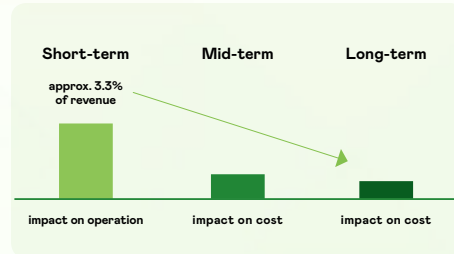
TCFD Risk Case

AUO conducts an annual inventory of potential climate risks. In 2021, six risk issues were evaluated and managed, including the impact of transport electrification, sustainable finance regulations, climate talents, increase in raw material prices, changes in the low-carbon product market, and the impact of China's carbon reduction policy on the supply chain.

Case 1

Rising Raw Material Costs Affect the Supply Chain

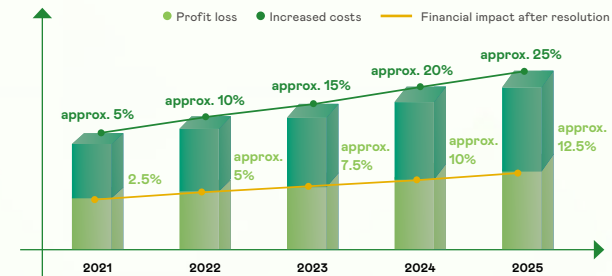
Due to fluctuations in global energy prices, the carbon reduction policies of various countries may affect the production of raw materials, resulting in operational disruption or cost increases in certain supply chains with weak transitional resilience. AUO utilizes a wide range of chemical materials in its processes. The purchasing prices of raw materials are strongly linked to the market price trend of upstream raw materials. Consequently, the Company takes stock of the total cost of raw materials purchased and chooses one of the key chemical materials to assess the financial impact. According to the analysis results, in the short term (roughly one quarter), the impact of increasing raw materials will account for 3.3% of the Company's revenue. In response to possible financial impacts, AUO has monitored the prices of raw materials according to their respective regions and characteristics. It also established a real-time monitoring system to determine the changing conditions of upstream materials. The Company can effectively manage key raw material suppliers' inventory through long-term supply contracts.



Case 2

Changes in Market Demand Caused by the Low-Carbon Trend

Customers monitor product recycling materials and energy efficiency closely. If AUO's low-carbon products cannot satisfy the customers' needs, its profitability and market competitiveness will be compromised. After analyzing the products with large shipments, AUO discovered that the energy consumption of the backlight module is approximately 3.5 to 4.5 times that of the panel itself. Improving the panel penetration rate offers a possible solution. However, introducing a new process also increases production costs. After a comprehensive evaluation of factors including market demand, production costs, and loss of profits, the introduction of new technologies will decrease the financial impact from 25% to 12.5%. Therefore, AUO has formulated a short-term response strategy to implement new designs technologies, and materials when developing the customers' products. Furthermore, the Company reasonably controls costs to ensure revenue and accommodate customers' demand for low-carbon products. In the long run, AUO will continue to monitor the market trends to ensure that the product design aligns with the low-carbon trends.




Case 3

China's Carbon Reduction Policy Affects the Supply Chain

In recent years, China has proposed major carbon reduction commitments and policies such as adjustment measures for the industrial and energy structure, which may lead to operational disruption due to the industry's inability to respond in time. Coupled with the future development of China's carbon trading market, electricity prices may increase, in turn, affecting AUO's subcontractors and suppliers in China in terms of supply and operating cost pass-through.

AUO uses key process subcontractors as the evaluation target. Under the assumption that the production capacity of the manufacturer is limited by the policy and the scenario where the supply chain is disrupted for one month in a year, the pass-through cost of each module cost increase (including the cost of electricity) will have an impact of about 0.6% on the Company's revenue. After surveying the first 50 suppliers, AUO found that some suppliers have not conducted carbon inventory or implemented carbon reduction measures. To minimize the risk of chain disruption, AUO immediately requested and assisted key manufacturers in devising effective energy and carbon emission management measures, including requiring them to set carbon reduction targets and renewable energy consumption targets, as well as implement the ISO 14064 carbon inventory and ISO 50001 energy management systems. The management approach was also expanded to key tier-two suppliers.

 For more about supply chain carbon management, see [2.5.3](#) >

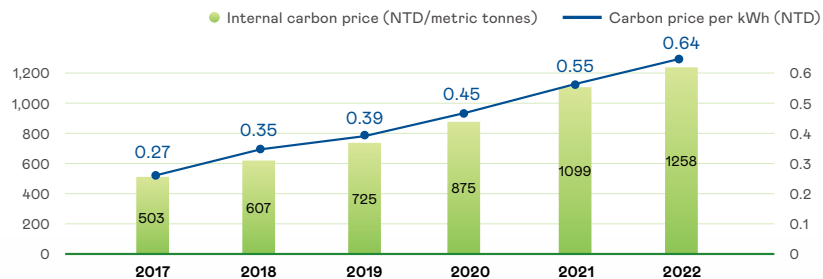
3.1.5 Other Carbon Management Operations

Material Issue

- Organize annual energy perceptible in work and life conservation and carbon reduction events

Internal Carbon Pricing

AUO began to implement the carbon pricing mechanism when the Paris Agreement came into effect in 2016 and the annual carbon prices announced are used as a reference for internalizing the Company's external costs. In 2021, besides referring to the abovementioned pricing mechanism, carbon pricing stipulated by the draft of Taiwan's Greenhouse Gas Reduction and Management Act was also incorporated to announce the internal carbon price at NTD 1,258 per tons (an increase of 14% compared to last year), equivalent to a saving of NTD 0.64 per kWh. Carbon pricing can also be applied to the carbon emission costs of our colleagues' business travel, allowing them to recognize the external costs of their activities and that of the Company. Additionally, the carbon price trend over the recent years is also provided to let the public appreciate the Company's carbon management expectations and intensifying control standards



Carbon Asset Management

- In 2014, AUO introduced 100% F-Gas abatement device in response to the EPA's Early Action Reduction Project and received early carbon rights
- In 2019, AUO continued to refine F-Gas reduction management and applied for the offset project, turning the Company's carbon reduction efforts into carbon assets
- AUO has stipulated carbon asset management strategies for the organization's buildings and activities, as well as to promote internal carbon neutrality. Externally, we give back to society to facilitate carbon neutrality projects, making AUO one of the few carbon right donating enterprises in Taiwan.
- In 2022, AUO donated carbon credits to assist the Industrial Development Bureau in organizing a low-carbon observation activity at Wugong Elementary School achieving carbon neutrality. We have accumulated 20 external donations and 11 internal activities since 2014.

Note: The carbon neutrality scope boundaries of the internal activities are limited to individual activities, referring to the calculation of possible carbon emissions of internal employee activities that are offset by the company's carbon assets, not carbon emissions generated by the organizational operations and production as indicated by ISO 14604.

Promote Company-Wide Green Action

Earth Day - Turn Off Lights To Love The Earth

AUO voluntarily supported Earth Hour 60+ Turn off Lights to Love the Earth, the world's largest voluntary carbon reduction campaign, and turned off non-essential lights in the factories from 20:30 to 21:30 on March 26. Meanwhile, the Vegetable Lunch campaign was launched to encourage colleagues to adopt a low-carbon diet. The initiative was supported by 11,359 people. AUO's overseas factories also urged colleagues to form teams and check-in on social media. They must select a simple green action daily and check in for 21 straight days through the WeChat app, making small changes daily and keeping green, low-carbon habits. Nearly 500 people checked in to support the activity.

World Environment Day - Participate In Energy Creation & Conservation

AUO invited its long-term partner and Taiwan's largest community renewable energy project platform Sunnyfounder to launch the first solar panel experience event. A total of 572 colleagues participated in the green power generation investment plan, and some of them also contributed funds to support investments in green power. In addition, the Company also organized a one-month Shut Down After Leaving the Office On Friday event to encourage colleagues to practice energy conservation by taking action. Nearly 1,500 people supported the activity.

Smart Manufacturing Exhibition

AUO has hosted a smart manufacturing exhibition annually since 2018. In 2022, the Smart Sustainability - Strive Towards Net Zero exhibition area was inspired by the theme of climate sustainability, smart sustainability, and circular sustainability, and the concept of the life cycle (including water management, smart manufacturing, and waste recycling) and water recycling solutions, etc., to showcase the Company's climate-related actions to colleagues and partners, as well as provide innovative solutions for the industry.



Material Issue

- Number of annual energy conservation competition proposals

Competitions & Rewards

Proposal Competition

As of 2008, AUO's green manufacturing team GP (Green Production) has worked tirelessly on energy/water conservation, environmental indicators, and raw material reduction. Moreover, teams from various factories are encouraged to participate in proposal competitions. More than 5,000 proposals have been received since 2015. The proposal competition encourages each factory to propose optimization proposals for the three dimensions of innovative energy-saving technology, innovative energy-saving management, and innovative water-saving management. Colleagues from various factories evaluated each other and fostered the exchange of innovative ideas. The supervisor of the manufacturing unit selected the winning proposal for commendation at the annual meeting. AUO also incorporated sustainability thinking into the incentives; in collaboration with the renewable energy project platform Sunnyfounder, the Company donated solar panels to the winning team of each dimension to endow rewards with more meaning through green energy. In 2022, 16 factories selected three representative proposals based on the above three dimensions, resulting in a total of 48 submissions for the annual competition.

3.2 Water Resource Management

AUO has always upheld the spirit of pragmatism and continuous optimization in water resources management. The Green Production (GP) team sets the target and operates precisely in conjunction with digital tools to upgrade water efficiency and improve the water resource risk control mechanism to ensure water safety. To uphold the spirit of cherishing natural resources, the Company strives to reduce reliance on natural water, increase the recovery rate of process water, and ensure that water resources are utilized optimally.

3.2.1 Target Management & Performance

Water resources are crucial to AUO's daily operations, and it was also a material topic of AUO in 2021. The Company develops key water resources issues and sets short and mid-term management targets.

Achievement of Material Issues

Material Issue – Water Resource Management						✓ Meet	✗ Miss
	Goal	2022	2022 progress	2023	2024		
● Value chain water resources management and implementation effectiveness	Total water consumption	< 66,000 CMD	51,645 CMD	✓	< 65,000 CMD	< 64,000 CMD	
	Process water recovery efficiency	93%	95%	✓	93%	93%	
	The proportion of Taiwan's water consumption through the control of the water network system	80%	100%	✓	85%	90%	
	Taiwan ISO 46001 Water Efficiency Management System Certification expansion	30%	30%	✓	60%	100%	

Material Issue ◆ Total water consumption

● Water Reduction

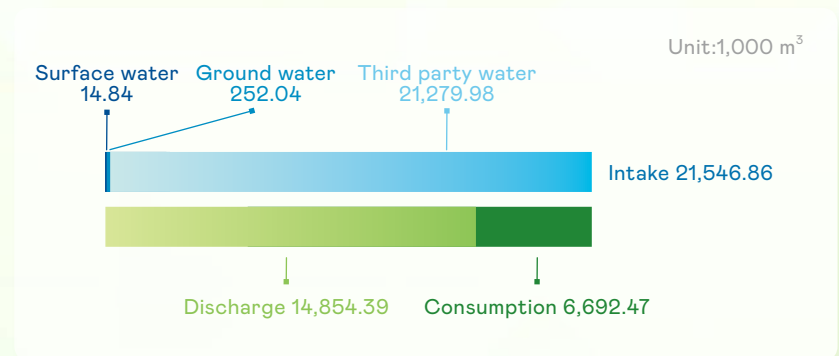
With years of experience in smart manufacturing, AUO has applied Artificial Intelligence of Things (AIoT) in processes and the factory's water consumption systems to achieve equipment automation and process optimization, which continues to reduce reliance on natural water and increase process water recycling rate.

Material Issue

◆ Process water recovery efficiency

● Water Consumption Conditions In 2022

In 2022, AUO consumed 51,645 CMD of tap water. AUO is committed to water reduction and recycling. The Company reviews potential improvement aspects annually and introduces new measures. Under the CSR EPS 2025 goal, AUO continues to focus on the three major aspects of "water reduction, water creation, and value chain water conservation" to lower the potential impact of water shortage on operations.



For more about water usage situation in 2022, see [Fact Sheet](#) >

Three Major Indicators & Achievement

Tap Water Consumption
Reduced by 16.08%

Unit: Cubic meter per day (CMD)

In 2022, a discharge water recovery system, a wastewater ROR-R recovery system, a Membrane Bio-Reactor (MBR) system, a Reverse Osmosis (RO) system, and other treatment facilities were implemented in the Taichung factory to introduce recycled water into the process for reuse. These measures increased the daily recycled water volume by approximately 2,000 cubic meters.

Production Water Recycling Rate
94.89%

The calculation method is process recycled water/ point-of-use (POU) consumption

Production Water Intensity
Increase by 20.69%

The calculation method is production water/ input sheet substrate area m²

Due to major environmental factors, a decline in capacity utilization in 2022 led to an increase in water use intensity.

Water Creation

AUO and Taichung City's Shuinan Water Reclamation Plant signed a contract in 2021, which is expected to begin supplying water in 2024 (Note). The stable water resources will help free the Taichung plant from water shortage zone restrictions, which will be beneficial for offsetting the water consumption fee of the Reclaimed Water Resources Development Act. The goal of water reclamation involves the introduction of a wastewater reclamation plant in AUO's Kunshan plant in China to stabilize operations. In 2022, daily reclaimed water consumption in Kunshan amounted to 6,657 CMD, making it the primary source of production water for the plant.

Note: Originally scheduled to supply water in 2023, the supply has been delayed due to material shortages in plant construction caused by the pandemic.

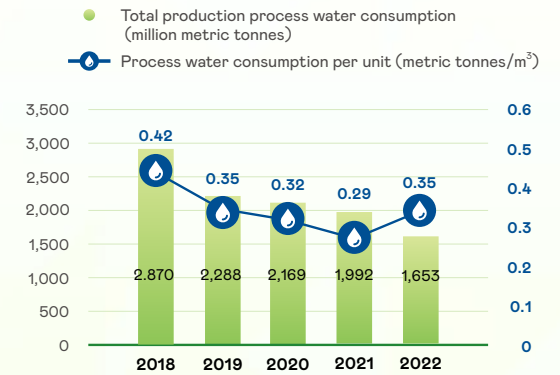
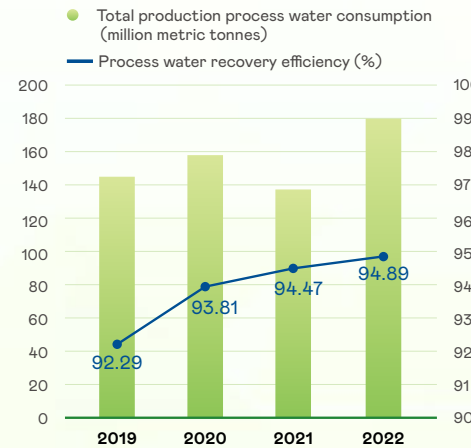
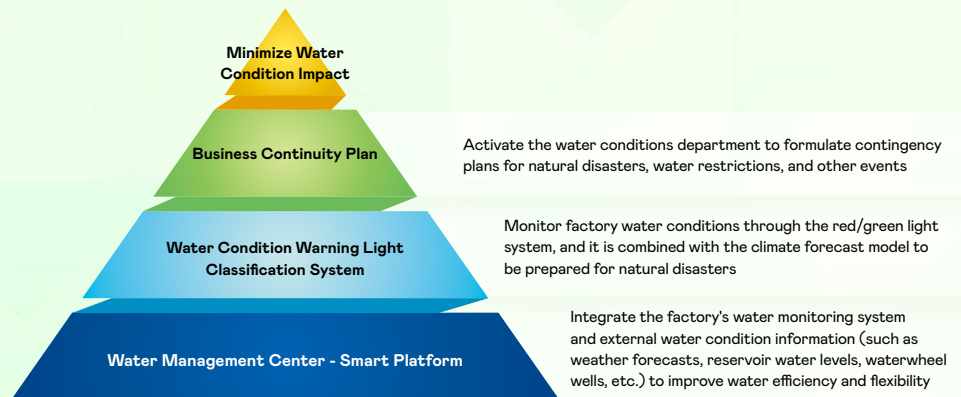
Supplier Water Saving Target

To enhance the value chain's focus on water conservation and risk adaptation capabilities, AUO has been calling on suppliers to jointly promote water-saving measures since 2016. We are happy to share resources with suppliers who respond to water-saving actions, including sharing practical experiences of water resource management through supplier co-prosperity courses, in-house experts visiting supplier plants to provide on-site guidance, and assisting in detecting water use blind spots and offering improvement suggestions. From 2018 to present, a total of 373 water-saving projects have been implemented, achieving a total tap water-saving performance of 8,959 CMD.

3.2.2 Water Management & Refinement Projects

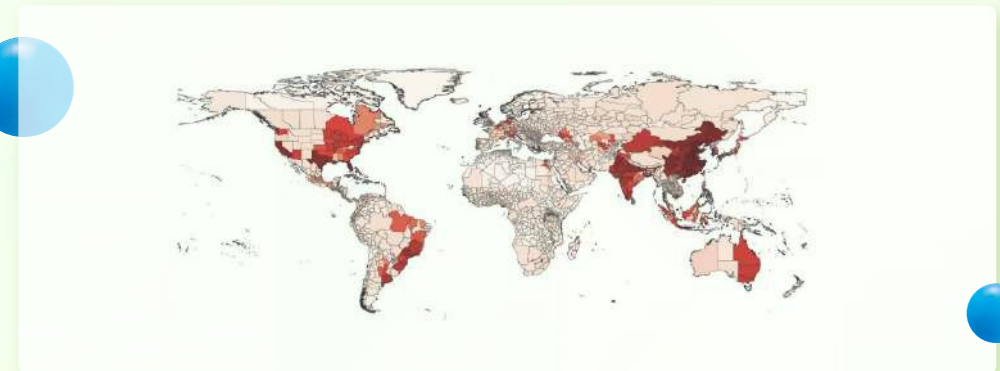
Water Resource Risk Management

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



Note: Production capacity in 2022 was influenced by market demand. Panel product shipments were 19.17 million square meters, approximately 25% lower than 25.71 million square meters in 2021. Therefore, it affects the total electricity consumption of the process and the electricity consumption per unit area of the process.

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



Material Issue
◆ The proportion of Taiwa's water consumption through the control of the water network system

Expanded Water Network Management and Control in Taiwan

AUO developed the POU Water Network (abbreviated as the water network) in 2020 and implemented it on Taichung fab. The water network can automatically retrieve external water information and monitor the information of each water use node in the factory, such as water tanks, groundwater levels, etc., to ensure a stable water supply. Combined with machine water data reporting, the GP (Green Production) team can also verify the benefits of various water-saving improvement measures, thereby rectifying machine errors. Currently, the control ratio of water consumption in the Taiwan factory through the water network system has reached 100%. In 2022, 2.99 million tons of tap water was saved compared with last year.

● Water-Saving Measures & Performance

Longtan Fab WIS Water Resource Regeneration System

The glass cleaner in the process utilizes pure water. After cleaning roughly 200 pieces of glass, the wastewater will be delivered to the factory service system for treatment before it is reintroduced to the process. Although a single cycle has been achieved, AUO continues to optimize technology by introducing a pure water recovery system to the glass cleaner in the Longtan factory. The wastewater meant to be discharged from the pure water tank to the factory service system is fed to the developer machine's circulation tank. In other words, the water resources in a single cycle can be reused, saving 133,590 metric tonnes of pure water consumption annually.

Hsinchu Fab Wastewater Self-Recycling

A smart photoresist stripper waste liquid recycling system was introduced to the Hsinchu fab, where the wastewater discharge section is equally segmented, and the wastewater with a conductivity value within a certain range is returned to the previous process. AUO designed and modified the self-recovery pipeline by using the conductivity meter and solenoid valve. A program is designed based on the data fed back by the conductivity meter, which automatically determines the opening and closing section of the recovery pipeline to successfully reuse the process water, in turn saving 14.6 tons of pure water daily.

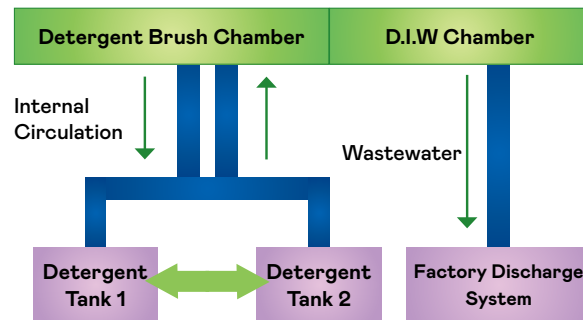
Taichung Fab Humidity control and water-saving improvement of scraper humidifier

The humidifier and humidity control measures were implemented in Taichung site. By changing the material of the humidification membrane, installing air intake vents, modifying pneumatic valves, and fully recycling wastewater, AUO can accurately control the water replenishment time. After implementing the four measures, AUO can save 108 metric tonnes of water daily, significantly decreasing water consumption by 98%.

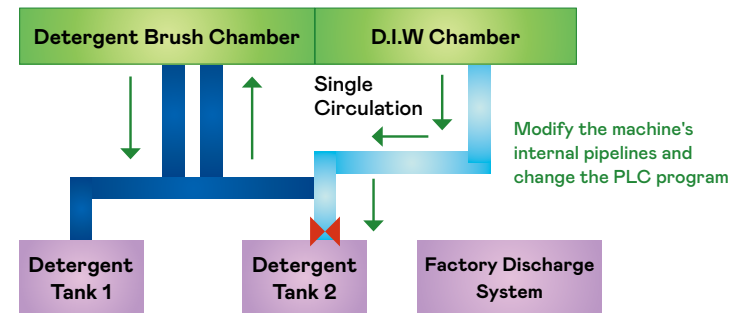
Longtan Fab Water-saving improvement of pure water for the rinsing machine

The pure water tank of the cleaner in the Longtan fab originally discharged wastewater directly to the factory service system, and the diluted chemical solution is circulated and used independently in the first brush tank. Through the modification of the machine's internal pipeline and the in-house alteration of the PLC program, AUO diverts the wastewater that was originally meant to be discharged into the factory service system from the pure water tank to the diluted chemical solution tank, in turn enhancing water quality and realizing water-saving benefits, saving 723 metric tonnes of water per day.

Before Improvement



After Improvement



Material Issue

◆ Taiwan ISO 46001 Water Efficiency Management System Certification expansion

● Introduce and Expand ISO 46001 Water Resource Efficiency Management System

AUO has consistently introduced international standards and established a pragmatic and rigorous management mechanism. AUO launched the ISO 46001 water resource efficiency management system in 2019, becoming the first company in Taiwan to obtain such verification. In line with the spirit of ISO 46001, AUO continues to enhance its internal awareness and emphasis on water resources management and application tools, as well as implement education and training for seed personnel in each factory and optimize the operation of the smart management platform of various water management centers in different factories. After Taichung TC3 fab obtained the verification in 2019, the expansion operation was initiated. In 2022, the Taichung TC2 and Houli fab all successfully received the certification. The goal is to expand the system to all fabs in Taiwan by 2024. Through PDCA cycle management, AUO has implemented actions such as setting water consumption performance goals, action plans, monitoring and analysis, regular reviews, and review mechanisms. These are complemented by techniques such as reduction, replacement, reuse, and AI applications to materialize optimal water resource management.

Taiwan Factory Verification Ratio

Response Measure

2021	1/10	Review water consumption performance and set targets according to the ISO46001 guidelines
2022	3/10	Implement colleague education and training and optimize the operation of the Water Management Center
2023	6/10	Expand colleague education and training and reinforce water consumption monitoring and management solutions
2024	10/10	Regularly implement PDCA management in all factories in Taiwan

3.3 Circular & Clean Production

As an integral part of the electronics manufacturing industry chain, AUO believes in shouldering more environmental responsibilities. In 2008, the Company made a green commitment and applied it to seven dimensions including product design, production, and logistics, paving the way for the development of a circular economy. AUO continues to promote a circular economy by formulating and achieving goals, hoping to lead by example in the industry and transform the linear economy into a circular one.

3.3.1 Circular Management

● Organizational Operations & Strategies

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

■ Achievement of Material Issues

Material Issue –Circular Production, Sustainable Product					
	Goal	2022	2022 progress	2023	2024
<ul style="list-style-type: none"> ● Market application and commercial value creation of circular production technology ● Sustainable product innovation and design capacity ● Management innovation of product life cycle in the stages of logistics, packaging materials, production, waste 	Financial benefits growth rate 2021 as the base year	46%	52%	68%	110%
	The weight proportion of recycled materials used in special regulation products 2021 as the base year	20%	21.9%	-	30%
	Re-establish product carbon footprint projects and systems in response to standards trends	New methodology establishment	The trial calculation of 22 selected products was completed		System trial

Material Issue

◆ **Financial benefits growth rate**

● Achievements in Circular Production

In 2022, due to the impact of inflation and the Russian-Ukraine war, the consumer market diminished sharply, while the production capacity and material-consuming product shipments dropped considerably. The main manufacturing raw materials' recycling efficiency was also affected, generating a financial performance of NTD 5.44 billion.

Green Product

Continue to develop recycled plastic materials, apply them to display products, and introduce them to customers. Introduced 15 desktop displays and 18 notebook display products in 2022, generating an annual revenue of NTD 838 million.

Key Achievements in 2022

Refine technology and complete the development of recycled engineering plastic frame, including the application of recycled optical grade plastic to light guide plate and diffuser plate, as well as the development of prism sheet application technology.

Green Manufacturing

In 2022, the conversion amount of raw material recycling was NTD3.58 billion, including the recovery of developer and stripper, the reduction of sludge waste, and recycled water.

Key Achievements in 2022

Constantly enhance waste reduction technology, complete the formulation and operation of a new liquid crystal glass treatment process, establish a zero-waste manufacturing center, and continue to strive towards zero-waste manufacturing.

Green Supply Chain

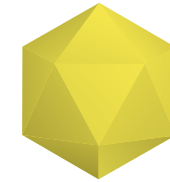
Continue the recycling of packaging materials and promote the recycling of packaging materials by customers and suppliers. The cumulative savings from repeated purchases of new packaging materials for the entire year was NTD 1.02 billion.

Key Achievements in 2022

Collaborate with suppliers to achieve a display packaging material recycling rate of 92.9%.

Material Issue

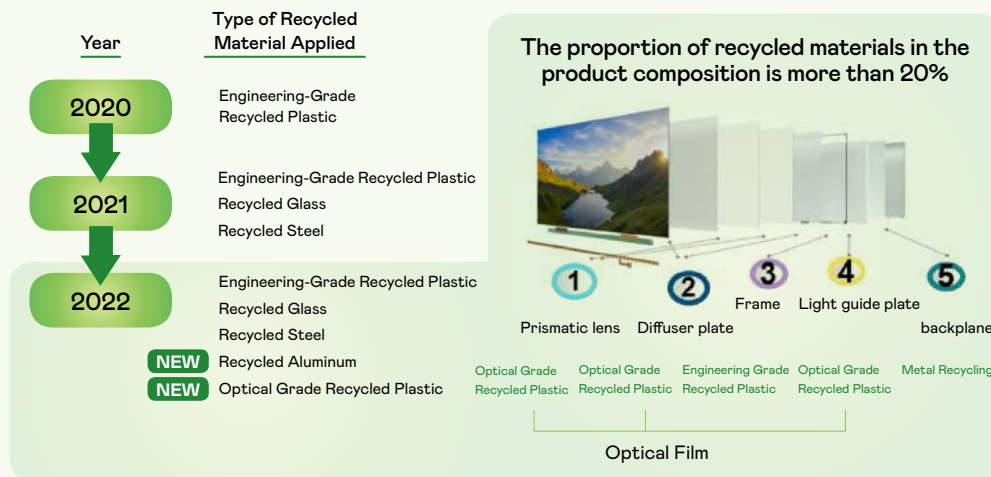
◆ The weight proportion of recycled materials used in special regulation products



● Circular Products - Refine the Application of Recycled Materials

Expand the Application of Recycled Materials

AUO expanded the promotion of circular product technology from desktop displays to notebook displays in 2021 and raised the ratio of recycled materials from 1% to 9%. With this foundation, the Company has set a more aggressive goal - to increase the weight ratio of recycled materials in products by 30% in 2024. In 2022, AUO launched numerous refinement solutions. In terms of technology, the Company inspected the structure of panel products. It developed recycled material technology and applications, hoping to maximize the utilization of recycled materials, increase product recycling, decrease material consumption, and review the performance of product carbon footprint reduction. In regards to product R&D, AUO will continue to improve the penetration rate of recycled materials and introduce them into more products. Compared with 2021, the number of desktop products has increased from 3 to 15, and the number of notebook products has increased from 1 to 18. AUO has also made significant strides in recycled material technology by developing advanced optical-grade recycled plastics and applying them to components such as light guide plates and optical films.



Optical Grade Recycled Plastic - Light Guide Plate

AUO utilizes two types of optical grade MS plastic and optical grade PMMA plastic (Note). AUO has collaborated with suppliers on Post-Industrial Recycled material (PIR), applying physical recycling to recycle excess waste from the process to produce MS light guide plates, eliminating the need for the secondary granulation process, thereby reducing the number of times plastics are heated and minimizing carbon emissions throughout the product life cycle. AUO completed the technology development product verification in 2022. Moreover, AUO has applied post-consumer recycled material (PCR) to plastic frames and evaluated its feasibility on optical-grade plastics. However, since PCR waste plastics often contain many impurities and their color deteriorates, physical recycling approaches do not meet optical grade requirements. Therefore, AUO and its suppliers conducted joint chemical recycling technical assessments, applying thermochemical technology to process PCR waste plastics, thereby reducing them to MMA plastic raw materials and turning them into optical-grade plastic products. After confirming the optical characteristics and reliability of the material, product verification will be carried out. In the future, the material can be applied to PMMA plastic and MS plastic, both offering stable characteristics, in turn opening up more possibilities for the application of recycled materials.

Note: MS refers to styrene-methyl methacrylate copolymer, and PMMA is polymethyl methacrylate

Optical Grade Recycled Plastic - Optical Film

In collaboration with its suppliers, AUO coated PET films certified by the Global Recycle Standard (GRS) with optical films to complete the technical development and manufacturing of optical-grade recycled PET.

Recycled Steel

Compared with scrap metals that offer extensive industrial applications, the metals used in displays must be thin and high-strength. Increasing the utilization ratio of recycled materials through existing industrial processes is difficult. Consequently, AUO has collaborated with suppliers to introduce galvanized steel products with UL 2809 Recycled Material Content Verification.

Recycled Aluminum

AUO has partnered with suppliers featuring exclusive closed-loop recycling technology to integrate, process, as well as reuse scrap aluminum and recycled aluminum parts generated in the production process, thereby decreasing the ratio of new aluminum ingots used while retaining the original physical properties of aluminum.

Material Issue

◆ Re-establish product carbon footprint projects and systems in response to standards trends

● Product Carbon Footprint

AUO has engaged in product carbon footprint verification since 2009. In response to the increasing global attention on carbon footprint in recent years, the Company has launched a more detailed investigation on product carbon footprint calculation. AUO has complied with the principle of ISO 14067, to review its methodological framework. It has also formulated a reasonable calculation methodology for each stage of the product life cycle, including raw materials, manufacturing, use, distribution, and disposal. The methodology was completed in 2022. In terms of the value chain, AUO collects key supplier information and the carbon emission coefficients of relevant materials. Concerning AUO's manufacturing, the Company has employed smart meter systems in each factory to collect and estimate the power consumption and carbon emission of product manufacturing based on the product process and production capacity. In 2022, the trial calculation of 22 selected products was completed. AUO will continue to review the hot spots of product carbon footprint and the feasibility of improvement.

● Green Manufacturing - Reduction, Recycling & Resource Development

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



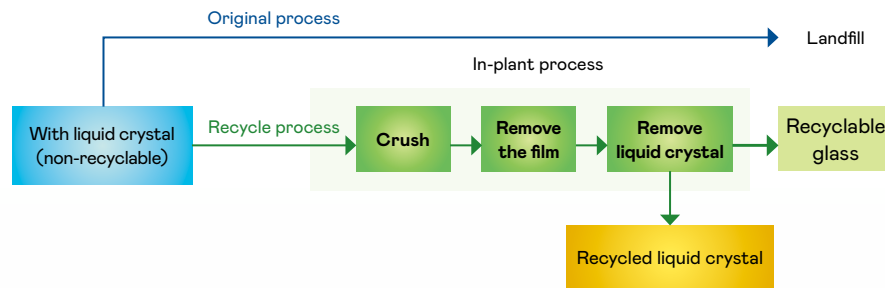
Note: This solution was introduced by AUO subsidiary, AUO Crystal

New Measures

Waste Classification of Waste Liquid Crystal Glass Changed from Category D to Category R (Recyclable)

Taichung Fab

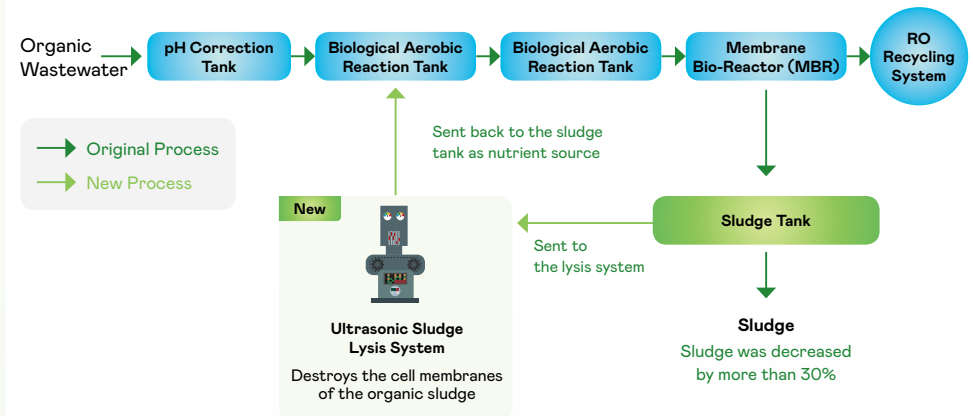
Waste glass containing liquid crystals is produced during the panel manufacturing process, which was classified cannot be directly recycled (category D). In light of the gradual saturation of the processing site's capacity and the rising cost of cleaning and transportation, AUO has developed in-house processing equipment that first crushes the waste liquid crystal glass into finer glass powder to separate the film attached to the surface of the liquid crystal glass and remove the fine glass powder from the film. Lastly, the liquid crystal glass is soaked and cleaned by lotion to extract the liquid crystals effectively, where the liquid crystal glass is converted into recyclable (category R) glass for recycling and reuse. The machine officially commenced operation in August 2022, cleaning roughly 20 metric tonnes of waste liquid crystal glass and contributing to 1% of production capacity, thereby reducing the cost of cleaning and transportation by about NTD 149,000. In the future, glass from other factories will be cleaned in the Taichung factory, and the production capacity will be increased progressively. AUO is expected to reach the goal of category D glass zero waste in Q4 of 2023.



Reduction in Organic Sludge through Ultrasonic Lysis

Longtan Fab

Besides applying ozonolysis to achieve reduction, AUO continues to try new technology applications for the sludge generated from process wastewater. In late 2021, ultrasonic lysis technology was introduced to destroy the cell wall of the organic sludge in the sludge tank through ultrasonic waves with a frequency between 20 and 100 KHz, thereby effectively decreasing the sludge output. After the lysis process, the cytoplasm and water are dissolved and sent back to the sludge tank to serve as a source of nutrients for the bacteria. Compared with the ozonolysis technology, ultrasonic lysis technology does not involve the addition of chemicals, and it can also reduce the risk of fire and explosion caused by the decomposition of ozone to generate oxygen. The Longtan factory with zero wastewater discharge was the first to implement the system, successfully decreasing sludge by over 30%, equivalent to a sludge reduction of 240 metric tonnes in 2022.

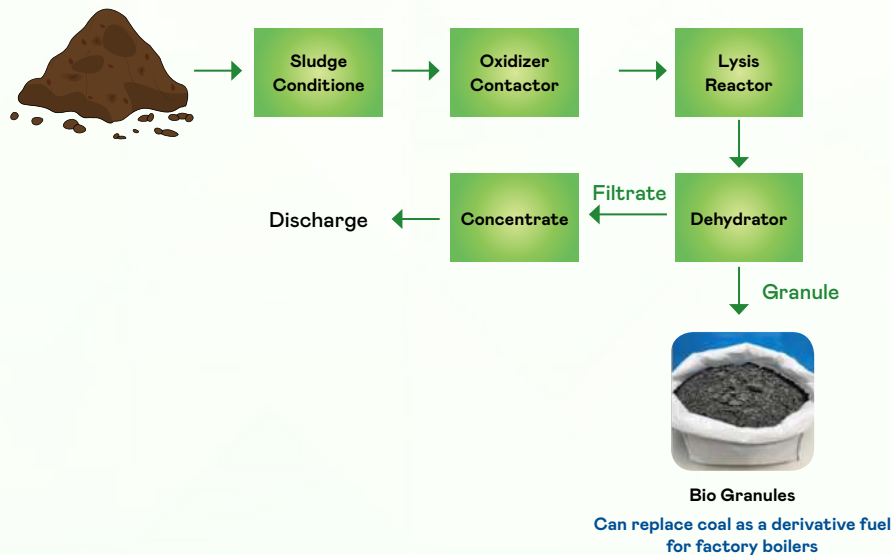


Expansion Measures

Reduction and Recycling of Organic Sludge through Lysis

Taichung & Houli Fab

After the process wastewater is treated, the large amount of sludge generated will be converted into sludge lumps through thickening, conditioning, drying, and other processes before being removed and processed by waste disposal companies. This is an eco-unfriendly and expensive process. In 2019, AUO introduced the organic sludge lysis and reduction system, combining hydrodynamic cavitation and ozone oxidation with dosing conditioning and exposure to strong oxidants to break up the cells by high-speed vibration and stirring. This is followed by solid-liquid separation, dehydration, and drying to convert sludge into valuable biofuels, in turn achieving the benefits of sludge reduction and waste recycling. In 2022, AUO expanded this technology to the Taichung and Houli factories, reducing total waste disposal by 5,194 metric tonnes for the year and saving NTD 62.32 million in waste disposal costs.



Besides implementing the concept of circularity in products, production, and supply chains, AUO has also begun advocating circularity in everyday life and the workplace, thereby endowing waste with new values.

Turn Dead Logs into Black Gold

AUO has successfully implemented afforestation for a long time. In factories, apart from daily maintenance and pruning, regular thinning of branches is also required. In special circumstances such as typhoon seasons and pests, mass felling of trees will be carried out. Therefore, AUO's factories generate a large amount of dead logs annually, up to 5 metric tonnes. Previously, the simplest way to process dead logs was by sending them to an incinerator. Still, the incineration process generated a lot of CO₂, and the carbon stored in them was also released. AUO engages in innovative thinking within the existing process, contemplating ways to reduce carbon emissions and redefine the value of dead logs. By asking experts for advice, dead logs can be used not only for making charcoal but also for making natural fertilizers. The water vapor generated during the charcoal-making process is collected to form natural wood vinegar, which can be used for tree maintenance, mosquito and weed control, and cleaning the home environment. In light of this, AUO has launched the dead log regeneration project and collaborated with social enterprises in 2022 to recreate the value of waste wood.

Turn Trash into Gold

Every year, a certain amount of documents and papers from AUO's factories are handed over to qualified firms for destruction. In 2022, AUO re-contemplated the process by adopting circular thinking and collaborating with suppliers and partners. The paper is destroyed and turned into paper bricks before being made into recycled toilet paper for AUO's internal use. In 2022, 16.3 metric tonnes of paper was recycled and turned into 6.5 metric tonnes of paper bricks. Besides generating the benefits of a circular economy from a product, manufacturing, and supply chain perspective, AUO also implements waste reduction and recycling to convey the Company's philosophy of caring for the environment through employees' everyday life.

3.3.2 Wastewater Management

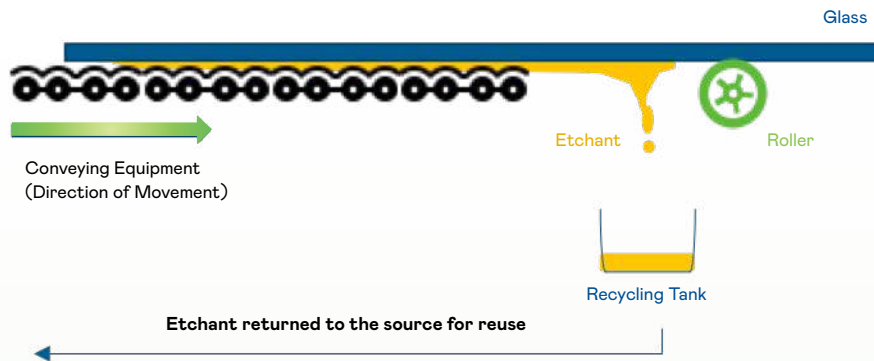
AUO takes into consideration the types of raw materials used in the manufacturing process and the water quality characteristics of raw wastewater to stipulate water quality discharge standards that exceed the requirements of the local laws and regulations as well as environmental impact assessment. Furthermore, the Company has designed a wastewater treatment system that strikes a balance between operational stability and cost-effectiveness. In recent years, comprehensive IoT monitoring instruments and AI technology were introduced to make the operation and maintenance of the wastewater system more sophisticated, thereby achieving recycling and reuse in the factory and reducing the amount of processed wastewater.

New Measures

Improved Etchant Recovery

Houli Fab

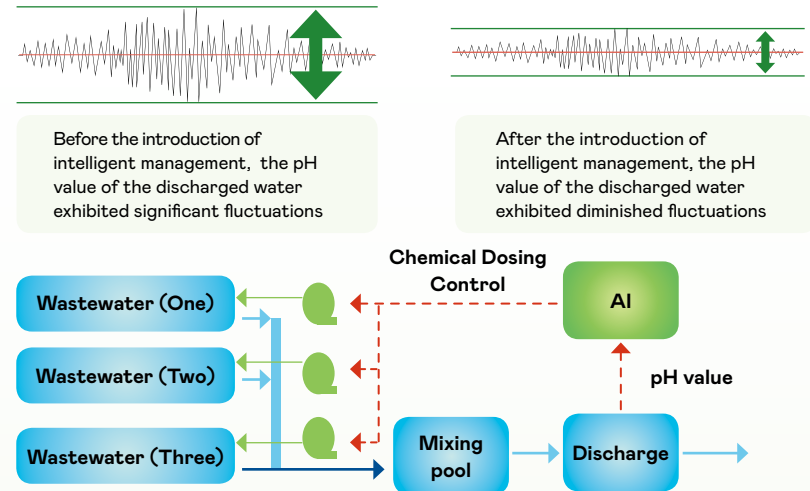
In the original design, the excess etchant on the surface of the glass substrate in the etching reaction tank is transported to the cleaning tank through the conveying equipment, where the cleaning tank rinses the excess etchant with water and discharges it to the wastewater treatment system. However, the etchant increases the concentration of total phosphorus in the wastewater. To minimize excess etchant from being sent to the cleaning tank, AUO installed a roller in front of the cleaning tank and modified the air knife, effectively recycling most of the etchant to the recovery tank, where it is circulated to the source for reuse. The measure improves the recycling rate of the etchant, decreases the amount of new etchant needed, and lowers the concentration of phosphorus in wastewater. After the measure was implemented, the average consumption of etchant decreased from 0.172 liters per glass substrate to 0.147 liters, a reduction of nearly 14.53%. Meanwhile, the total phosphorus discharge in wastewater was reduced from 492 metric tonnes to 395 metric tonnes annually, a decrease of approximately 19.67% in total phosphorus emissions.



Improve the pH Stability of the Effluent

Taichung Fab

AUO separates and collects process wastewater from Taichung fab TC3 at the source based on water quality characteristics. After treatment, the volume and quality of various wastewater are different. Hence they must be mixed thoroughly to meet the management requirements of the wastewater treatment plant in the park. Consequently, IoT devices were introduced to Taichung fab TC3 in 2020 to standardize the monitoring and processing of water quality data. To further increase the stability of wastewater quality, intelligent management was implemented in 2022, where key factors that affect the pH value of effluent were identified through data analysis to establish a model that predicts the pH value of the effluent, as well as controls the dosage and flow of chemicals in the wastewater treatment system according to the predicted fluctuation value. After the system was introduced, the annual sodium hydroxide consumption was decreased by roughly 196 metric tonnes, a drop of 10.5%. The wastewater quality can also be controlled between pH 5.8 and 6, in turn realizing a win-win situation of chemical reduction and water quality stability.

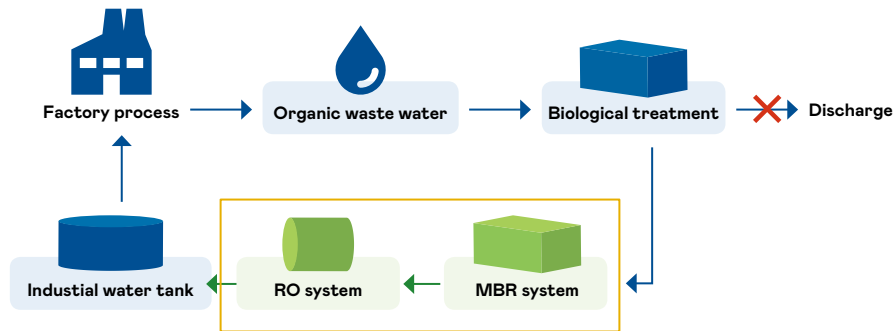


Expansion Measures

Recycle & Reuse Organic Wastewater

Taichung Fab

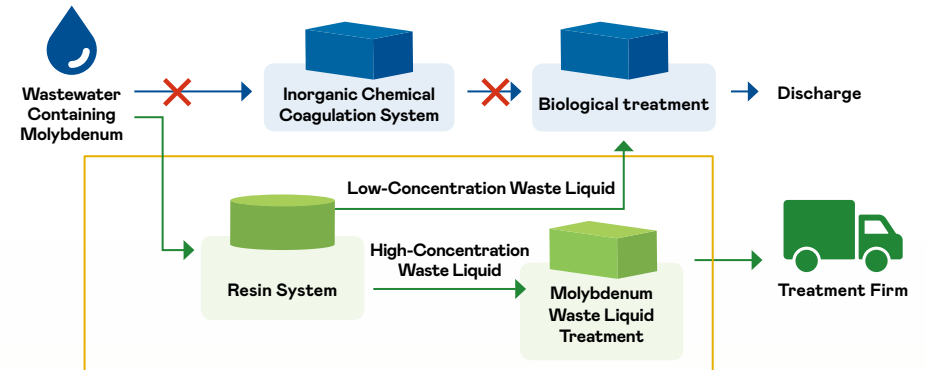
In 2021, the Houli factory was equipped with an organic wastewater biological treatment and recovery system (MBR system and RO system), which effectively increased the process water recovery rate and decreased wastewater discharge. Borrowing experience from the Houli factory, the same wastewater treatment system was installed in Taichung site TC2 in 2022. The daily organic wastewater recovery reached a maximum of 2,550 metric tons, and the daily tap water consumption was reduced by approximately 2,168 metric tons.



Improve Molybdenum Concentration in the Wastewater Discharge

Hwaya Fab

With the original approach, the molybdenum-containing wastewater passes through an inorganic chemical coagulation system, turning the molybdenum metal in the wastewater into inorganic sludge through a chemical reaction. This process ensures that the discharge of molybdenum metal in the wastewater complies with regulations. In 2019, AUO introduced a resin treatment system in the Taichung factory. The molybdenum metal in the wastewater is removed through adsorption. At the same time, the treated low-concentration waste liquid is introduced into the biological treatment system. The high-concentration waste liquid is condensed and filtered by an external professional firm to recycle and reuse molybdenum metal. The same system was introduced to the Huaya factory in 2022. The concentration of molybdenum in the wastewater discharge dropped from 0.4~0.5mg/L to below 0.2mg/L, far lower than the legal standard of 0.6mg/L. Besides mitigating the burden on the environment, the system also helps to reduce the number of chemicals used in the chemical coagulation system and the output of inorganic sludge.



→ Original approach
→ Improved approach

3.3.3 Air Pollution Management

AUO has implemented air pollution prevention and control and continues to elevate pollutant treatment efficiency by applying a standard that exceeds the requirements of the laws and regulations. Every factory is equipped with a real-time monitoring and alert system to monitor the status of the equipment at any time to adequately process pollutants. Also, resources are invested in optimizing the control facilities, and past experiences are applied to progressively materialize intelligent operation and maintenance management of equipment through machine learning.

Volatile Organic Compounds (VOCs) Management Goals					
	2022	2022 progress	2023	2024	2025
Based on the total emissions in 2018, the emissions will be reduced by 1% per year	79.24	49.30	78.45	77.67	76.89
Unit: metric tonnes		✔			

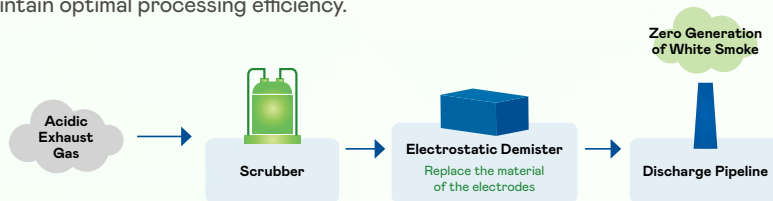
Note: Controlled areas are those with volatile organic compound continuous monitoring systems (VOCs CEMS) installed, including all fabs in Taiwan, Kunshan fab, and Singapore fab.

New Measures

Humidifying Electrostatic Demister Improves the Discharge of Water Vapor and White Smoke

Houli Fab

The water vapor and white smoke generated by the discharge pipeline mainly consist of particulate matter, acid mist, and water vapor droplets. The current industry practice for the treatment of acidic exhaust gas is to channel it into a wet scrubber to remove acid pollutants. However, this measure has a limited effect on the prevention and control of water vapor and white smoke. As a result, a wet electrostatic demister was added in the Houli fab to let exhaust gas carry a negative charge. The characteristics of electricity are applied to make the negatively charged water vapor drift to the collecting plate to remove particulate matter, acid mist, and water vapor droplets, in turn effectively preventing the generation of water vapor and white smoke in the discharge pipeline. In 2022, the antimonial lead alloy electrodes were replaced by stainless steel alloy electrodes, and the rusted cathode wires were also replaced to maintain optimal processing efficiency.

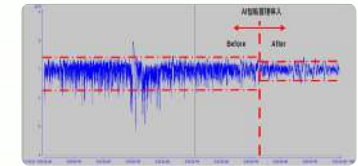


Expansion Measures

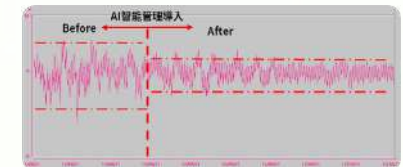
Intelligent Chemical Dosing of the Scrubber

Taichung, Kunshan, Singapore Fab

The pH control stability of circulating water in the acidic gas and alkaline gas scrubbers is positively correlated with the efficiency of acid-alkali neutralization of waste gas. AUO has implemented intelligent chemical dosing systems in numerous factories to improve the pH stability of circulating water in scrubbers to improve pH fluctuations considerably. The intelligent control system adjusts the chemical dosing median value, stroke/dose adjustment, and dosing rate, and changes the control mode to PID (Proportional Integral Derivative). Besides stabilizing the pH control of the scrubber to ensure the efficiency of tail gas treatment, it is estimated that the annual dosage of sulfuric acid and sodium hydroxide can be reduced by 9 metric tonnes and 39 metric tonnes, respectively.



Alkali gas scrubber pH dosing improvement monitoring in the Taichung factory

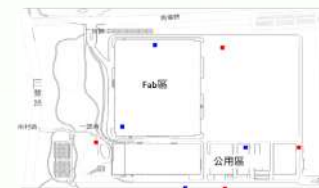


Acidic gas scrubber pH dosing improvement monitoring in the Taichung factory

Factory Surrounding Odor Management

Houli Fab

Industrial land is very rare in Taiwan, and since the industrial zone is situated near residential areas, environmental odor generated by the factory's processes often attracts the attention of neighboring residents or competent authorities. Concerning factory environmental odor management, the Taichung factory established a trusting relationship with nearby communities in 2021 through personnel inspection and by documenting activities in the factory. Furthermore, AUO has created a reporting and information-sharing platform to bolster the monitoring of the factory environment. Building on the experience, acidic and VOC gas detection instruments were installed in the Houli factor in 2022, together with anemometers and wind vanes, to monitor the diffusion and spread of air pollutants in the factor in an effort to monitor the surrounding environment in real-time.



Perimeter Odor Management	Information platform	Related party management
Detector settings Perimeter autonomous inspection	Data concatenation	Interactive communication between the public and competent authorities
On-line monitoring	SMS, message push management	Neighbors feelable action Establish a cooperative relationship with the supervisory authority

3.3.4 Reuse of Waste



Regarding waste management, AUO complies with the two major directions of circular economy and risk control, adopts the thinking of waste management total process, and focuses on the 3Rs of Reduce, Reuse, and Recycle in every stage of R&D, manufacturing, and disposal. In terms of risk control, AUO conducts an annual assessment of environmental aspects and impacts based on the Identification Process. The company uses a waste management end-to-end platform for risk monitoring to ensure that waste is not maliciously disposed of by environmental cooperation vendors (including treatment, reuse, and removal), thereby reducing the impact on local communities and the environment. The Company takes incineration or landfill as the last resort, to ensure the effective utilization of environmental resources. AUO has stipulated the two annual indicators of Total Volume of Non-reusable Waste and Total Volume of Hazardous Non-reusable Waste to regularly review the Company's improvement solutions every month in a bid to materialize a circular economy.

Waste Management Target		✔ Meet ✘ Miss				
	2022	2022 progress	2023	2024	2025	
Total volume of non-reusable waste Unit: metric tonnes	< 12,000	8,005.67 ✔	< 10,500	< 10,300	< 10,100	
Total volume of hazardous un-reusable waste Unit: metric tonnes	< 6,000	4,728.32 ✔	< 5,200	< 5,000	< 4,900	

Note: The main types of hazardous waste generated by AUO include etching waste liquid, stripper waste, and mixed waste solvents. Etching waste liquid and stripper waste liquid are both sent to vendors for recycling and reuse, while mixed waste solvents are incinerated through legal channels.

● Waste Management Total Process Platform

AUO established the Waste Management Total Process Platform in 2020 in its factories in Taiwan to ascertain the management risks associated with the four major stages of planning, output, temporary storage, as well as removal, and disposal. This enables monitoring important management information in real-time through the platform, ensuring that the Company's waste management risks are lowered to a controllable range. In 2022, AUO continued to optimize the process, including controlling the output and temporary storage of waste liquid in each factory, implementing active notification through the closed-loop management design, and monitoring the process until the waste liquid removal is completed. Furthermore, the system automatically searches for waste-related news, focusing on risk issues and actively dispatching colleagues to conduct a follow-up and close the case. AUO values the compliance of waste disposal, strictly scrutinizes the qualifications and legality of waste vendors, and properly records and retains documents during each waste transport. In addition, they conduct irregular on-site inspections of waste vendors to ensure that the handling and transportation processes comply with legal regulations.

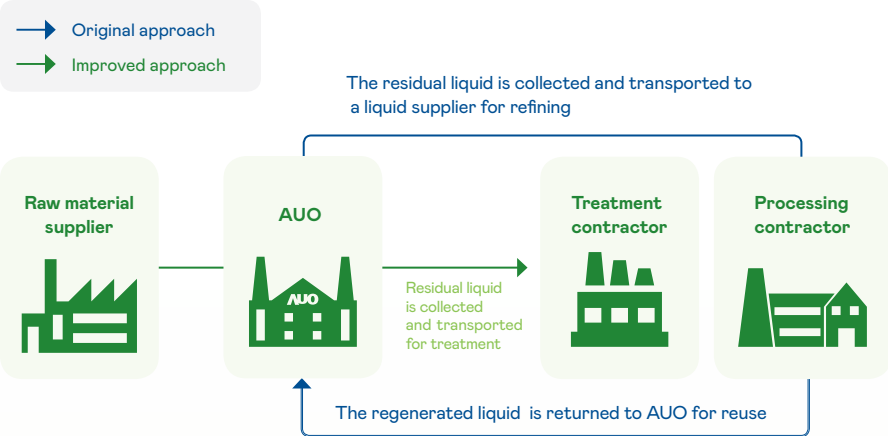


New Measures

Photoresist Circular Reuse

Longtan Fab

Photoresist is a light-sensitive material. After exposure, the part exposed to light will dissolve during development and the pattern of the unexposed part will remain to complete the pattern transfer of the circuit design. The photoresist coater rotates at high speed to determine the thickness of the photoresist required for the process. Most of the photoresists will be expelled by high centrifugal force, resulting in unused photoresists. By upholding the spirit of sustainable reuse of resources, AUO has researched residual liquid collection techniques to ensure material quality. The Company teamed up with manufacturers to successfully purify the residual photoresist and return it to the process for reuse, creating a closed-loop production mode that reduces costs and waste disposal, thereby realizing AUO's concept of the circular economy. A process waste photoresist recycling system was established in the Longtan factory in 2022, recycling approximately 10,800 liters of photoresist waste annually. After purification by AUO's partner, the regenerated photoresist is returned to AUO, meaning that 10,800 liters of new photoresist can be saved annually.



Packaging Material Reuse Measures

Recycle PP Boxes and Wooden Pallets

Singapore Fab

Through collaboration between AUO and other firms, the PP (expandable polypropylene) box, which was originally treated by incineration, is now heated via pyrolysis to break the molecular bonds of the long-chain organic compound and decompose them into by-products of smaller molecular structures (such as fuel and oil) and water. Wooden pallets are also recycled as energy for oil refining, and the processing cost has been decreased by roughly 43.61%. Turn eco-unfriendly and harmful waste into valuable resources by recycling two kinds of waste through the recycling channels.

EPO Box Mixing Modification and Reuse

Fabs in Taiwan

EPO (expandable polystyrene) box offers exceptional buffering and protection performance, making it one of the most important packaging materials in the world. However, when it is discarded, the composite material is not easy to recycle, while the inferior strength of the remanufactured EPO means that it can not be used directly. Currently, the industry practice involves using it in secondary decoration products after recycling. AUO improves the physical properties of EPO through mixing and modification technology so that it can be applied to the field of environmental protection and high-value applications, thereby converting the waste that requires a disposal fee into an effective resource that can be reused. In 2022, a total of 1,570 EPO boxes were cleared and transported in AUO factories throughout Taiwan, reducing disposal contractor costs by roughly NTD 140,000 and freeing up waste box storage area for the factory.

Original approach



Improved approach



100% waste boxes can be reused

3.4 Biodiversity

AUO recognizes and responds to the importance of global biodiversity, ecosystems, and conservation of the natural environment, and we respect and support the spirit of the Convention on Biological Diversity and of the Kunming-Montreal Global Biodiversity Framework to fulfill a shared vision of living in harmony with nature. To join our stakeholders in moving toward a future of sustainability and the common good, AUO has made a commitment to start from our own operations and then go on to join hands with our value chain to cherish, conserve, restore, and rationally utilize biodiversity for the sake of maintaining global ecosystem services and delivering benefits essential to all individuals.

All the factories of AUO are located at government designated science parks, or industrial parks, or industrial development zones, which NOT within or adjacent to sites constituting globally or nationally important biodiversity conservation areas. In addition to complying with local environmental laws and regulations, daily operations also voluntarily self-required with higher standards to minimize the ecological burden and avoid significant impacts on biodiversity and ecosystem. AUO is also actively involved in conservation actions, participating in tree planting program, connecting "National Ecological Networks".



For more about ecological conservation activities, see [4.5.3](#) >

Adapt

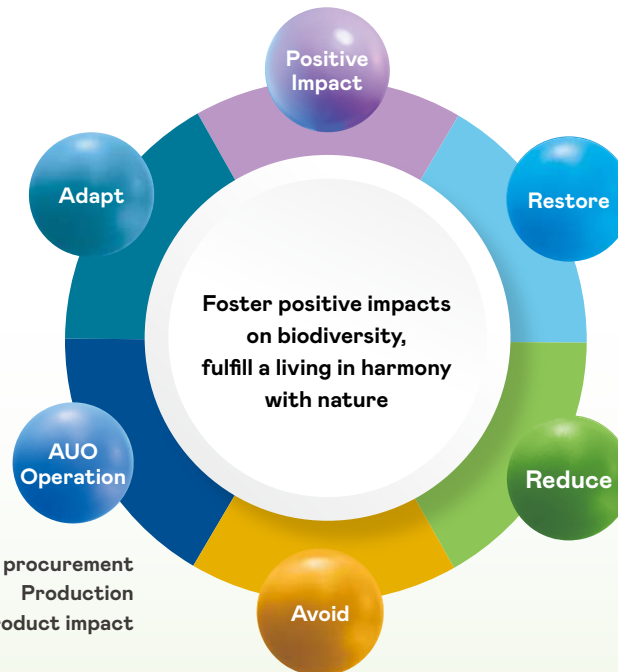
- AUO has 4 factories that have received the LEED certification
- Apply Task Force on Nature-related Financial Disclosures (TNFD) in risk management.

Assess & Disclose

Disclose in sustainability report in accordance with SBTN and GRI guideline

Stakeholder Communicate/ Respect the Rights

Stakeholder partnership cultivation, environmental impact assessment public hearing



Positive Impact

Environmental education promotion, supplier response

Restore

- AUO – on-site/off-site restore
- Environment – afforestation, ecological conservation

Reduce

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

Avoid

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



Chapter

4

Inclusive Growth



- 4.1 Human Rights Protection
- 4.2 Talent Attraction & Retention
- 4.3 Talent Development
- 4.4 Health & Safety
- 4.5 Social Engagement



Highlights

Respect and protect human rights

Conduct human rights due diligence to improve policies and management organizations to identify, prevent, and mitigate human rights risks

Create a fertile ground for talent

Promote the ESG-TALENT plan with three major strategies and six actions to cultivate high-quality talent and reserve organizational competitiveness

Cultivate professional talent

In response to organizational transformation, AUO University has added a College of Business and College of ESG to upgrade employees' knowledge and skills

Improve workplace safety

Integrate digital applications into disaster prevention systems and traffic safety management to create a safe working environment

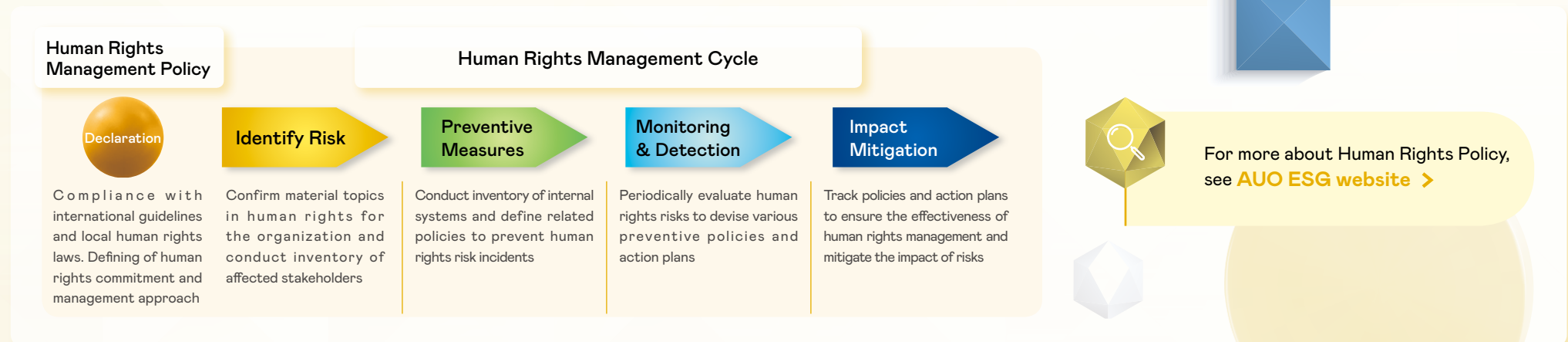
Mountain and ocean ecological conservation

Initiate Ocean Party, calling for volunteers to clean the beach, collaborating with local communities and NGOs, recycling marine waste, and extending the creation of environmental education value

4.1 Human Rights Protection

AUO is committed to the promotion and protection of basic human rights. The "Human Rights Management Policy" was therefore established in 2006 based on international standards such as "Social Accountability 8000", "Global Sullivan Principles", the "UN Guiding Principles on Business and Human Rights", the "Proposal for a Directive on Corporate Sustainability Due Diligence" published by the European Commission, and the "Responsible Business Alliance Code of Conduct." Due diligence is conducted on human rights along with the establishment for a four-stage human rights management cycle to reduce the impact of human rights on business operations.

Human Rights Due Diligence Process



Human Rights Management Cycle

Identify Risk

AUO conducts assessments of 12 human rights topics in accordance with the "UN Guiding Principles on Human Rights" and the "RBA Code of Conduct". We also use the AA1000 SES Stakeholder Engagement Standard and GRI Standard to partner with stakeholders such as employees, customers, suppliers, contractors, and local communities to promote the protection of human rights together. Interviews, questionnaire surveys and RBA audits are also employed at the same time to track the degree of stakeholder concern and response on human rights risk topics so that we can provide resources such as declarations, education and training, and seminars for human rights governance topics.

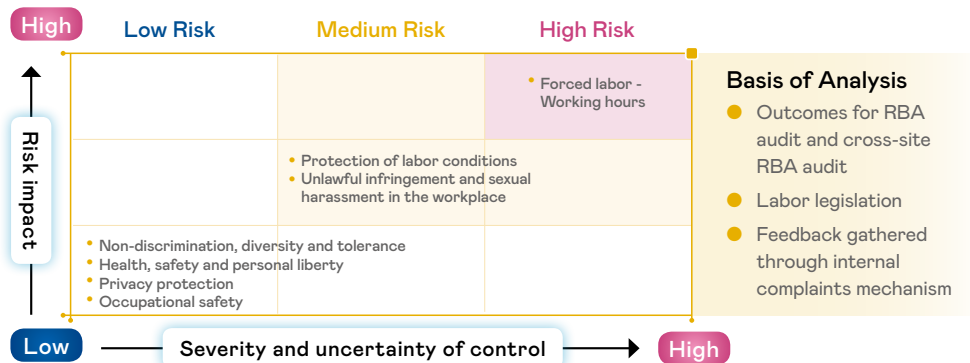
AUO cares about 12 human rights issues

- Privacy protection
- Health, safety and personal liberty
- Occupational safety
- Freedom of choice of employment
- Freedom of speech and expression
- Freedom of assembly and association
- Protection of labor conditions
- Prohibition of child labor
- Forced labor
- Non-discrimination and diversity
- Right to family life
- Unlawful infringement and sexual harassment in the workplace

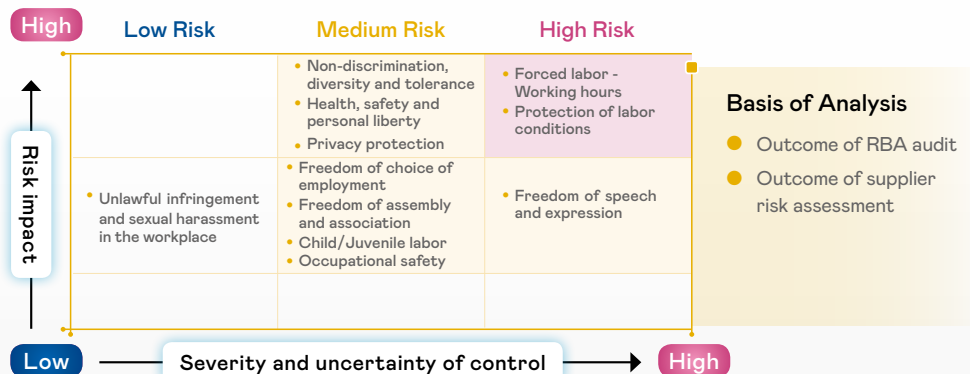
Stakeholder Human Rights Risks Matrix

AUO conducts human rights risk assessments for stakeholders. In 2022, we surveyed all employees and included suppliers in the AUO RBA audit for the first time. As contractors' production activities have a direct impact on the community, people from the local community were included as well to listen to their voices, understand their needs, and take an overall look at the potential human rights topics. Assessment of all employees utilized channels such as RBA audit, cross-site RBA audit, labor compliance, and internal complaints mechanism; assessment of all suppliers utilized channels such as RBA audit and supplier risk assessment; community assessment was conducted through periodic neighborhood interviews. The risk calculations of the AUO risk control system was also used as a reference to identify the level of risk for each human rights topic based on the two dimensions of likelihood, severity, and risk management performance. Material and secondary risks were then identified in order to prevent and mitigate their potential human rights risks and hazards during business operations.

All Employees

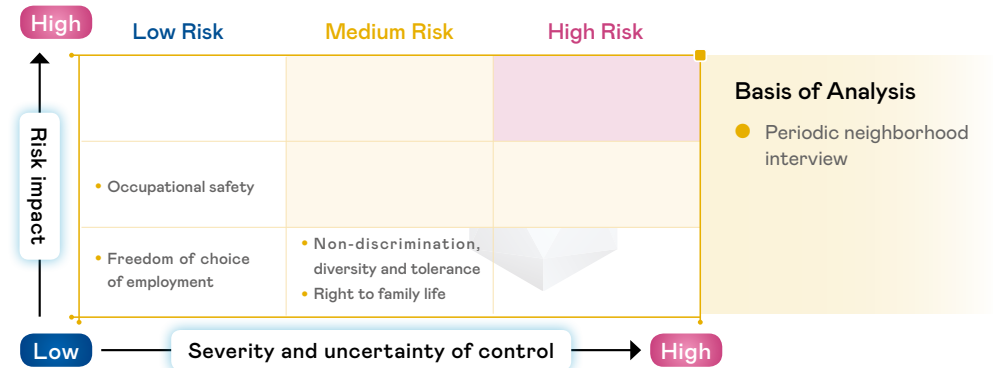


Suppliers



Note: The severity and uncertainty of control are the results of a comprehensive consideration of the impact and control of the risk issues.

Neighborhood



Preventive Measures

AUO strives to build a workplace with zero discrimination and respect for human rights. In addition to the establishment of the "Human Rights Policy", AUO also prevents human rights risk events through related internal guidelines as well as clearly defined complaints process and handling procedures. External initiatives include enhanced education, training and audits based on the RBA guidelines.

Internal

Human Rights Policy

The documents "AUO Human Rights Policy," "Employee Manual," "Work Regulations," "Recruitment/Appointment Policy," "Sexual Harassment Prevention Policy," "Unlawful Infringement Prevention Policy," "Employee Communication Policy" and "Complaint Procedure" based on our Human Rights Policy all state that employee human rights are explicitly protected. Promotion of important human rights topics are conducted 2 times a year. In 2022, human rights education and training was completed by 95% of all AUOers.

Sexual Harassment Policy

A "Sexual Harassment Prevention Policy" has been established along with a dedicated sexual harassment grievance mailbox. Any reported or suspected cases of sexual harassment are investigated by the "Sexual Harassment Complaints Committee." To protect the rights of the complainant, strict confidentiality is maintained during the investigation process and the matter is handled in confidence. There were 9 cases of sexual harassment in 2022 and all cases have been closed.

Occupational Safety and Health Policy

Preventive planning and supervision of unlawful infringement in the workplace as well as providing employees with counseling services on physical and mental health.

Strengthen strategic planning on protective measures in the workplace, conduct risk assessment as well as education and training in the workplace, and the provision of necessary protective measures.

Provide open channels of communication, establish complaints channels and publish the complaints procedure, and conduct investigation into open cases.

Internal**Employee Selection, Training, Employment and Retention Policy**

AUO employees undergo annual human rights policy awareness and training courses for new hires and management.

Established system to manage reasonable work hours and implementation of management-level review mechanism.

Migrant workers are provided with a bilingual explanation on the employee protections afforded by the AUO Sustainability Policy and RBA Code of Conduct when they start work. New hires do not have to pay any expenses. They are not punished if they choose to resign or end their contract. Employees are also guaranteed freedom of movement in the workplace, dormitory, and any other company premises. Compulsory overtime is also prohibited.

External**Supply Chain Human Rights Management**

Suppliers are required to sign the "Supplier/Contractor Code of Conduct" declaring their commitment to the protection of human rights. Suppliers must also participate in the annual CSR risk assessment and CSR supplier audit to help AUO track human rights risks.

Letters are sent to suppliers to raise their awareness on human rights topics each year. Suppliers co-development events are organized as well on CSR management practices including analysis of the RBA Code of Conduct and labor human rights legislation.

Monitoring & Detection

The opinions and rights of employees are important to AUO. A variety of internal channels such as the complaints or suggestions system and Audit Committee's Mailbox are used to enhance labor rights. The freedom of employees to make suggestions and their confidentiality are protected through the strictest possible privacy protection rules and the "AUO Personal Information Protection Regulations." Employer-employee meetings are periodically convened to guarantee employees' right to organize and collective bargaining. To reduce the business impact of human rights risks on AUO, supply chain and partners, all AUO fabs have established internal audit processes in accordance with the RBA Code of Conduct to audit human rights risks. We also conduct an inventory of key human rights topics with potential risks to devise preventive measures and corrective actions based on the severity of risk in each topic. These are slated for disclosure in the 2023 AUO Human Rights Due Diligence Report. In addition, we also require our supply chain and partners to comply with the RBA Code of Conduct in order to set an example for a high standard of human rights governance together.

Impact Mitigation**Management of Committees Related to Human Rights**

To promote a culture of respect for human rights, independent committees such as the ESG and Climate Committee, Privacy Protection Committee, Information Security, and Safety and Health Committee to oversee various human rights topics. Quarterly meetings are held to take stock of human rights violations that had or may occur so that impact mitigation measures can be devised. Officers from each unit within the committees also form the human rights protection cadre responsible for educating their colleagues about the latest measures and answering their questions.

Measures to Upgrade Management Ability

AUO has developed management systems for overtime, abnormal work hours, attendance and leave to provide managers with periodic reports. Managers are encouraged to take an active interest in the labor-related human rights risks of their personnel. AUO hosts management ability courses every year that not only cover legislative changes and common cases, but also provide managers with the proper management skills and knowledge to handle common complaints such as gender equality and attendance management through case studies and rehearsals.

Employee Assistance Plan (EAP)

AUO provides individuals that require enhanced protection with 1on1 counseling and assistance through "Work and Life Coaching Service" to help employees with their physical and mental recovery.

2022 Management Approach on Key Human Rights Topics

Key Topics	Subject	Degree of Risk	Monitoring and Detection	Impact Mitigation	2022 Goal	2022 progress
Protection of labor conditions	All employees, supply chain, customers, partners	High and medium	<ul style="list-style-type: none"> Establish risk assessment procedure to identify all labor, ethical, and environmental safety risks Establish employee communication procedure and channels to obtain a timely understanding of employee problems Establish an RBA management system to detect potential risks through internal and external audits Adjust shifts in accordance with the law to prevent excessive overtime by employees or inadequate downtime 	<ul style="list-style-type: none"> Inventory the hardware (e.g., environment) and software (e.g., management) risks of each unit then devise improvement policy and system Periodically interview employees to collect their feedback and issues of concern Set deadlines for corrective action based on the findings of RBA audit Define work hour management policy and system to manage and control work time (including overtime). The system sends work time alerts to unit supervisors to remind them to balance the workload when necessary 	<ul style="list-style-type: none"> No cases of excessive work hours in seven days No losses due to labor-management disputes 	There were 2 cases of labor-management disputes due to excessive work hours
Occupational safety	All employees, supply chain, customers, partners	Medium and minor	<ul style="list-style-type: none"> Conduct new hire education and training to make employees aware of their obligations in safety and health, as well as emphasize the importance of self-protection by employees Annual health exams were arranged for employees. Work environment monitoring was conducted for special hazardous operations along with special physical exams for related workers Nursing specialist and designated first-aid providers were stationed at each plant to render immediate first-aid when necessary Firefighting drills are conducted every six months to raise employee awareness on essential disaster prevention concepts Implemented maternal care through questionnaire survey of pregnant employees to obtain feedback on the working environment and lactation room, as well as their requirements Provided employees with 24-hour free, professional and confidential consultation services by external consultants through the Employee Assistance Plan (EAP) 	<ul style="list-style-type: none"> In the event of occupational injury, engineering control installs additional hardware protection while management control strengthens safety and health education for personnel Follow-up tracking and counseling is provided for different grades of health exam outcomes. Physicians are also arranged to provide employees with direct consultations on-site Corrective human-factor engineering for health hazards in the workplace If an employee experiences a work injury, traffic accident or serious illness, the Company provides them with assistance Strengthened education and rules on wearing of protective equipment, and enforcing inspections of employees' protective equipment by supervisors Breastfeeding employees may not work overtime or on the night shift. Unit supervisors are reminded to make adjustments at work High-risk cases are registered with the Wellness Center for further follow-up to keep track of employee status 	<ul style="list-style-type: none"> 100% of cross-site RBA audits completed Frequency of disabling injuries <0.2 	Frequency of disabling injuries was 0.27

2022 Accomplishments in Human Rights Protection

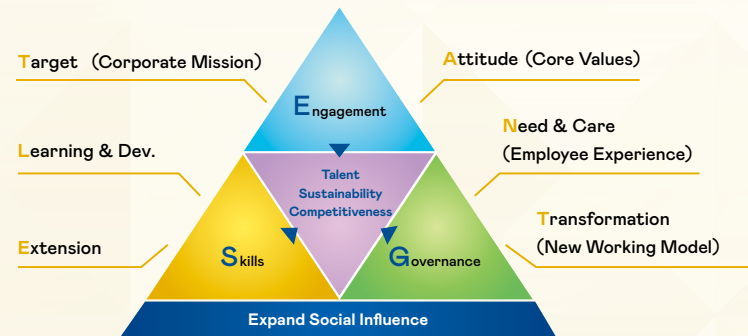
Human Rights Policy Education and Training		Unlawful infringement awareness in the workplace		Enforcement of RBA Management	
New employee Training completed by 1,581 new hires (pass rate 100%)	Global employee Education and training conducted for more than 35,000 people worldwide and pass rate for post-test was 100%	Awareness seminar 26 sessions	Workplace risk inventory Self-audits were conducted by 750 managers and risk inventory completed by 493 units	Audit 11 internal audits and 55 external audits	Supplier course RBA 7.1 in practice session attended by 53 people

4.2 Talent Attraction & Retention

4.2.1 Talent Distribution

● AUO Talent Strategy

Changing demographics and global trends have made talent sustainability an extremely important issue for businesses. The former determines whether a business has enough people and the latter determines whether its people have the necessary expertise to continue overcoming the new challenges that changing trends continue to bring. AUO is continuing to promote "ESG-TALENT" to bring about the talent sustainability of the organization through three strategic dimensions and six key actions.



● Global Talent Recruitment Policy

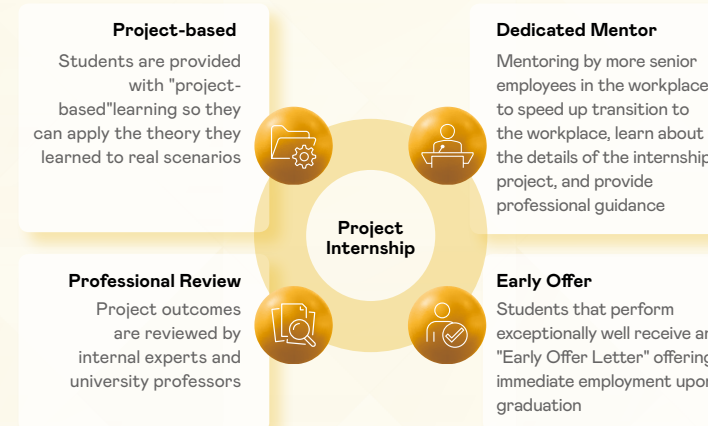
AUO has a global workforce more than 36,000 people. To support our biaxial transformation strategy, AUO plants to continue recruiting talent in pioneering display technologies over the next 3 to 5 years. We will also implement trans-disciplinary and trans-national "Borderless Talents" in field applications. An example of this was the talent for smart field applications. In September 2022, AUO established the "AUO Solutions R&D Center" in Yawan, Kaohsiung, and began recruiting promising talent in innovative technologies, artificial intelligence, big data, and software/firmware development to join us in realizing the vision of smart display applications.

● Hybrid Office Model

Flexibility and autonomy became more important for talent in the post-pandemic age. AUO crafted an agile and supportive hybrid office model that gave employees the choice between working from home and flex-time. In 2022, a total of 1,290 employees applied to work from home and 549 employees applied for flex-time. An internal survey found that both employees and managers felt that the hybrid office system had a positive effect on the long-term development of the Company. Work-life balance could be achieved without impacting on-the-job performance. The hybrid office model will be maintained to let employees realize their value at any time and in any place.

● Youth Cultivation

A variety of occupational experience events are promoted by AUO including the project-based "A+ Summer Internship" and "Smart Manufacturing Semester Internship" programs. The internships provide an introduction to AUO's extensive manufacturing experience. Experts from each department also help students build up experience and contacts so they will one day become AUO's spokesperson on campus as well as a key source of AUO's talent pool.



A+ Summer Internship

The program entered its 19th year in 2022 and has cultivated more than 1,200 outstanding students so far. In addition to providing students with an opportunity to participate in hands-on projects, online learning through the Gap of Learning & Field (GOLF) platform as well as tours of environmental education facilities served to enrich their internship and gave interns a better understanding of the industry. An offer is provided to outstanding interns that pass the internal and external review process, making them the best spokespeople for AUO on campus.

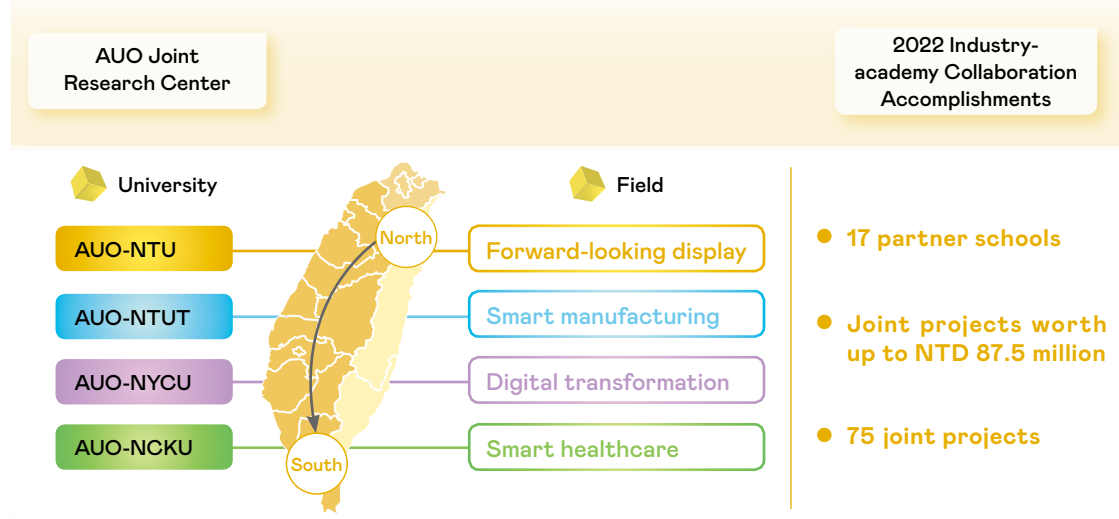
Smart Manufacturing Semester Internship

AUO launched the smart manufacturing semester internship in 2019. We partnered with universities and colleges to let students build up their hands-on experience during the school term. The number of partner schools and applicants have continued to grow steadily each year. In 2022, 32 university seniors completed their internship using the work from home model with the guidance and feedback of internal/external AUO experts.



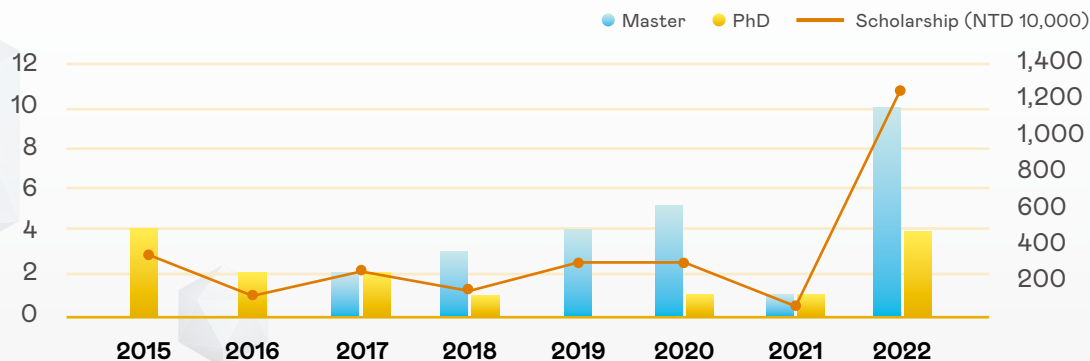
Industry-academy Cooperation

The AUO Industry-academy Center was established in 2019 and promoted in-depth cooperation with schools through a systematic platform for the introduction of external technologies, talents, and business opportunities. The Center also helps students make the transition to the industry, cultivate their employability, while providing opportunities for actual participation and project R&D.



Talent Cultivation Scholarship

The "Talent Cultivation Scholarship Program" was established by AUO in 2015 to provide outstanding students with encouragement and help reduce the financial burden of their studies so they can focus on their learning. Outstanding students are offered high-value scholarships and immediate employment upon graduation. AUO expanded the amount and number of scholarships in 2022 to give more students the chance to focus on their studies. The program has disbursed more than NTD 26 million so far to 40 outstanding students since its creation including 15 doctoral students and 25 Master's degree students.



Gap of Learning & Field (GOLF)

The Gap of Learning & Field (GOLF) alliance for industry-academy transition was co-founded by AUO, Compal and Wistron to help students make a smooth transition from the university to the industry, and make an immediate contribution in the workplace. Now in its third year, the alliance now has more than 44 partner enterprises and 53 partner universities. GOLF brings together the industry resources for local businesses to construct a learning map and curriculum resources that help students make the transition to a business setting. Nearly a thousand internship openings have been created so far. The "Industry Digital Academy" jointly setup by businesses provides more than 50 courses that help bring students up to date on the industry through real-world examples and fulfill the GOLF vision of helping students make an early transition to the industry.

Online Learning

More than 300 industry knowledge courses have been designed. A total of 8,635 students have registered for an account on the e-learning platform. The three industry digital academies of Information and Communications Industry Academy, the Opto-electronics Industry Academy, and Semiconductor Industry Academy were established to help students obtain first-hand knowledge of the battle lines in the tech industry.

Credit Cooperation

AUO gave permission to the "Display Education and Application Course", "Pingtung University of Science Technology", the "Semiconductor Testing Academy" collaborated with Powertech and Minghsin University of Science and Technology, to set up the "Semiconductor Closed Testing." The "Learning and Education Course for Top Corporate Talent." nearly 400 employees have taken part in the training to date.

Campus Seminar

AUO entered the campus to establish two-way communication channels with the new generation of talent. In 2022, we hosted 3 GOLF campus seminars at Chung Cheng University, Taipei University of Science and Technology, and Central University. GOLF member businesses met with students face-to-face to share the latest industry trends and workplace experience.

Note: As of January 10, 2023



GOLF
Gap of Learning & Field
學用接軌聯盟

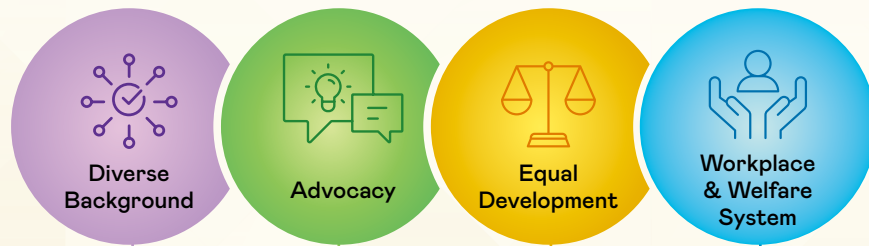
For more about GOLF, see [GOLF website](#) >

4.2.2 Diversity & Inclusion

AUO strives to build an equal, inclusive, and evolving inclusive workplace for our global workforce. Employment, compensation, and opportunities for advancement are not affected by gender, race, language, religion and other differences. An innovative, open and tolerant atmosphere is cultivated so that employees can respect their differences, learn together, work together as a team, and become the driving force behind continued progress at AUO.

● Building the DEI Culture

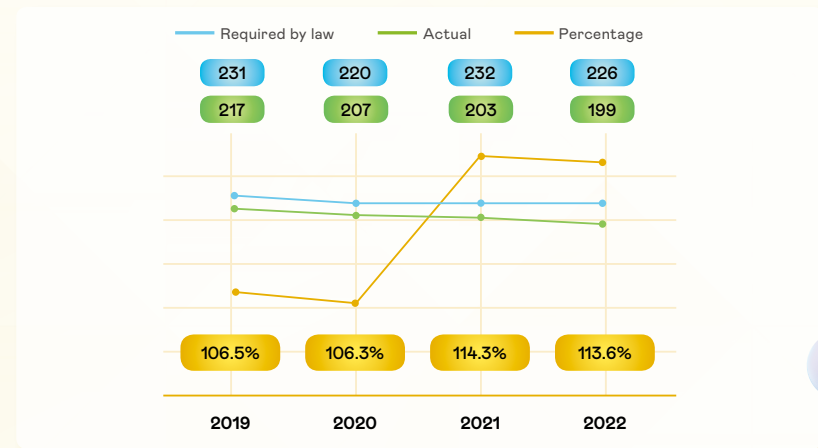
AUO believes that the promotion of labor-management harmony and friendly workplace are fundamental to making AUO a happy enterprise. We introduced diverse talents and built an international stage to expand employee's horizons and career. Advocacy actions were taken to establish a culture of Diversity, Equality and Inclusion through advocacy actions such as pump shotgun, equitable development, workplace and welfare system.



- Recruitment and counseling of disabled employees
- Care of foreign migrant workers
- Women's seminars
- International Friendship Week
- Female employee leadership
- Foreign migrant worker career development
- Diverse club activities
- Friendly environment and benefits

● Recruitment and Counseling of Disabled Employees

AUO provides the disadvantaged youths with equal-opportunity and diverse job opportunities in keeping with our core corporate value of caring society, and a people-centric business. In 2008, we began working actively to fulfill the government's participation and arrival/exit of disabled people. Inventories were re-designed and positions suitable for the physically and mentally disabled took an inventory and re-designed the positions suitable for aircraft mechanical. These included maintenance of the security door and other related activities. We are continuing to exceed our quota on mandatory hire of physically and mentally disabled employees each year. In 2021 and 2022, we were designated as an Outstanding Enterprise for the Recruitment of People with Disabilities by Hsinchu City.



● Advocacy

The 2022 AUO Feast of Life invited Phoebe Chen, female entrepreneur and founder of Sunnyfounder to give a speech. Phoebe had been recognized as a female role model by the EPA. She not only shared her philosophy on green electricity sharing but also demonstrated her passion as a female entrepreneur. AUO plans to expand our advocacy in 2023 by hosting "Diversity and Inclusion" seminars. A DEI Week campaign is also planned in conjunction with Internal Women's Day on March 8.



Foreign Migrant Worker Care & Development

AUO upholds our commitment to employee care by providing a complete career for more than 1,800 foreign partners. We create an equal, friendly, diverse and inclusive workplace during recruitment, training and development, adaptation, cultural exchange and health care. Foreign employees are given free rein to realize their potential and immerse themselves in corporate atmosphere of fulfillment for work, family, and health.



Trusted Employer with Zero Advance Payments

Freedom of employment for migrant workers has been strengthened by AUO. Since 2019, AUO has paid for all expenses incurred by foreign workers prior to and after arriving in Taiwan to start work. In 2022, we went a step further by implementing a policy of zero advance payment overseas. Foreign employees no longer need to pay for any of their expenses in advance when traveling to Taiwan to avoid causing economic hardship for job seekers.

Comprehensive Certification for Learning and Development

AUO has a comprehensive certification system in place to help foreign employees sit the exams for professional qualifications. A dual-track promotion pipeline enriches the career development of foreign employees and let them grow with the Company. We recognize the sacrifices made by foreign employees in their work and nominate outstanding employees for external awards every year. In 2022, 6 were recognized as outstanding migrant workers of Taoyuan City, and 1 won the 2022 Taoyuan City Tao-Hao Women Power Award. The awards boosted employees' self-confidence and sense of pride.

Help Workers Adapt to New Life

In terms of communications, we arrange for bilingual personnel fluent in their mother language and English to check on workers' welfare and provide assistance. In terms of lifestyle, we have shops that sell merchandise from their home country and serve food from their homeland. We also try to provide all the facilities they require such as prayer rooms, social rooms, and sports center so that employees can feel at home even in Taiwan.

Health Care and Support

The health of employees is considered a valuable company asset. AUO has continued to monitor COVID-19 developments since the pandemic broke out in 2020 and dynamically adjusted our epidemic prevention measures as necessary. In addition to existing health promotion and care initiatives such as health awareness, medical treatment and companion services, we also provide joint epidemic prevention bonuses, quarantine accommodation and rapid antigen testing to keep the epidemic at bay.

Cultural Exchange and Connection

The "Philippines Cultural Festival" has been held since 2017 to encourage social interactions between Taiwanese and foreign employees. The event was renamed "International Friendship Week" in 2022 with activities based on the three DEI themes including club exchanges on foreign events, banquets of foreign cuisine at restaurants, and competition on outstanding migrant workers. Employees of all nationalities were able to experience the diversity and internationalized atmosphere at the Company.



Winner of 1st Tao-hao Women Power Award - Eliza, Supervisor from the Philippines

Eliza, a Filipino supervisor, had worked at AUO's Longke site for more than ten years. She started out as an entry-level test station operator and eventually promoted to supervisor. She helped with the hosting of communication meetings and used her fluency of Mandarin to clarify problems between Filipino colleagues and Taiwanese managers. Her efforts helped colleagues become more adept at their work and led to many migrant workers becoming good friends with their managers. She was a role model for cross-cultural inclusion and became the first winner of the 1st Tao-Hao Women Power Award in 2022.



Discover more [A positive bridge for cultural integration >](#)



Female Leadership

Gender equality and fairness in career development are important to AUO so we foster a working environment where every employee can realize their potential and create unlimited possibilities. More than 30% of the AUO workforce is made up of women. Women account for 28.20% of our management roles worldwide and we've been included in the Bloomberg Gender Equality Index for 6 consecutive years. We will continue to help outstanding female employees pursue their career development goals while maintaining a balance with family and life.

Principal Researcher – Eileen Hsu

There is absolutely no discrimination based on gender at AUO. I was nominated by my supervisor as a full researcher after giving birth to my second child. I was then promoted to manager when pregnant with my second child so these left a strong impression on me.



Marketing Manager – Irene Wang

I love the people-centric culture at AUO. The Company is willing to give employees opportunities too. When I hit a wall in my career, my supervisor sat down with me to discuss what my goals I should set next, and how to realize them. With his help, I managed to get promoted to manager as well.

Discover more [AUO lets women's power become the main force](#)

Workplace & Welfare System

AUO has installed gender-friendly toilets throughout our plants that can be used by people of any gender to convey the message of diversity and inclusion in the workplace. In terms of benefits, AUO offers more leave than required by law including volunteer leave, engagement leave, maternity exam leave, and paternity leave for checkups and childbirth. AUO also provide employees with childbirth and childcare stipends to wish employees all the best in their new stage of life.



Unpaid leave and parental Leave

AUO strives to help employees with major transitions or change of circumstances during their career. An employee is eligible to apply for unpaid parental leave once they have been with the company for six months. Unpaid leave may also be granted for military service, serious injury or illness, caring for relatives of the first degree, or personal reasons. We reach out to employees 90 days before the end of their unpaid leave to arrange for their reinstatement and provide related training courses to help them transition back to the workplace.



For more about unpaid leave and parental leave, see [Fact Sheet](#)

Diverse Club Activities

AUO has up to 160 clubs around the world involved in sports, arts and culture, and charity. Employees are encouraged to enrich their life after work. To encourage social interactions among foreign employees, we also set up 10 Filipino clubs. We are also planning to set up support groups for female employees. Knowledge courses and support activities are planned to provide female employees with a club platform for mutual support, strengthen the internal network of female employees, and encourage them to pursue their career goals and self-growth. We expect to establish and plan various types of salons during 2023.



4.2.3 Remuneration & Benefits

● Salaries & Benefits

The remuneration and career development opportunities we provide are diverse and competitive. AUO global operating locations set the compensation of employees based on their educational background, previous work experience, professional knowledge/skills, and years of experience into consideration. Employee salaries are not differentiated by factors such as gender, ethnicity, nationality, religion, age, physical disability, political bias, marital status, or union/club membership. We participate in international market salary surveys every year to ensure that our compensation remains competitive. Compensation is adjusted based on prevailing market rates and individual performance. The average starting salary for grassroots employees is at least 30% higher than the statutory minimum wage. Overall compensation and bonuses are based on company, team and individual performance along with various short-term and long-term incentive programs for sharing company profits with employees.



For more about salaries and benefits, see [Fact Sheet](#) >

● Group Insurance

AUO operating locations provide statutory social insurance in accordance with local laws. Group comprehensive insurance is also provided for Taiwan and China including free life insurance, trauma/critical illness insurance, accident insurance, medical insurance, and cancer insurance for current employees. Employees are still entitled to group insurance benefits while they are on unpaid leave due to illness or injury. Employees traveling on business or stationed overseas are provided with tailored overseas business insurance that they can fall back on right away. We also expanded insurance coverage to employees' families to provide employees' dependents with comprehensive, high-quality protection at the most reasonable rates. AUO insurance is dynamically adjusted based on environmental changes. To encourage employees to reduce their carbon footprint by taking public transport, in addition to standard accident insurance we also offer employees and their dependents the option of enrolling for public accident insurance, providing them with greater peace of mind on public transport.

● Expatriate Care & Support

AUO provides all expatriate personnel around the globe with appropriate and comprehensive care and support. The support provided range from pre-departure preparations to essential stipends for living abroad for the period of the assignment. The program is reviewed every year to ensure it is aligned with market trends. The rotation mechanism is also activated one year before the end of assignment with progressive steps to facilitate the transition of individual career development.



Pre-departure preparations for expatriates

Physical exam, luggage transport, environment inspection, visa application and other preparations



Essential Stipends for Living Overseas

Expatriate allowances and accommodation, transportation and telecommunications subsidies for maintaining the quality of life



Expatriate with family

Provision of family stipend, children's education subsidies, and family accommodation to support living abroad



Expatriate rotation mechanism

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



Expatriate care and support

Expatriates are entitled to expatriate group insurance and SOS international emergency assistance services

● Pension Scheme

Under the AUO "Employee Pension Regulations", AUO contributes towards relevant social security premiums such as labor retirement, medical care, senior's pension and so forth as legally stipulated at each operating location. For the Taiwan sites, AUO established the Retirement Fund Supervisory and Management Committee as required by law to oversee pension management and retirement procedures. Under the old system, businesses are required to make monthly deposits equivalent to 2% of the monthly wages of eligible employees into an employees' retirement preparatory accounts with the Bank of Taiwan. The reserve currently amounts to approximately NTD 320 million. Withdrawals/contributions are controlled by the employer with no employee involvement. Actuarial reports are commissioned ensure that the contributions are adequate to meet our 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 class interval. In addition to fixed deposits by the Company, employees can also choose to deposit any amount within 6% of their monthly salary to their designated account for tax exemption.



For more about retirement, see [Fact Sheet](#) >



4.2.4 Enjoyable Workplace

AUO strives to build an inclusive, happy workplace where employees can develop their individual value and create profits for all. To AUO set quantitative targets and listen to employee feedback through annual surveys to continue to increase happiness for all.

■ Achievement of Material Issues

Material Issue – Talent Attraction & Retention		✔ Meet ✘ Miss				
	Goal	2022	2022 progress	2023	2024	
<ul style="list-style-type: none"> Friendly workplace and diversified welfare policy 	Percentage of employees who experience happiness and are willing to recommend others to participate	75%	77%	✔ 76%	78%	
	Q12 annual questionnaire communication channels survey on employees' recognition of the company and work (Note)	80%	87%	✔ 82%	84%	

Note: Employee identification with "I am passionate about my work and willing to give my best effort" and "I am willing to recommend AUO to my friends" in the Q12 annual questionnaire survey

AUO believes that only happy workers can achieve their true potential, work with the business to drive industry development, and continue to expand their influence. The 5C aspects of inclusive happiness guide the building of a physically and mentally healthy workplace at AUO. Diverse channels of communication and soft activities help shape an inclusive culture through employee experiences.



● Consensus: Communication x Welfare

Labor-Management Relations Management

AUO has established labor unions in Suzhou, Xiamen, and Singapore. In Taiwan, the "Regulations for Implementing Labor-Management Meeting" was established. Labor-management meetings are held on a regular basis to negotiate labor-related issues. Participants in labor-management meetings include both labor and management representatives. Representatives on the labor side are directly elected by all workers for a 4-year term and may serve consecutive terms. Labor-management meetings are held once every three months. There are currently 5 management representatives with 5 labor representatives from Headquarters and each site for 45 representatives. All employees are entitled to make recommendations to the Company through their representatives. The quarterly labor-management meetings provide labor representatives with a clear picture of important company operations, manpower status, and labor-related communication topics.

Welfare Committee

AUO Taiwan has established the "AUO Corporation Welfare Committee" in accordance with the law. Regular meetings are held every month to decide on welfare policies and plan various activities, and subsequently implemented and promoted by the Committee. In addition to festivity gift money and travel subsidies, the benefits designed by the AUO Welfare Committee include the changes in the employee's career roles and unexpected situations or accidents that may occur in life, including childbirth, marriage, funeral, and emergency assistance, etc. As most AUO employees are married and have children, the Committee has provided child care allowance every year for the employee who raises children age between 2 and 6 with NTD 3,600 per year since 2020. For sports and recreation, the needs of employees from different sites and age groups are fully met through club activities, partner merchants and sports seasons.

Open Communication Channels

AUO actively cultivates constructive employee relations. Employee can respond any opinions through a variety of open and constructive channels of communication. The case closure rate in 2022 was 100%. Employee relations specialists are also available at each site, to conduct random telephone surveys to care for the physical and mental health of employees.



For more about communication channel, see [Fact Sheet](#) >

Executive Town Hall

Regularly held in a relaxed tea party format, allowing grassroots managers to communicate with general managers, business group, and deputy general managers of manufacturing units. Topics covered include business strategy, company operations, department management, and human resources.

Affected by the epidemic, a total of 6 sessions in 2022

Employee Care Interview

Using the Q12 Employee Engagement Survey as a pretest, observe the organizational atmosphere based on the survey results, and conduct qualitative interviews with a sample of colleagues to understand the voices of employees.

Affected by the epidemic, each fab conducted individual telephone interviews

Digital Platform

LINE@auoclub was introduced in 2021 with a smart chatbot answering employee questions in real-time, and pushcasting event information. AUO will continue to expand the number of uses in the future and optimize the interactive experience for digital communications to give more exposure to benefits and promote better communication.

More than 8,000 employees have joined after integration with online company events in 2022

Material Issue

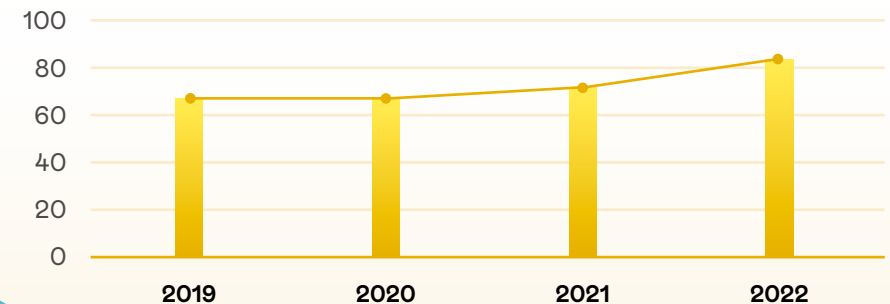
Percentage of employees who experience happiness and are willing to recommend others to participate, Q12 annual questionnaire communication channels survey on employees' recognition of the company and work

Q12 Employee Engagement Survey

The Q12 Employee Engagement Survey is used by AUO to cultivate a friendly working environment, listen to our employees, and improve the level of employee engagement. Organizational atmosphere is evaluated once a year. More than 8,400 employees were surveyed at the Taiwan site in 2022 for a coverage of 44%. Employee acceptance in the four dimensions of basic needs, management support, teamwork, and learning & development averaged more than 81%. The three acceptance dimensions of enthusiasm for work, willingness to recommend the company to outsiders, and pride in being an AUOer were also used to establish the Net Promoter Score (NPS). UP to 87% of employees expressed their enthusiasm for their work and willingness to give their best effort, while 84% of employees were proud of being an AUOer.

New happiness indicators were therefore added to learn more about employees' work-life balance and personal perception. 77% of employees felt happy and 80% of employees indicated that they like their current work and are motivated to fulfill their targets. Key issues of concern included transparency and fairness of organizational systems, hope for open communication that breaks down hierarchical boundaries, as well as flexible work design and more autonomy at work. Survey data are regularly provided to the relevant units by AUO. These are combined with trends and weaknesses to strengthen response measures such as employee experience, education and training, and departmental communications. The measures are also tracked to serve as a reference for optimizing organizational management and HR policy.

Annual Q12 results - sense of identity



● Co-creation: Culture x Spirit, Feast of Life

When Taiwan experienced a COVID-19 surge in May 2022, the theme of "Passion x Perseverance x Turn-around victory" was chosen by AUO Feast of Life to boost morale. The four themes of Contemporary Art, Social Engagement, Cultural Production and Think Big were integrated to help employees weather this difficult time. The online event was attended by 8,845 people and physical seminars were attended by 2,508 people.

Cultural Production

Island Stroll

1 Group - Local Holiday
507 AUOers took part

Success happens when all challenges are overcome

Po-Chou Chi

1 Group Director for Golden Horse award-winning animation
490 AUOers took part

THINK BIG

Contemporary Art

Chio-Tien Folk Drums & Art Troupe/
 Sheng-Wu-Zhou Puppet Troupe
 The Muddy Basin Ramblers / Drum Soul

4 Groups Art and Culture Groups
1,009 AUOers took part

Passion x Perseverance x Reversal

Sunny Founder / Hiinstudio

2 Groups Social Enterprise
1,027 AUOers took part

Social Engagement



Hiinstudio encouraged employees to start at home and protect the environment by reducing plastic waste



The Chio-Tien Folk Drums & Art Troupe integrates and transforms folk customs into theatrical arts, showcasing the diverse appearance of traditional culture



Island Stroll founder guided employees on an in-depth introduction to the land beneath our feet



AUO Podcast "Turning the Tables at Work" invited 6 employees to talk about how they came from behind and demonstrated the AUO spirit of professional excellence. The first episode featured a Magic Sea Lion interview with Chairman Paul Peng. Nearly 8,000 people have listened to the podcast by the end of 2022.



Animation director Po-Chou Chi shared the story power contained in animation, as well as sci-fi short films created by using AUO's virtual smart studio



Sheng-Wu-Zhou Puppet Troupe brings painted pavilion to AUO's Sidahun Kiln Story House



Drum Soul presented a diverse and innovative drum percussion performance



The Muddy Basin Ramblers and WOW SAX in concert

● Co-living: Sustainability x Field

AUO Cafeterias

AUO has set up comfortable dining environments at each site to provide employees with a healthy and rich variety of food options. Our cafeterias have been transformed into green restaurants with vegetarian menu options to encourage low-carbon living by employees in their everyday diet. The "Healthy Diet Quartet" of food traceability, cafeteria management, environmental safety and health, and healthy means have been set as our goals since 2015. We will continue to push for responsible sourcing of ingredients in the future as well.

AUO Gallery

An internal art gallery at AUO gives the offices a cultural touch. In 2022, through photography and a new approach, we hoped that visual records where the picture speaks for itself can open the way to dialog on climate change. The exhibition was a joint effort between the three photographers Sheng-ta Tsai, Island Divers, and Snow Ram that encompassed three climate change keywords of biodiversity, blue carbon, and green carbon to convey how drastic climate change is creating a crisis through the rapid loss of biodiversity. Rotating the exhibition between sites also reduced the amount of printing while maintaining the diversity of content.



The AUO climate change photography exhibition linked to the three climate change keywords drew employee attention to related topics

● Co-happiness: Employee x Family, AUO Clubs, Online Family Fun

AUO Clubs

AUO's many club activities provide employees with recreation after work and encourages work-life balance. The Taiwan site hosts two club associations every year. The online event "Player Number One - AUO CLUB GO!" was held in 2022. A variety of stages were provided through online challenges and mobile games to promote clubs and recruit members. 41 clubs took part in the event and 24,532 people participated. A physical joint exhibition was held at the end of 2022 with "Co-celebration" as its theme and 57 clubs took part. Exciting club exhibitions and performances were organized by each site including concerts by musical clubs, interactive ball games, food tastings, DIY workshops, and movie recommendations.



Co-celebration Exhibition by the clubs on the eve of Christmas towards the end of the year

Online Family Fun

In 2022, the Online Family Fun event was launched over the summer break. A round-the-world-trip theme was used to package the four family challenge activities of Gourmet Feast, Family Handicraft, Art and Culture Game, and Trivial Challenge. The DIY challenges and fun interactive games combined with the official LINE account used for internal communications allowed employees to have fun with their family at any time during the summer break. More than 700 employees took part in 2022 with over 29,000 likes.



● Co-fitness: Cohesion x Health, AUO Online Sports Season

The 2022 AUO Sports Season was held as a combination of online and physical events due to COVID-19. Total attendance was 9,669. The first event was held in conjunction with the 26th birthday of AUO. Employees were invited to put on their most colorful shirts and accessories for a color run. The GoPro relay managers and employees complete the race together to build up rapport within the department. The smart sports trend was also utilized to enhance employee experience in innovative ways. A site tour was organized with VR sporting equipment set up in the energy centers to let employees experience the event themselves. Various online themed activities were organized including an online marathon, online gym, and exercise selfies. A range of innovative exercise formats were used to promote a sporting atmosphere within the company and drew the enthusiastic participation of employees.



4.3 Talent Development

AUO values adaptive learning and development of talent. The "Education and Training Procedure" serves as the basis for employee education and training. Once an employee joins AUO, the necessary resources are invested into employees of different roles and grades. Learning and development is conducted through systematic training plans. Employee career development within AUO is based on individual performance and job requirements as well as the organizational strategy and development. For the "Leadership Track", once an employee is promoted to manager we provide leadership training based on their grade. The "Specialist Track" provides employees with basic and advanced technical development programs based on their years of service. In 2022, AUO in Taiwan conducted 61,928 person-days of training.

4.3.1 AUO University

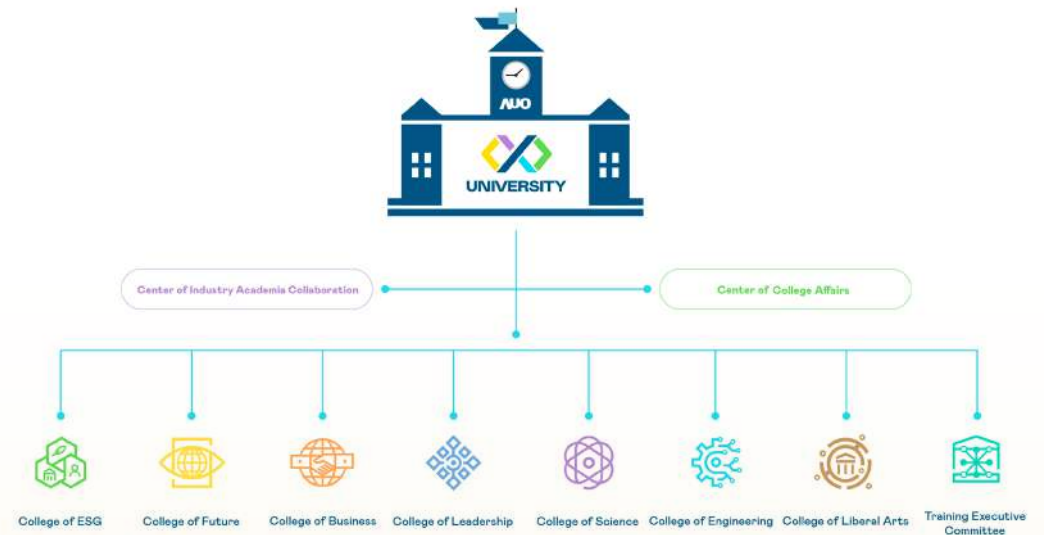
The mission of AUO University is to cultivate well-rounded business specialists as well as provide AUOers with diverse and comprehensive channels for in-service training and self-development. The AUO Learning College was launched in 2001 and upgraded to AUO University in 2018. The College of Business and College of ESG were added in 2022 due to the development of new operations and business models in response to the organizational transformation strategy. The College of Business promotes business thinking and prepares business talent for new types of field economy requirements; the College of ESG focuses on net Net Zero by systematically enhancing employee ESG knowledge and skills. To ensure the effectiveness of our management approach to education and training, the AUO University Academic Affairs Center regularly convenes education and training meetings to review the implementation status of education and training as well as their performance indicators. Response measures are progressively refined to improve the results of training. The AUO University Platform was also used as a platform to establish the Center of Industry-academic Collaboration for matchmaking the plentiful resources of the tertiary education system, and boost the circulation value of industry knowledge and skills.



For more about employee training, see [Fact Sheet](#) >

Professional Training Courses

Each college of AUO University draws up a training road map of general, new hire, basic specialist to advanced specialist courses needed by target personnel at each stage. The Education and Training Committee plays a key role in enforcing professional training at the department level. It assists personnel within the department with enhancing their professional knowledge and skills. Each Committee develops tailored training road maps for tiered and modular talent development based on role, seniority, and level of expertise; an education and training meeting is convened by the chair of each Committee to set the training plan for the following year and what courses to provide. Training outcomes are reviewed every six months. The individual learning passport scheme was introduced in 2015 to improve the precision of grassroots training. Employees engage in learning based on their personalized learning road map. Learning activities are recorded and managed through the learning passport. Employees are provided with a systematic selection of work-related training so that they and the organization can learn and grow together.



Teacher's Day Appreciation Event

The themed event of "Inspire Innovative Thinking, Cultivate Co-Learning Value" for Teacher's Day fostered an atmosphere of co-learning while also conveying the Company's new vision and strategic direction. Internal/external experts and instructors are publicly recognized each year to give them a sense of mission, pride, and value. In 2022, space constraints were overcome through the use of livestreams. In addition to arranging for newly appointed course experts to speak a few words, AUO also emphasized our commitment to the passing on of organizational knowledge by inviting internal/ external instructors to give a speech and share their own inner journey on innovation and transformation in teaching. Due to the development of new diversified learning methods, "Micro-Course Challenge" instructors and courses that accelerated the digital transformation of online learning also received public recognition during the event. Instructors were encouraged to develop even more quality e-learning content to reach a wider audience.



Encouragement from
President of AUO University



Inspiring new ideals
#The knowledge alchemy
strategy guide



Micro-Course Challenge
#Judges' comment
#Winning entries

Instructors' feedback

- This year's Teacher's Day event was streamed online so the location did not matter and travel time was minimized. More employees from different sites were able to take part and all the questions they asked online were answered.
- The Classic course instructor selflessly shared teaching insights/ techniques and gave tips on producing micro-courses. The event was well-planned and constructive.
- The Master Class talked about the importance of knowledge distillation and can be used as a reference for course design in the future. We look forward to the sharing of experience from more types of instructors.



Hybrid Model for Enriched Learning

Expert talks on the state of the global economy helped employees understand the latest trends and their effect on the industry, track potential changes in the market, and identify potential business opportunities. A hybrid model of physical seminars, online courses, and micro-learning allowed students to interact with classroom instructors and continue with their self-development.

Global Economic and Industry Trends and Prospects

Physical forum

By taking a more flexible view of macro-economic trends and perspective, develop the ability to read international developments and market changes

Online course

Online courses not only helped employees with reviewing and mastering all aspects of the course but also allowed more people to engage in off-site learning

5-Minute Economics

Micro-learning

6 topics were designed with 5 minutes of micro-learning after class for analysis of macro-economic events and economic indicators

e-Learning Development Plan

AUO University launched a number of innovative e-learning plans to complement the Company's digital transformation strategy. To create a zero-lag learning environment, various modes including online live stream, pre-recorded video, animated briefing, micro-courses and Podcast audio were introduced to provide employees with a range of flexible learning opportunities that boost learning efficiency and motivation. We also used competitions on the theme of digital innovation expand our industry-university collaboration with educational institutions and cultivate future tech talent.

College of ESG

AUO Sustainability Force | Podcast audio micro-learning



Podcasts provide audio on demand. The introduction of sustainability keywords helps employees keep track of the latest ESG topics and learn about the sustainability initiatives of AUO. The contents encompassed green electricity, carbon pricing, and circular economy

6 podcast episodes were uploaded in 2022. These attracted 14,337 cumulative views

College of Business

Global politico-economic environment and trends courses | Live stream and online course



Topics included the impact of the Russo-Ukrainian War, global inflation and rate rises, macro-economic prospects, market trends and changes, helping with assessment of supply chain risks, and forecasted economic recovery rate

3 themes were introduced for global politico-economic environment trends. Total cumulative attendance was 917

College of Future

Digital Hackathon | International ICT Innovative Services Awards



The promotion of digital transformation in the industry was chosen as the starting point by AUO. The Digital Hackathon encouraged the student teams to utilize emerging technologies such as AI, AR/VR, IoT, and big data to develop innovative field applications that combine visual application elements such as displays and video cameras

67 teams took part in the competition and the booth was visited more than 200 times

Material Issue

◆ Improve the participation of all employees and enrich the knowledge energy through multiple innovative techniques

AUOer's Sustainability Power

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, sustainability report training courses, etc., in 2022 a total of 21,451 colleagues will be involved.

Master Class

Top experts were invited to lead more than a hundred plant and division-level managers in an examination of Taiwan's net zero transformation policy and international net zero carbon emission trends. The managers gained a deeper insight into industry risks and opportunities from the green wave.

Carbon Management Workshop

Carbon cadre from various units were cultivated through the robust 10-hour course with both lectures and workshops. A holistic exploration of carbon and energy knowledge equipped managers with an understanding of the future that can be applied in their work.

Sustainability Literacy Surveys

To track the outcomes of sustainability cultivation among AUO employees, AUO Sustainability Foundation and social enterprises joined forces to conduct the "Sustainability is Your Superpower" sustainability census. The ten goals of AUO CSR EPS 205 as well as the results of the 2021 census were utilized to produce a second version of AUO-specific questions that tracked employee acceptance and willingness on sustainability action, and provided AUO with recommendations and advice on the implementation of corporate sustainability. 3,700 employees took part in the census of 2022, an increase of 15.81% compared to 2021. The average score was 54.3 and AUO scored higher than the national version of the sustainability census. 121 employees gave positive feedback and suggestions such as reducing the use of disposable cutlery, generate more solar power, incentives for buying electric scooters, more use of local ingredients in the cafeteria, strengthening the paperless policy, and more recycling.

Space Infinity

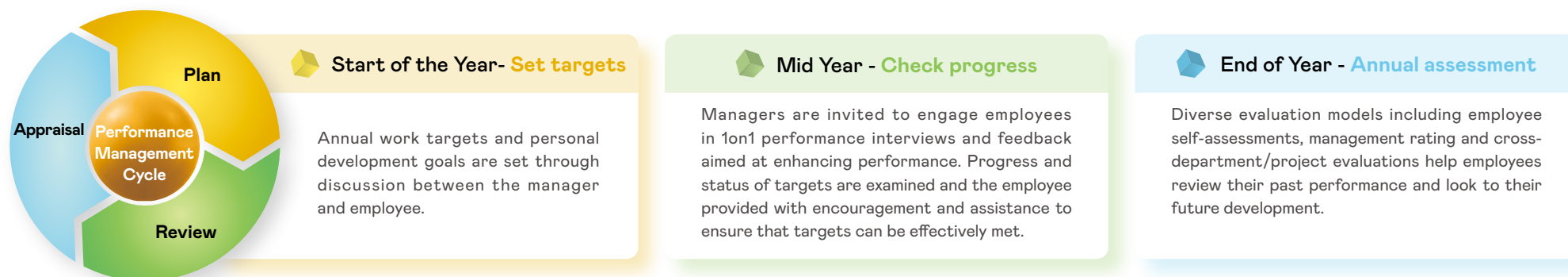
AUO partnered with Taiwan Design Research Institute (TDRI) to build the SPACE Infinity, a smart retail sustainability store. Different products based on the concept of sustainability were selected each quarter to create a field that encourages employees to engage in responsible consumption. The store started operations in 2022 and the first exhibition focused on reduction of excessive packaging, and low-carbon footprint products. More than 10,000 visitors toured the exhibition in person during the year.



4.3.2 Performance Management & Career Development

● Performance Management

The performance management cycle is carried out twice a year. The accomplishment of key objectives is important to us but whether the employee's actions were aligned with our values during the realization of the objectives matter to us as well. Performance outcomes serve as the basis for employee assignments, training, and compensation design. In 2022, the performance management cycle was completed by 100% of permanent AUO employees world-wide. Indirect employees accounted for 30.4% and direct employees accounted for 69.6%. Management roles accounted for 10.6% and non-management roles accounted for 89.4%.



● Diversified Career Development Channels

AUO respects the career development of employees and provide them with diversified career development and planning channels that take our operating requirements into account. Employees are encouraged to engage in crossover learning to enrich their experience, cultivate their international perspective, and expand their contacts in the ecosystem.

Diverse Promotion Opportunities

Dual-Track Promotion & Assignment System

Personnel promotions and transfers are regularly carried out for management and specialist positions under a dual-track system based on the mission requirements of the organization and employees' career development. Employee that show potential are provided with a separate pathway for accelerated promotion and management

Expert Selection System

To encourage employees to continue to improve their technical ability, improve the quality of R&D, and for people in critical specialties that make a major contribution, AUO established the expert selection system to provide them with recognition and accolades

Promotions

AUO has developed career development road maps for different positions and levels of complexity. Employees already proficient in their original role can seek promotion to take on more challenging assignments

Transnational Rotations

AUO personnel are stationed in 13 countries across Asia, the Americas and Europe. Development opportunities are offered through a transnational rotation mechanism and overseas development programs to help employees accumulate experience across different fields and cultures, and expand their personal professional horizons.

Global Competition for Positions

To promote talent mobility within the organization, help employees apply their skills and promote diversified development, AUO offers a channel through which interested employees can compete for global positions. If their original unit wants the employee to stay on, the supervisor can discuss with the employee their future direction of development then revise the employee's key tasks and development plan to better match their career development requirements. The system respects the authority of managers while ensuring an appropriate level of internal talent mobility.

Evaluation mechanism: For all of the promotion channels mentioned above, the quarterly HR meeting examines the employee's career development and assignments to meet the goals of appropriate assignment and adaptive development.

4.4 Health & Safety

AUO strives to create a high-quality working environment. We comply with occupational safety and health regulations, and provide employees with comprehensive health care services that cover their physical, mental and spiritual well-being. We set and maintain high standards for ourselves on protecting the health and safety of employees.

Achievement of Material Issues

Material Issue – Occupational Health and Safety						
	Goal	2022	2022 progress	2023	2024	
<ul style="list-style-type: none"> Safety and health management mechanism and operation Employee health implementation and culture promotion 	Rate of three-hypers regular return doctor's	70%	34.23%	80%	85%	Miss
	Major accident	0 cases	0 cases	0 cases	0 cases	Meet
	Frequency of disabling injuries (FR)	<0.2	0.28	<0.2	<0.2	Miss
	Number of industrial safety accidents	<18 Cases	13 Cases	<16 Cases	<15 Cases	Meet
	Number of traffic injuries	<120 Cases	146 Cases	<116 Cases	<115 Cases	Miss
	Contractor disability injury frequency	<0.2	0.20	<0.2	<0.2	Meet

Note: One of the goal in 2021 was "Number of occupational injuries." In 2022, this was merged into the goal for Frequency of Disabling Injuries (FR).The goal for "Number of occupational injuries" and progress are therefore not shown in this table.

Response to missed target: The COVID-19 took up all medical capacity so the target for routine return visit rate for personnel with cerebro-cardiovascular anomalies was not met. Please see [4.4.1 Health Care - Employee Health Care](#) for details.The goal for 'Frequency of disabling injuries' and 'Traffic accidents' were not met. Corrective action has already been proposed by the Environmental Safety and Risk Management Division. Please see [4.4.2 Safe Workplace](#) for more information.

4.4.1 Health Care

AUO believes the key to a people-centric friendly work place lies in looking after the mental and physical health of employees. The HR Center and wellness centers at each site provided continued monitoring of employee health risks and promote a healthy environment. A variety of thoughtful measures ensure that the physical, mental, and spiritual well-being of all employees are taken proper care of.

Comprehensive Epidemic Prevention Measures

The world has been pummeled by different strains of COVID-19 over the past three years. Local pandemic developments and government health policies are closely monitored by AUO's global operating locations and different epidemic prevention measures rolled out in response.

Stage	Dynamic Zero-COVID	Slow Spread	Reduce Serious Illness	Coexist with Virus
Time	January to early April	Mid-April to early July	Mid-July to early September	Mid-September to December
Prevention focus	<ul style="list-style-type: none"> Strengthen promotion of COVID-19 vaccination 	<ul style="list-style-type: none"> Health education on quarantine of confirmed cases Enhanced promotion of COVID-19 vaccination 	<ul style="list-style-type: none"> Raise awareness on 4th dose of COVID-19 vaccine Raise awareness on symptoms and epidemic prevention for COVID-19 BA5 variant and Monkeypox 	<ul style="list-style-type: none"> Raise awareness on next-generation COVID-19 vaccination
Key measures	<ul style="list-style-type: none"> Preventive screening for high-risk groups Organized COVID-19 vaccination outreach services to boost vaccination rates 	<ul style="list-style-type: none"> Telephone check-ups/health education for personnel with confirmed infections Set up health report mechanism for confirmed cases through health management system Protection of high risk groups 	<ul style="list-style-type: none"> Relaxation of conditions and providing epidemic prevention packs to personnel on business trips Provide health consultations with occupational medicine specialist on "Long COVID" 	<ul style="list-style-type: none"> Check on the status of personnel with confirmed diagnosis or under quarantine Dynamic adjustment to number of office/work from home days and access control for at-risk groups

Digitization of Epidemic Prevention Management

To optimize our epidemic prevention management, AUO set up a confirmed diagnosis reporting system, check-up and reporting system for confirmed cases, one-button contact tracing system, and daily reports on confirmed cases to help managers track personnel movements, make adjustments to production capacity, and ensure the continuity of business operations. These systems were also duplicated and rolled out at our site in China once local COVID-19 policies were relaxed in mid December.

Reporting System



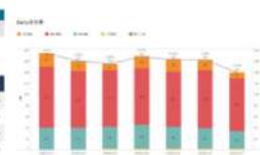
Care System



Rectification System



Daily Confirmed Cases Report



Employee Health Care

The "I Care" health program is now in its 6th year. The program looks after and promotes the physical and mental well-being of employees through the four dimensions of health prediction, health management, environment building, and psychological counseling.

Health Risk Prediction

Conduct health management and risk forecast through the Health Management System, and conduct individual health education guidance in advance

17,441 person-times

Health Environment Establishment

Create a healthy atmosphere and abide by the principles of epidemic prevention. According to the characteristics of the site, organize events including Blood Donation, National Blood Pressure Measurement, Health Lectures, Quit Smoking, Vision Care, Site Road Race, etc.

84,661 person-times

Health Risk Management

According to the five special groups specified in the Occupational Safety and Health Act (exceptional workload, special work protection, maternal health protection, prevention of human-induced harm, and prevention of unlawful infringement in the workplace)

18,065 person-times

Psychological Counseling/ Work and Life Coaching Services

In addition to work, life, parent-child, and marriage, psychological care is also included during the time of epidemic prevention quarantine

3,115 person-times

Material Issue

Rate of three-hypers regular return doctor's

Employees with high health risks are closely monitored by AUO to improve the periodic return visit rate of three-hypers. A return visit rate of 70% was set as the target for 2022. A domestic surge in COVID-19 cases in 2022 Q2 led to the health system running at maximum capacity and the government asking for a postponement of non-essential treatments. The number of return visits plummeted in response and the actual return visit rate was 34.23%. Wellness centers continued to encourage employees to reduce their indicators through exercise, weight loss, and diet control. In 2022, there 14 cases (0.16%) of cerebro-cardiovascular disease (stroke/cardiac arrest). Reducing the incidence of cerebro-cardiovascular disease therefore remains a topic that we must continue to monitor.



Caring for Female Employees

AUO has more than 10,000 female employees. We provide female employees with multiple layers of healthcare and attend to the physiological and psychological requirements of maternal employees at different stages.

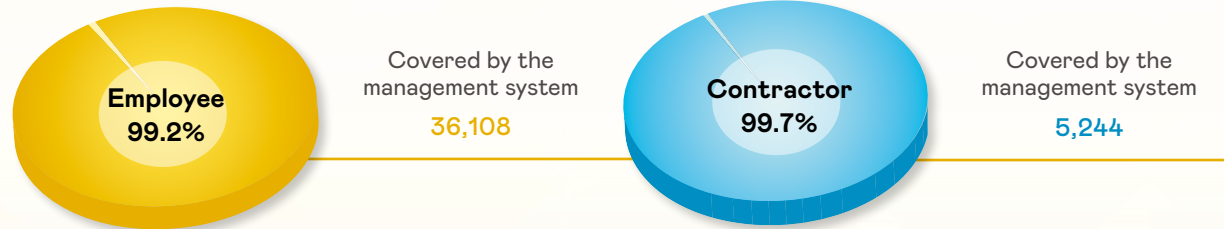
Pregnancy & Birth	Postpartum Recovery	Maintenance & Health Care
<ul style="list-style-type: none"> Professional nurses provide pregnant education, and occupational medicine specialists provide prenatal health assessments Assessment of workplace hazards and ensuring the safety of the working environment Flex-time mechanism and option of working at nearby sites Providing pregnant women with epidemic prevention lucky charms Gift of pregnancy gifts 	<ul style="list-style-type: none"> Postpartum health guidance by nurse Postpartum health assessment by occupational medicine specialist Flexible breast-feeding times and friendly breast-feeding space 	<ul style="list-style-type: none"> Providing better than statutory health care Women-specific health exams (breast ultrasound, mammogram, pap smear, gynecological ultrasound, blood test for endometrial cancer) conducted on-site Female shift workers receive 100% subsidies on regular breast ultrasound exams
<ul style="list-style-type: none"> Maternal health consultations during pregnancy were used 494 times (Note) Women-specific health exams were used by 1,164 people 	<ul style="list-style-type: none"> Female health consultations were used 282 times Breast ultrasound exams for female shift workers were used 54 times 	

Note: The number of people that accessed health consultation services during pregnancy was the sum of Taiwan and China sites. The statistics for other health care services were for the Taiwan site only.

Note: Both Taiwan site and China site are included.

4.4.2 Safe Workplace

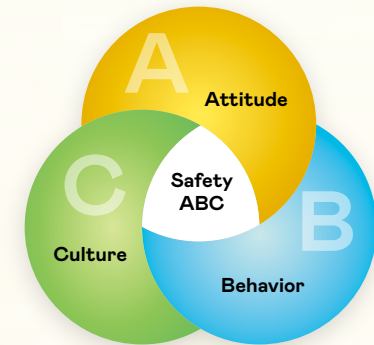
AUO has spared no effort in promoting a safety culture over the years, hoping to build an intrinsically safe working environment through safety risk management and full employee participation. In 2022, all global manufacturing bases have completed the ISO 45001 Certification of Occupational Safety and Health Management System covering 99% of employees (Note), and the Taiwan site has obtained the CNS 45001 certificate simultaneously in response to laws and regulations.



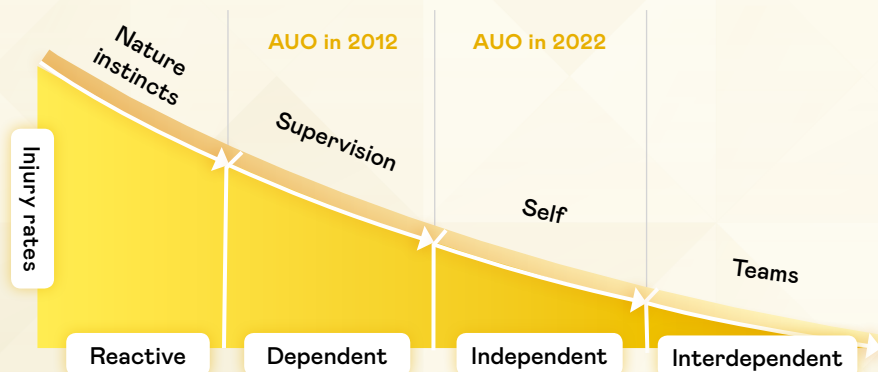
Note: The Slovakia fab has been transformed into a maintenance center, along with the overseas offices in Europe, America, Japan, Korea, and Taipei are not manufacturing factories, so application for certification is not required.

Safety ABC

The "AUO Safety Rules" established in 2012 prohibit employees from carrying out hazardous operations without proper training or qualifications. Employees should also reject any tasks that violate the Safety Rules. Since the Safety Rules were implemented ten years ago, we have continued to work with every employee to build consensus on the importance of safety. We strive to reduce industrial safety accidents caused by unsafe environments or unsafe behaviors through the promotion of safety culture activities, education, training and awareness. To determine our current level of organizational safety culture, AUO conducted a company-wide survey based on the Bradley Curve model in 2022. The findings were used to analyze our weaknesses and devise corrective actions. The three initiatives of "managers must lead by example, proper supervision by safety officers, meaningful training on safety culture" required managers to strengthen management from the top-down while employees assist with supervision and voluntary enforcement from the bottom-up. All units at the scene and new hires are educated about the potential hazards in their working environment. They also possess the ability prevent and mitigate accidents.



AUO carried out safety surveys based on the Bradley Curve in 2012 and 2022



Annual Education & Training Achievements			2022
Regular courses	Theme-oriented course	Auxiliary learning measures	834 training sessions <hr/> 121,645 participants
<ul style="list-style-type: none"> Statutory qualification requirements Safety, health and fire management 	Different safety topics are planned for each month based on the theme of the annual Safety ABC for that year. If a major event takes place then related content and tests are also added	Combination of software and hardware to enhance the safety awareness of employees. e.g. Post-testing, Plant YoyoDada broadcasts	

Employee Engagement & Communication

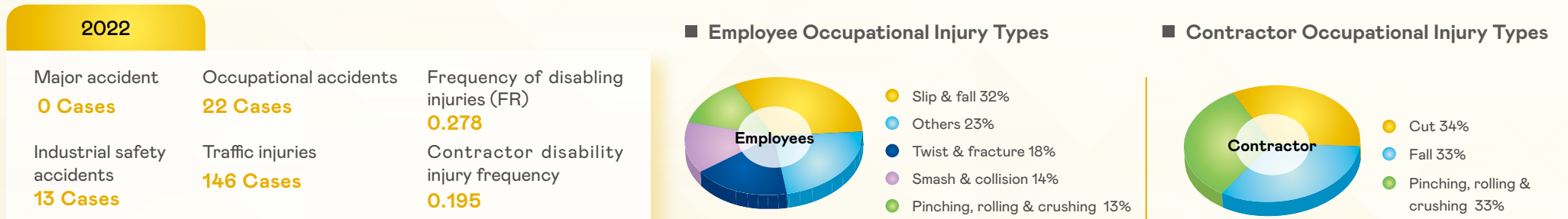
According to the way of electing Safety and Health Labor Representatives specified in the "Occupational Safety and Health Act" in Taiwan, employees are authorized to jointly elect representatives, and with approval by the labor representatives at the labor-management conference, to participate in the Occupational Safety and Health Committee every quarter. The Labor-Management Conference also discusses the penalties for employee violations of discipline and the election method of labor representatives, and discusses any needs related to safety and health issues in the Safety Committee and Labor-Management Conference to reach a consensus. We have also incorporated the importance of safety communication into the "AUO Environmental Safety, Health and Energy Policy", and strengthened the communication mechanism through different communication channels to collect safety-related opinions, conduct handling and improvement tracking. In 2022, there was a total of 25 safety communication cases (excluding European fabs), all of which are 100% properly handled.

Material Issue

◆ Major accident, Number of industrial safety accidents, Number of traffic injuries, disability injury frequency

Safety & Health Indicators

To enforce a culture of safety, AUO strives to make improvements to potential hazards and risks involved in each near miss and observation of safety behavior. There were serious accidents in 2022. Most occupational injuries were due to slips, falls, sprains, and pinching.



Prevention & Improvement of Occupational Injuries & Accidents

Digital applications have also been introduced for building a safe workplace environment. Techniques such as job safety analysis, disaster prevention system upgrades, risk visualization, and traffic safety upgrades have been utilized to strengthen our hazard identification and risk assessment capabilities.

Disaster Prevent System Upgrade

The IR Scan system was optimized and IRS app introduced to let operators carry out routine inspections using mobile and thermal imaging devices together. All components or systems that may generate high heat can be quickly and efficiently scanned to the database for fire safety analysis and management



Risk Visualization Management

A Safety Patrol app was released to target management pain points and high-risk work areas. Dedicated QR codes on the shop floor were used to draw a risk map that provides the patrol personnel with historical events, standard operating procedures, and management reminders. Patrol performance was effective improved and safety hazards eliminated



Strengthen Traffic Safety

In addition to immersive traffic safety training, we also regularly maintain roads within the site and introduced a smart AI vehicle speed monitoring system to target speed violations. Employees that break the rules have their parking permit revoked and must undergo traffic safety education and training



Hazard Identification & Risk Assessment

Hazard identification and risk assessment are conducted by AUO in accordance with our occupational safety and health management system structure. Engineer Data Analysis (EDA) is also used to visualize the hazard identification and risk assessment outcomes for each site. Control and follow-up management plans were developed for those classified as being of unacceptable risk or high-risk by EDA. To ensure the quality of hazard identification and risk assessments, personnel conducting hazard identification and risk assessment must go through training and pass the exam to become instructor cadre. Working groups conduct a job safety analysis of knowing high-risk operations in their jurisdiction each month.

Management-level Job Safety Analysis (JSA) was added as a bonus item into the site Safety ABC safety challenge in 2022 to encourage managers to closely observe the discipline of employees working on the shop floor and look for potential hazards during their routine inspections. Engineer improvements or effective management proposals are then proposed based on the observations to mitigate the potential hazards of high-risk operations. Safety ABC education in 2023 also made "Positive Safety Culture" its theme with managers and employees encouraged to be proactive in making observations and proposals, identify potential hazards and prepare in advance.

Safety ABC Competition

Site performance at each site has been measured by AUO using six key indicators since 2012. Site conditions are represented as safety climate every month to provide a clear picture of all indicators and the implementation of safety culture at each site. The 2022 Safety Competition examined more than 700 JSA and near misses before recognizing 25 JSA and 26 Near Miss. Sites were awarded bonus points for recognized proposals. We also recognized safety officers 866 times for their outstanding performance and diligence as a show of appreciation for their contributions to promotion of safety culture and proper shop floor supervision and management.

Contractor Safety Management

Contractors are important AUO partners. We have extended our safety culture management to contractors as well to create a safe and healthy working environment. Contractors are required to engage in self-management through the online contractor management system developed by AUO. Each of the three stages of contracting, site access, and construction have defined standard operating procedures that they must strictly follow. More than a thousand training courses were conducted during 2022 to prevent/reduce contractor accidents and improve their safety capability. In terms of shop floor management, the introduction of a contractor activity management system provides real-time work information and status of hazard notification. AUO safety officers can use the system to track construction risks and conduct on-site supervision or audits to ensure the effective management of contractor safety during construction.



2022 Contractor Training 1,630 sessions, participated by 1,066 contractors
Qualified training 1,032 sessions
Overseer training 289 sessions
AUO security officer training 309 sessions

Near Miss - Risk of Crush or Strain Injuries when Reloading Protective Film

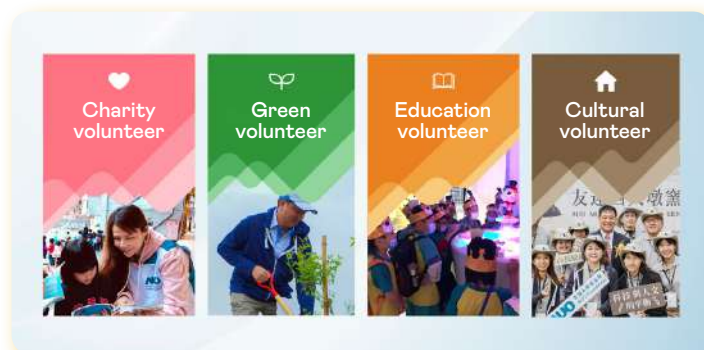
The protective film must be replaced when swapping modules or when finished with a material. As each roll of protective film weighs up to 30 kg and have a smooth, polished surface, there is a risk that they might slip free and inflict crushing injury to operators while being moved. Protective film is also up to 1.8m off the ground when installed on the machine. This is often higher than the operator is tall increasing the risk of arm strain. The manager therefore proposed that two people are required for the reloading process to reduce the risk of occupational injury to employees.



4.5 Social Engagement

4.5.1 AUO Foundation

In 2019, AUO established the AUO Foundation, to fulfill our commitments as a green enterprise and cultivate citizens for a sustainable society as the vision, to develop four major area of interest. And has set up four volunteering systems to protect the natural environment, improve the quality of the living environment, promote environmental education, and implement public welfare. Employees are encouraged to take up volunteering in order to solve social issues and support government policies. Through mutual support, co-creation and cooperation, we can work with stakeholders to realize a better society.



[AUO Foundation website >](#)

● Social Investment in 2022

Category	Item	2022 goal	2022 progress	2023 goal
Cash	AUO Sustainability Scholarship	8 million	11.78 million ✓	10 million
	Fund for Wish Program	4 million	4.01 million ✓	4 million
	Sustainable Agriculture Alliance - vegetables and fruits	3 million	3.23 million ✓	3 million
	Sustainable Agriculture Alliance - Rice Purchase	8 million	9.4 million ✓	8 million
	Overseas donations (Note1)	-	0.42 million -	-
Time	Volunteer Service - Taiwan	7,455 hours	9,665 hours ✓	8,000 hours
	Volunteer Service – Overseas (Note2)	-	5,806 hours -	-
Charitable activities	Green Party (Note 3)	1,000 plants	6,230 plants ✓	1 hectares
	Ocean Party (Note4)	-	908 kg -	3 metric tonnes
	Popular Science Education	4,600 participants	7,096 participants ✓	4,600 participants
	Environmental Education - Taichung	3,000 participants	7,559 participants ✓	3,000 participants
	Environmental Education - Longtan	700 participants	733 participants ✓	700 participants

Note 1: Overseas donations are being counted for the first time and includes non-Taiwan AUO sites. Activities are held on an ad hoc basis so no goals are set for now.

Note 2: Volunteer services are mainly based out of the Taiwan site so no goals were set for overseas volunteer services.

Note 3: Included the planting of 360 trees and 5,870 protective plants. As environmental conditions such as geology and tree species will all affect the planted tree, the target was changed in 2023 to the area planted and maintained. Up to 4.45 hectares are now maintained by Green Party.

Note 4: Ocean Party was counted for the first time in 2022 so no goals or completion rates were set. The mass of marine waste will be calculated in the future.

● Volunteer Conference

In addition to the direct participation of employees and their families, a comprehensive volunteer training program with different tiers has also been established to ensure professional volunteer services. Volunteer partners that volunteered more than 20 hours were presented with an award certificate at the Volunteer Conference held in the summer of 2022.



4.5.2 Charity Care

● AUO Sustainability Scholarship

AUO employees began voluntarily donating one or more days of salary towards scholarships in 2006. In addition to providing students with economic assistance so they can concentrate on their studies, AUO also held "Dada's Magic Science Camp" to inspire student interest in science. We also launched the "Sustainability on Campus Development Project" at schools to put succeeding through education into practice. The scholarship has raised NTD158.82 million to date and benefited more than 41,000 students. AUO knows how important environmental sustainability is and believes that children should learn about sustainability at school. In response, the scholarship was renamed to become "AUO Sustainability Scholarship" in 2022. The mission of the scholarship is to help equip students with the knowledge, skills, and attitude they need to adapt to their current life and face future challenges.



For more about AUO Sustainability Scholarship,
see [AUO Foundation website](#) >

2022 Accomplishments



TFT instructor taking part in the Sustainability on Campus Development Project forum

- More than 2,000 employees took part
- More than NTD11.78 million donated benefiting more than 2,000 students.
- The physical online science camp was held in parallel for six classes. 516 students benefited from the camp and utilized 106 education volunteer sessions.
- The Sustainability on Campus project produced 8 topical research studies that benefited 222 students and accumulated more than 3,000 hours of learning.



Online live broadcast of DADA's Magic Science Camp



● Wish Program

Since 2002, AUO has initiated the Wish Program to help rural schools and welfare institutions raise Christmas gifts and funds. To expand its influence and implement the philosophy of teaching people to fish rather than giving them fish, AUO partnered with a crowd-funding platform in 2020 to provide professional guidance and fundraising capabilities to non-profit organizations through the Wish Program. In 2022, they combined green energy philanthropy by donating solar panels to organizations that met fundraising goals, helping them participate in green energy and gain long-term stable income. Over 20 years, they have collected more than 10,000 gifts and raised over 24 million NTD in donations.

2022 Accomplishments

Christmas presents



- 826 gifts were donated (Note)
- 21 charities were benefited

Fund



- Raised NTD 4.01 million in donations
- 16 public welfare organizations participated

Charity Club

In order to practice the mission of social care and serve the local disadvantaged groups, AUO employees successively established 7 charity clubs on their own initiative at each site since 2013 and become a driver of wish comes true for the disadvantaged groups through charity activities. In 2022, more than 383 employees volunteered in the service, accumulating nearly 1,161 hours.

Overseas Charity Achievement



RT-PCR volunteer

A total of 106 people were served, and the total number of service hours was 1,078 hours

Traffic safety volunteer

A total of 478 people were served, and the total number of service hours was 4,728 hours

Blood Donation

385 AUO employees donated 112,760 cc of blood for those in need

99 Giving day

Raised NTD 170 thousand of charity fund

4.5.3 Friendly Land

Green Party

The "Green Party" was first held in 2020 and the tree-planting system is now in its third year. In 2022, we formed a partnership with the Chiayi Forest District Office and Asia Pacific Social Innovation Summit. Corporate green volunteers led by the company chairman and plant manager traveled to the forest plantation run in Tainan to plant trees. The 3.27 hectares adopted by AUO consisted of soil and soil conservation forest for preventing soil erosion, road damage, silting of reservoirs and rivers, and protection of the surrounding land to cultivate biodiversity in a forest environment. On the day, "Patch by Planting" was invited to explain the importance of rehabilitating plant cover on slopes, giving volunteers a better understanding of the future benefits from the trees they planted today.



Paul, AUO Sustainability Foundation Chairman, personally planted a seedling to symbolize how the Company is gradually putting its environmental sustainability philosophy and commitment into practice



In 2020, AUO adopted conservation forest No. 1436 near the Kaomei Wetlands from Dongshi Forest District Office. Tree protection volunteers are now mobilized every six months to weed the forest. In 2022, volunteers helped straighten plantation trees blown over by the northeastern monsoon and put bamboo bracing in place to promote a healthy forest form and bio-diverse habitat



Overseas sites supported Green Party by planting a boulevard of cherry trees. The planting of 90 saplings brought more variety to the site.

Ocean Party

AUO launched the "Ocean Party" coastal cleanup initiative in support of the EPA "Taiwan Ocean Waste Remediation Action Plan." In 2022, we partnered with the Environmental Protection Bureau and Office of Coast Administration Construction of Taoyuan City Government to expand our adoption of Taiwan's coastline. AUO, Hiinstudio and FNG Design joined forces to promote water resource environmental education and plastic reduction at the source. Professional commentary gave partners taking part in the coastal clean-up an understanding of the tremendous threat that waste poses to the ocean ecosystem and extended the coastal clean-up into a way of putting sustainability into practice. Ocean Party provided the data collected as part of International Coastal Cleanup (ICC) to the relevant units for monitoring. Ocean waste was also given circulation value in the blue economy through recycling and art installations. Individual locations are gradually linked together to form a habitat network that stretches from the forest to the coast to protect the eco-network of our homeland.



The 2022 Ocean Party event partner with Taoyuan City Environmental Protection Bureau, hiinstudio and Shulin Village in Guanyin resulted in 908 kg of waste being collected



Amy, AUO Foundation CEO, and hiinstudio CEO Renping Chen collaborated on the creation of ocean waste paintings to tell the story of "the plastic crisis facing sea turtles living in the sea"



Volunteers placed the PET bottles they collected into the FNG "REturrtle" van where they are pulverized and compacted before being eventually re-manufactured into shopping bags, PET clothing, EasyCards and other everyday items

Sustainable Agriculture Alliance

Since 2008, AUO has carefully selected local agricultural products in Taiwan with the "Group Purchasing" project and encouraged employees to purchase local agricultural products in priority. This concept has also been extended to the food ingredients in the employee restaurant, contractors' festival gifts and shareholders' meeting souvenirs, and advocated to support Taiwan's agricultural development with practical actions through good consumption. AUO Foundation joined forces with the agricultural product transportation and sales partners to propose the concept of "Sustainable Agriculture Alliance" in 2021. We connect the place of production and consumers to expand the sales market, let Taiwan's local fruits be seen by the world, and provide high-quality and safe fruits to the public.

Achievements over past 15 years

- The purchasing amount exceeds NTD 25 million
- Purchased more than 1,033,000 catties of rice

2022 Achievements

- Employees purchased NTD 3.23 million to support environment-friendly fruits
- Subscribed over NTD 9.4 million of quality local-grown rice
- A total of 2,451 neighborhood and contractor New Year Festival gift boxes purchases for more than NTD 2.8 million

Community Feedback

Longtan site

- Purchased 24,280 Taiwan catty of quality local-grown rice used for group meals and loving lunch box in caring for the elderly living alone in the neighborhood
- Scholarship Funding for a total of 81 local disadvantaged students received funding
- Adopted the road cleaning costs for neighboring Gaoyuan Village

Houli site

- Employee restaurants use Houli Farmers' Association's high-quality rice, directly purchased 8,050 Taiwan catty of quality local-grown rice
- Cover expenses for emergency relief and operations. In 2022, a total of NTD 0.54 million will be subsidized, and 131 projects were subsidized

Overseas sites

- Participated in the subscription activity of the ecological rice Health Farm one acre farmland in the construction of Blessing Health Farm project, and subscribed 20 acres of organic rice farmland

4.5.4 Popular Science & Environment Education

DADA's Magic Science Camp

"DADA's Magic Land" was constructed by AUO to promote popular science education, cultivate scientific minds, and let everyone throughout Taiwan experience all sorts of interesting exhibits and courses. Physical exhibitions were resumed in 2022 and internal/external volunteers introduced to inject new energy into the exhibits. A dedicated post-COVID real-virtual integrated learning format was also developed. The exhibitions were attended by 159,979 people in 2022.

- Physical learning: AUO partnered with Yuan T. Lee Foundation to develop the "DADA Primary School". Hands-on games and experiments were combined with exhibit installations to explore and learn about the science of optonics; real world riddles were also developed as a new walk-through format where visitors explore the exhibition and learn about optonics knowledge through fun activities.
- Virtual learning: 3 sets of optonics-themed e-learning materials were developed in partnership with the Listening in Science (LIS) team specializing in scenario-base science education. In addition to enhancing teaching applications through integration with the physical curriculum, this also created a learning mode free from the limits of time and space.



DADA Primary School

Refraction experiments with the kaleidoscope



DADA's Magic Land

Weekend real-world riddle event



Learning in Science (LIS)

Color Dispersion in Light: History of Science video

DADA's Magic Science Camp

AUO offers outstanding students from poor backgrounds with scholarships and opportunities for diversified learning. "DADA's Magic Science Camp" is a one-day online and offline event developed in partnership with National Museum of Natural Science and Yuan T. Lee Foundation. 693 elementary and junior high school scholarships were offered free attendance in 2022.



Teachers and volunteers for online live broadcast of DADA's Magic Science Camp



Volunteers help students set up electrical circuit during offline component of DADA's Magic Science Camp

Summer Digital Science Education Camp

"DADA the Explorer's Island-Hopping Adventure" summer online activity was jointly designed by AUO's four science education sites to communicate the ideals of popular science, environmental knowledge, and cultural preservation through a game with story riddles and fun animations. The event provided an integrated digital experience for students, parents and the general public to engage in multidisciplinary learning. 6,403 people took part in the event.



● Environmental Education Facilities – Taichung

🏆 Won Excellent level in 2022 EPD Environmental Education Facilities Evaluation

The environmental education facility at AUO's Taichung site leveraged the green workshops, solar power and cultural heritage of Sidun Kiln. We introduced the topic of "Net Zero" into the course and developed the "Technology Sunchaser Operation" solar power education outreach service to promote knowledge on clean energy at remote rural schools. In 2022, our environmental education course was held 5 times at Xialun Elementary School and Dinghu Elementary School in Yunlin County. These were attended 2,668 people for a total exposure of 7,559.



● Environmental Education Facilities - Longtan

AUO Green Ark at Longtan site launched 3 digital learning videos on water pollution prevention in 2022 that were viewed 3,334 times. The online course "Preparatory Course for Water Magicians" was also viewed 441 times. In addition to online learning, we also promoted environmental education courses in elementary school. Interactive games were designed that incorporated the story of local irrigation and net zero. A school outreach course was also developed in collaboration with Ruro the platform Laojie River Education Center. AUO leveraged our local area to develop the "River and Tea Eco-Tour" based on the theme of water resources, and the "Removal Mikania micrantha Kunth" to build a healthy local ecosystem, protect the local river ecology, promote green action by citizens, and raise awareness on environmental protection.



● Partnering with NSTC to Revitalize Popular Science Education

AUO launched workshop events in three fields based on the theme of "Optronics, Energy, Culture" in support of the National Science and Technology Council's 4th "Kiss Science" event. The event was attended by 260 people and 35 corporate volunteers.



DADA's Magic Land

Solving riddles on optronics riddle inside the venue for real-world riddle game "SPYXMAGIC"



Environmental Education Facilities – Taichung

Solar car racing during "One-day Engineer Experience"



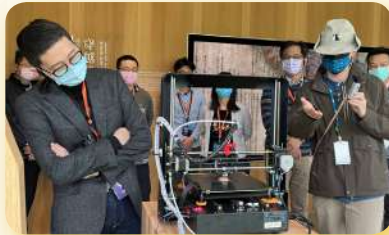
Sidun Kiln

Pottery game for "Unboxing of High Technology from Last Century"

4.5.5 Cultural Preservation

● Taichung - Sidadun Kiln

The missions of Sidadun Kiln include preservation of local culture and competency education. In response to important international energy issues and the net zero trend, AUO transformed the Story House into a "Full Green Energy Demonstration Site" through the integration of solar power and energy storage systems in 2022. Sidadun Kiln became one of the venues for AUO's smart manufacturing exhibition in 2022. Cross-disciplinary collaboration used AUO's smart manufacturing technology to develop an ambient temperature and lighting monitoring system for enhanced preservation and management of cultural relics. 3D printing technology was also used to design cultural creative merchandise. The local community, customers and suppliers were invited to visit to see how AUO's smart manufacturing technology can be used in diverse fields. At the same time, AUO also partnered with experts and academics from the Central Taiwan Science Park Administration and National Museum of Natural Science to develop a master strategy for cultural preservation. Regular monitoring of the Sidadun Kiln structure and research of its maintenance records will help preserve historical and cultural assets. In 2022, 1,811 visitors from 31 groups and 11 schools visited the Story House. Corporate volunteers also participated 57 times.



3D printed ceramic jar from the smart manufacturing exhibition is an example of fusion between technology and culture



Execution of Kiln monitoring program in partnership with experts and academics from the National Museum of Natural Science

● Suzhou- Yeo-Yuan-Ju

Yeo-Yuan-Ju is representative of Jiangnan's quatang barn culture that was discovered shortly after the completion of the AUO Suzhou plant. The Quatang Barn Ambassador introduces guests to the traditional culture of the historic town. More than 200 guests were received in 2022.



● Xiamen - Shantou Village

The 2022 Shantou Village Summer Camp focused on family interactions, smart energy and smart manufacturing, cultural legacy, and green environmental protection themes. Two sessions were held during the summer vacation and were attended by 38 employees and their children.



Fuke Walk-Study

"Fuke Walk-Study" event is co-planned by AUO Taichung site and Fuke Junior High School. First launched in 2010, it is now in its 12th year. More than 8,297 new students and teachers have taken part to date. In March every year, newly enrolled students are given a walking tour of their hometown including the geographic environment, ecological landscape, as well as local cultural and industrial developments. In 2022, key themes were expanded from energy and culture to include net zero, an important international issue. The walk-study expanded the horizons of the junior high school students, and invited them to think about future trends in energy, as well as the global mission of net zero. The introduction to Sidadun Kiln also served to put in context the evolution of society over time at Dadushan and cultivate their sense of local identity. 597 teachers and students took part in 2022.



Chapter

5

Agile Innovation

- 5.1 Innovative R&D
- 5.2 Smart Manufacturing
- 5.3 Affordable & Clean Energy



Highlights

Road to Global Innovator

Obtained AA certification under the Taiwan Intellectual Property Management System (TIPS)

Realization of Smart Factories

Developed smart control center that made use of real-virtual integration technology and smart systems to assist with decision-making and improve productivity

Forging the Golden Triangle of Energy

Development of new solar power solutions that provide society with a total solution from energy creation and energy storage to energy management

5.1 Innovative R&D

AUO is a force in the field of R&D and innovative technologies. Guided by the objects of biaxial transformation, the technology R&D team adopted a forward-looking development strategy, continued to inspire innovative thinking within the organization, developed pioneering display technologies, expanded into new application markets, and forged ahead to realize its future vision for humanity.



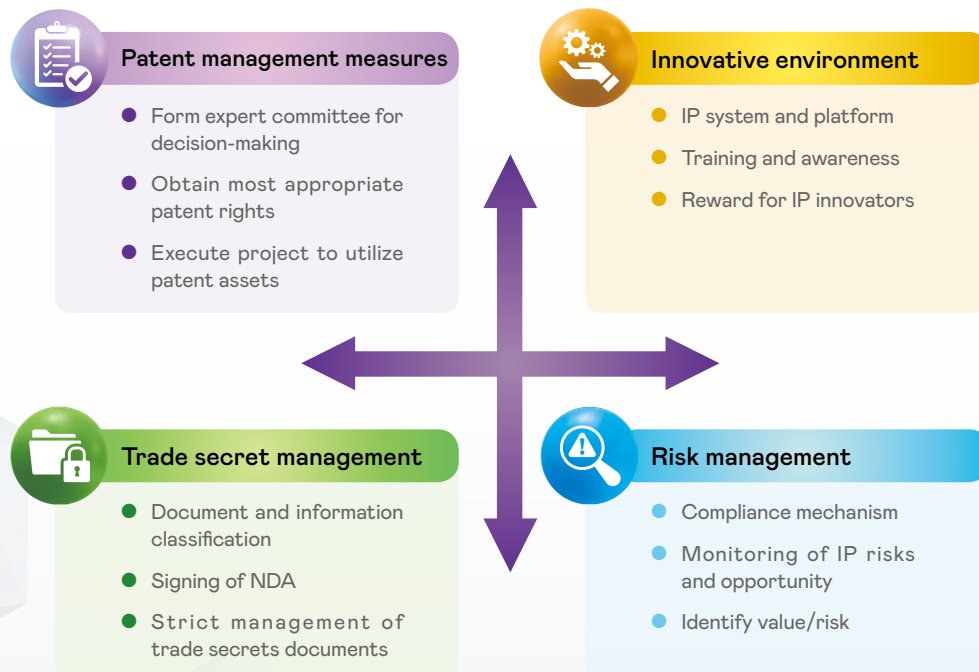
Introduction of Digitization Applications

The "Knowledge™" platform is an in-house database developed by AUO for holding R&D data such as research outcomes, records, seminars and market reports. The platform can also be used to search domestic/international academic papers and connect to the internal corporate database to streamline the R&D process for AUO personnel. The "Auto Layout" program was also developed in-house by AUO. Product design rules are combined with image recognition and algorithms to automate the circuit layout process. The program replaces traditional manual layouts, reduces human error and improves R&D productivity.

5.1.1 Intellectual Property Rights

Intellectual property (IP) rights are among the most important assets owned by AUO. The "Intellectual Property Management Policy", "Innovation and Patent Management Rule", "Rule of Rewards on Patents and Inventions" were devised by AUO based on the management requirements and goals of IP rights. "Intellectual Property Management Policy" encompasses the four dimensions of IP policy, IP protection and ownership, IP management, and rewards. It explicitly defines the strategic objectives and operating policies of AUO on IP rights. "Innovation and Patent Management Rule" is mainly concerned with the IP management organization and responsibility, innovative proposal management, patent and trade secret management, and fostering an innovative environment. "Rule of Rewards on Patents and Inventions" is intended to encourage innovation and invention among employees. The "Proposal Reward", "Patent Filing Reward" and "Patent Asset Reward" correspond to the three stages of innovative proposal, patent filing, and patent award respectively. The Policy hopes that all employees can contribute to the accumulation of IP by AUO to boost our international competitiveness.

Intellectual Property Strategy Blueprint

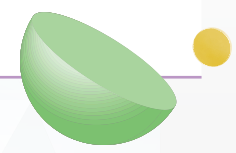


AUO values our own IP and respects the IP of other parties as well. Proactive IP management includes encouraging employee innovation and the creation of quality IP in order to enhance our competitive advantage and boost our corporate profitability; at the same time, the IP of other parties are carefully assessed to reduce the risk of patent violations. An active defense is also mounted against frivolous patent litigation to maximize company and shareholder value/interests. AUO's intellectual property management measures and system obtained the AA-level certification of the Taiwan Intellectual Property Management System (TIPS) in 2022.

AUO has many inventors with creative minds spread around the world. To effectively implement and maintain the resources required for sustaining the IP management system, AUO goes to great lengths to develop an inventive environment. The IP Office was established as a unit dedicated to helping inventors propose new inventions. The IP Office briefs the Board of Directors on IP operations every year. In addition to proposing corrective measures based on the recommendations of the Board, the IP Office conducts regular internal reviews on the current state of technology, progress on patent applications, as well as existing products and technologies. A responsive feedback mechanism, industry information, and practical experience on the latest patent developments in each country are combined to amplify AUO's returns on IP investments.

Key IP Management Initiatives

Innovation and Patent System/Platform	Education and Training on IP-Related Topics	IP Innovation Activities/Rewarding
Tracking and analysis of innovative proposal statistics, patent application and management, and patent strategy platform	Both mandatory and optional courses are conducted based on the target audience and actual requirements	Patent rewards, business secrets, and external publication rewards
	In 2022, 4 courses were designed on patent topics in practice. 7 sessions attended by 434 people were held; 3 course were designed on IP management. 3 sessions attended by 63 people were held.	Publicly awarded patent certificates to 52 colleagues on business briefing meeting including 5 rewards for quality patents in 2022.

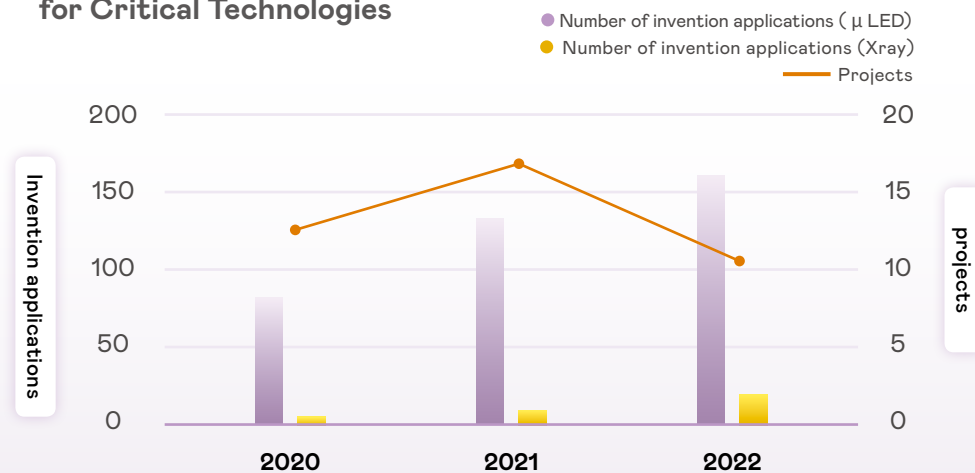


At AUO, once a patent application is approved, the IP Office conducts an asset assessment of the awarded patent with the help of the relevant units to obtain a full picture of the IP's asset value and status. We have constructed a comprehensive risk management mechanism that uses approved mechanisms during planning and production to monitor information on patent risks and opportunities. Decision-makers can use this as a basis for making judgments of value and risk; a thorough control mechanism is also in place for infringement protection and response. Effective monitoring of key global technology patents serves to protect the IP and market position of AUO, ensure the sound management of AUO IP assets, and respect of IP owned by other parties.

Intellectual Property Strategy and Outcomes

To strengthen AUO's patent strategy in high value-added products and realize the strategic objects for biaxial transformation, AUO has continued to launch technology development projects (also known as patent incubation projects) based on value-added display technologies (Go Premium) and vertical integration of market applications (Go Vertical). The number of patent incubator projects stayed in the two digits during 2022; we also continued to file more than 300 invention patent applications in the value-adding sector and strengthened our position in key technologies. In the value-added panel technology, for example, there were more than 160 μ LED invention applications in 2022 (17% increase over 2021); in non-panel technologies, there were 16 X-ray invention applications (166.7% increase over 2021) with an emphasis on further optimization, value-adding, improvement of production yield, enhancement of optical effects, and extended applications.

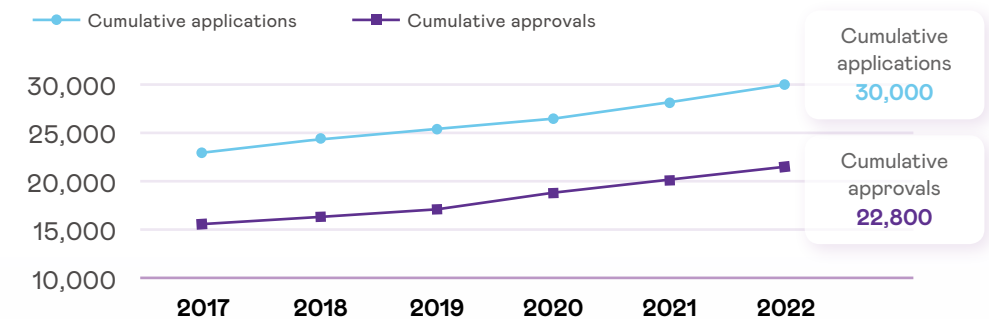
Number of Patent Incubator Projects and Invention Applications for Critical Technologies



AUO's patent strategy not only maintained a high level of growth in quantity to be ranked No. 2 among Taiwanese legal persons in terms of patent applications and approvals in 2022. Our overall performance was also recognized by international institutions leading to the special honor of being a "Top 100 Global Innovators 2022." (Note) Even though the judging criteria were tightened making it difficult for many businesses to maintain their ranking, AUO's total score placed in the global top 50. First, AUO continued to strengthen our patent strategy for value-added products using the patent incubator project, Next, we closely monitored product usage in the market and applied for patents in the most appropriate countries around the world during our stock preference period. AUO eventually ranked in the 1st Quartile of Global Top 100 in both influence and globalization.

Note: The Top 100 Global Innovators by Clarivate used "quantity" as the basic selection threshold. Judging looked at four indicators, namely "Influence" based on the citation of patents by third parties, "Success" from proportion of patents approved in different economic bodies around the world, "Globalization" based on the geographic scope of innovation protected by patents, and "Rarity" based on how unique the patent's combination of technical attributes and scenarios was. The indicator "Rarity" was introduced for the first time this year. The "Globalization" indicator was also expanded this year from China, US, Japan and Europe to cover the whole world as well.

Cumulative Patent Applications and Approvals in Recent Years



Green Patents

AUO actively develops production processes and products linked to energy conservation and carbon reduction. If an innovative technology reduces power consumption or involves alternative energy supplies, then it can assign to the energy conservation and carbon reduction sector. Examples of power consumption reduction included mini LED, μ LED, OLED, LED light bar and E-paper; alternative energy included production processes, equipment and products related to solar cells. The AUO portfolio included around 3,500 patents relating to energy conservation and carbon reduction in 2022. A relatively high proportion was related to OLED and μ LED. μ LED saw the most significant growth in 2022 with patent approvals growing by 35% compared to 2021.

5.1.2 Sustainable Products

"Sustainable Product" and "Technology Innovation and Market Strategy" were topics important to AUO stakeholders. We studied the key issues under these two topics and set management goals.

■ Achievement of Material Issues

Material Issue - Technological Innovation & Market Strategy					☑ Meet	☒ Miss
	Goal	2022	2022 progress	2023	2024	
<ul style="list-style-type: none"> Establish strategies for product operation, market strategy, and new business development 	Shipment volume of products using recycled materials	1 million pieces	0.55 million pieces ☒	1.4 million pieces	1.8 million pieces	
	Shipment volume of products with special regulations of energy-conservation (Note)	12 million pieces	11.83 million pieces ☒	13.5 million pieces	15 million pieces	

Note: A combination of market factors led to a slowdown in product shipments and the goals set not being met.

Explanation for missed target : A combination of market factors led to a slowdown in product shipments and the goals set not being met. See **Providing the Market with Quality Green Products** in this chapter.

Material Issue - Sustainable Product					☑ Meet	☒ Miss
	Goal	2022	2022 progress	2023	2024	
<ul style="list-style-type: none"> Sustainable product innovation and design capacity Product green information transparency and communication 	Technology capacity: Reduce energy consumption of green products 2021 as the base year	20%	23% ☑	-	50%	
	Technology capacity: Increase the penetration rate of TV LCD panels 2021 as the base year	Technology inventory	The main research and development direction is to improve the penetration rate of liquid crystal cells ☑	Technology development	Technology development	
	The number of products that provide green information, mainly monitors and notebooks	10	27 ☑	15	20	

Material Issue

◆ The number of products that provide green information, mainly monitors and notebooks.

● Providing the Market with Quality Green Products

AUO strives to satisfy customer demand for green products and we engage with customers through weekly or monthly product communication/collaboration meetings. In 2022, AUO provided customers 27 products that incorporated green technology. In terms of overall shipments, 2022 shipments of products made from recycled materials were concentrated in strategic customers and a small number of cooperative projects. Existing business targets were generally maintained in the first half of the year. The impact of inflation on the global market led to a slowdown in customer demand, increase in inventory levels and end customers transferring their disposable income to other items. A combination of factors led to a slowdown in shipments of recycled materials and energy-saving specialty products so the original targets were not met. AUO shipped 0.55 million pcs of products made from recycled materials and 11.83 million pcs of energy-saving specialty products in 2022.

Despite the industry downturn, AUO keeps staying ready to launch product development projects with our customers and supplier partners. Green demand in the market will only continue to grow in the future. We are therefore continuing to explore the possibilities of low-carbon technology from a life cycle perspective and to examine our product carbon emissions data. Product carbon footprint verification was first introduced by AUO in 2009. We have now rebuilt our methodology to cater for the increasing diversity and complexity of products requirements and provide auxiliary information during product development and customer communications.



For more about carbon footprint, see [3.3](#) >

● Products with Recycled Materials

AUO is accelerating our application of different recycled materials based on the technologies, experience and ecosphere that we have built up over the past few years. Recycled materials are now being introduced to products of different dimensions where they can find more widespread application in different products or fields.



For more about products with recycled materials, see [3.3](#) >

Material Issue

◆ Reduce energy consumption of green products, increase the penetration rate of TV LCD panels

Low Energy Consumption Products

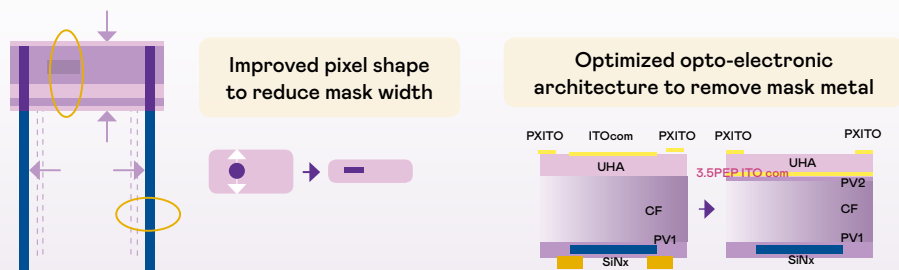
Displays ranging from mobile phones, tablets, notebooks and desktop computers to large TVs and outdoor signs are now extensively used in everyday life and at work. All these electronic products will naturally generate very significant power consumption. To become the leading global supplier of green products, AUO is working hard to reduce the energy consumption of our products. We are now using our outstanding energy-saving products as the basis for developing displays with even lower energy consumption. Concrete targets have also been set for further breakthroughs.

In terms of notebook and desktop displays, AUO set a 20% reduction in energy consumption in 2022 based on our product structure in 2021. The new 27" desktop product developed in 2022 achieved a 23% reduction in energy consumption through three areas of technology.

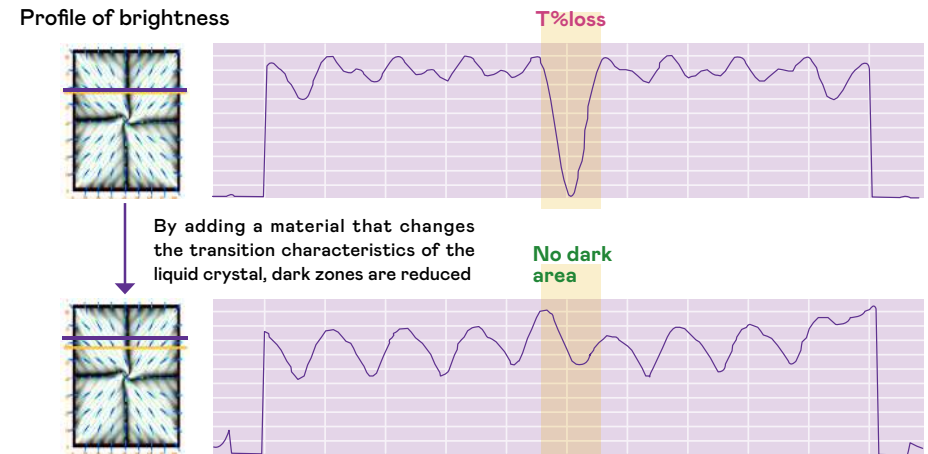
- Improving the transmission rate of the panel liquid crystal cell: A novel pixel design minimized the amount of non-transmissive surface area to improve light transmission; high-efficiency color filters were also incorporated into the materials to create a liquid crystal cell with higher transmission rate.
- Use of high-efficiency backlight source with better rendering: A new high-efficiency LED was adopted as the backlight source. Light guide with enhanced optical design and high-brightness optical film were also incorporated to improve the light emission efficiency of the backlight source even further.
- Introduction low-power IC: The new IC optimizes signal outputs to reduce energy consumption.

In terms of TV products, AUO mainly sells Open Cell glass products without a backlight module. To meet customer demand for improved energy consumption in the end TV product, we focused on improving the transmission rate of the liquid crystal cell during R&D. Light projected by the backlight source passes through the liquid crystal cell glass to become the information displayed to the user. The more light that passes through the liquid crystal cell, the less energy is needed by the backlight source. AUO is continuing to refine our technologies, including:

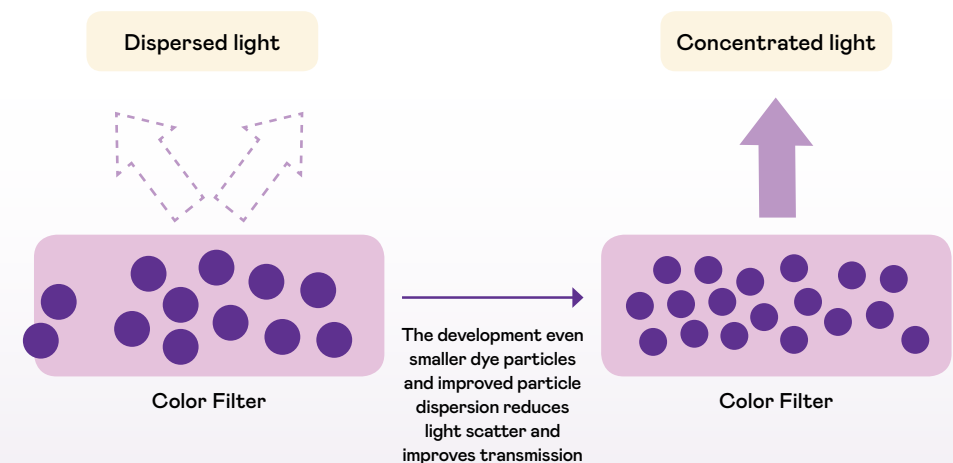
High Aperture Ratio Pixel Design: Reduce masked area



New Liquid Crystal Material: New material with excellent directional properties and pixel design used to reduce light leakage



New Color Filter Photoresist Material: Use of color filter material with high transmission rate



5.1.3 Pioneering Display Technologies

Go Premium

AmLED

AUO's AmLED technology is the pivotal "Go premium" achievement of the dual-axis transformation strategy. AmLED offers unmatched brightness and contrast ratio. High color volume promises an unprecedented, delicate visual experience. AmLED display applications to the smart automotive sector with outstanding display performance to meet consumers' requirements for detailed visuals at work, entertainment and transportation.



World No.1



AmLED Gaming Curved Display

AUO has launched the world's first 34-inch AmLED curved display, with a 21:9 widescreen display and an ultra-high refresh rate of 165Hz. Exclusive AmLED and QD design, up to 1000nits HDR 1000 performance, bright and saturated colors, greatly improving the game image quality, and the best 1000R curvature surface cover. It can improve the feeling of immersion when the user plays games or watch films.



AmLED Curved Display with Large Touch Display Integration

The world's first front-seat 30-inch AmLED curved display with Large Touch Display Integration (LTDI) that has achieved super low reflectance rate through AUO's in-house lamination technology. In addition, AmLED features such advantages as low power consumption, high brightness, high reliability, high resolution and compliance with an all-black cabin interior, thus serving as the best solution for autonomous cars and large-size cabin display.

Note: Market data collected by AUO as of May 10, 2022



Taiwan Excellence Award

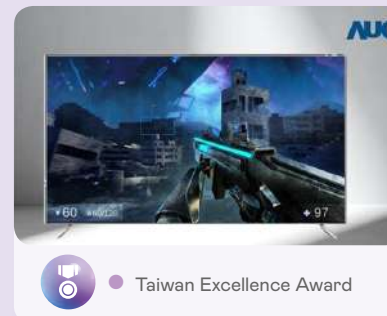
Transparent Micro LED Display

Using high transmittance and low diffraction LTPS panel technology, it has features such as small luminous area, high brightness, high color saturation, over 60% transparency, and high reliability of LEDs. With extremely high transparency and ultra-high brightness advantages outdoors, it supports high refresh rates and dynamic frequency change display functions, providing users with clear and smooth display quality. It can be applied to window displays in future self-driving cars, enabling drivers to observe road conditions while not missing important information.



Reflective Display

Reflective Display adopts Cholesteric Liquid Crystal technology, which can interrupt the driving voltage after finishing static display, and uses ambient light to display the screen without any backlight. It could greatly reduce power consumption. Since no color filters and polarizers are required, it can feature paper-like reading quality and exquisite color picture quality, supporting both energy conservation and eye care. Its future applications include the education displays and outdoor public displays.



Taiwan Excellence Award

85-inch 4K 240Hz A.R.T. Gaming Display

AUO has introduced A.R.T. display technology into large-scale gaming display, allowing users to enjoy the immersive experience of large screens and high-definition images. It has also increased the screen refresh rate from 120Hz to 240Hz, satisfying professional gamers in high-speed changing screens of games. Instantaneous response needs. Besides, combined with A.R.T. advanced anti-reflection technology, it can easily eliminate ambient light from all sides that interfere with the viewing experience, thereby improving the contrast of the picture, and achieving anti-glare, anti-reflection, more accurate and no chromatic aberration with lower brightness and energy consumption better visual experience while reducing eye fatigue.

5.1.4 Diverse Field Applications

Go Vertical

Displays are an important interface for communication and connection in human life. AUO made our extensive expertise in display technology as the core for the integration of software, hardware, cloud and service platforms to satisfy the diverse requirements of smart mobility, smart recreation, smart health, and smart health applications.

Smart Mobility




AUO has many years of experience in the automotive display market. We are one of the top three global suppliers of automotive panels and the top supplier of central console displays. We have now expanded from automotive panel modules into system integration services and leveraged our V2X software-hardware integration ability to offer turnkey automotive display solutions for dashboard systems, display interfaces, and program backend design for the realization of a fully digital smart cockpit.



Rollable Micro LED Display

It is the world's first rollable Micro LED display with the highest resolution. It adopts high-precision mass transfer technology, soft and flexible panel and mechanism design, and combines Micro LED self-illumination without backlight characteristics to reduce overall power consumption. In response to the needs of future smart mobility, the rollable design can freely expand or retract the complete video content, allowing passengers to relax and enjoy, and effectively expand the freedom of cabin space.

Note: Market data collected by AUO as of April 21, 2022

-  SDIA Award
-  Gold Panel Award
-  Innovative Product Award



Smart Bike Solution

The Memory-in-Pixel (MIP) color display panel and LED indicator lights give riders an intuitive control of the riding conditions even under the sunlight. To further improve riding safety, the blind spot system detects approaching vehicles from either rear side of the bike and warns the cyclist with haptic feedbacks on the handlebars in real-time. AUO smart bike solution provides a safer and smarter riding experience for cycling.

Micro LED Automotive Displays for New Smart Cockpit

AUO launches Micro LED with decoration film for immersive automotive display solutions that will complement and blend perfectly with car deck panels to go with various patterns and texture, such as wood print, to fit desired cockpit design aesthetics. Micro LED's outstanding features of high brightness and high contrast, accompanied by high-transmittance patterned optical coating, prevent data interference on the display screen.

The super-size streamlined curved displays embedded with amplifiers on both sides readily transforms the cockpit into a home theatre. When the driver enters the cockpit, the hidden camera integrated in the display panel will identify the driver and display personalized info on panels.



Smart Healthcare

Advances in technology have brought a new wave of digital transformation and applications to healthcare that is opening the door to tele-medicine and precision medicine. AUO has collaborated with ecosystem partners to provide a series of high precision, high performance and highly integrated solutions based around the twin core display technologies of 3D and A.R.T. It helps improve the quality of healthcare and solve requirements that have not yet been fulfilled in the medical field.



Wide Viewing Medical Display

AUO Display Plus, a subsidiary of AUO, exclusively develops 3D vertical wide viewing angle technology, which increases the viewing range in the vertical direction by 135% compared with 3D displays currently on the market. It allows the surgical team to see consistent 3D images. With exclusive imaging technology and calculations, it can greatly improve the dizziness or discomfort of doctors watching 3D images, and help them focus on long-term operations; in addition. The Deep Red technology developed for operations can make the most common red in tissues more delicate and graded, improving surgical safety and clinical practicability.



Taiwan Innoaward



Smart Dental Colorimetric Solution

AUO Display Plus proposes a one-stop accurate color comparison solution for the three key procedures for image acquisition, calculation, and display in the denture production process. Through the cloud color calculation and correction software and the eye protection display with A.R.T. advanced anti-reflective display technology, it can effectively improve the accuracy of dental image transmission and display during cross-platform operations between dental clinics and dental laboratories. Supplemented by the optimized color comparison process and precise color comparison management developed by AUO Display Plus, it can greatly reduce the communication cost and remake ratio of denture production.

Smart Surgery Solution

AUO Display Plus, ADLINK and Imedtac cooperated on a smart surgery information integration solution to provide intuitive and multi-functional. Its single operation interface and platform can quickly integrate patient physiological information and surgical process images by connecting relevant equipment in the operating room and the information collected to the hospital's internal system, and assist the medical team to access various information needed at any time. At the same time, it supports the simultaneous recording, capture, transmission and display of dual images in the operation, quickly captures and saves important images, and presents relevant records in the operation process in the file, which not only helps to improve the integrity of postoperative patient care, but also increases Usability of follow-up education and training for medical personnel.





Smart Education & Enterprise

The stay-at-home economy is a trend in the post-pandemic era with people spending a great deal more time on audio-visual entertainment. Remote education has also spurred hardware upgrades and boosted the importance of software system integration in the education field. AUO, AUO Display Plus and strategic partners offer software-hardware integration and deployment for smart classrooms aimed at delivering better digital education quality for children. In the entertainment industry, we have partnered with ecosystem partners to transform displays into innovative solutions for next-generation audio-visual entertainment.



Spherical Display

AUO created a 3-meter-diameter ALED spliced spherical display, creating a panoramic surround-view immersive visual experience. It can make up for the traditional use of projectors to project images on a surround-view screen. The shortcomings of insufficient brightness. It also introduces energy-saving drive design, which saves 20% energy consumption, effectively reduces the surface temperature of the screen, and reduces the discomfort of long-term use and air-conditioning costs. The application potential covers flight and driving simulation training, amusement parks, museums and other entertainment fields.

-  Gold Panel Award
-  Taiwan Excellence Gold Award

AUO Display Technology Merges with Hollywood Blockbuster Producing Quality in Taiwan

AUO joins Renovatio-pictures, the visual effects team of the Golden Horse Awards, in creating a one-stop integrated LED Virtual Production Studio, where the film set, production of content, technical support, and equipment leasing can all be fulfilled at the Central Motion Picture Studios.

AUO ALED displaying technology brings you high resolution, high saturation, and ultra-high refresh rate in fully restoring footage details. With Renovatio-pictures, we provide a cost-efficient, time-saving comprehensive production solution of visual effect creating, content producing, filming, and post-production services for film producers in realizing their creative ideations.



Smart Retail

AUO collaborated with key partners to integrate AI, software and hardware application services. We help customers accomplish the deployment of digital content marketing by taking into account the different application requirements of online and offline channels, hardware such as display and players, digital content management system, and support for the integration/connection of various extended applications.



Micro-NFC Tag on Glass

AUO has further developed the Micro-NFC tag on glass, integrating electroplated copper antennas and TFT IC over the glass substrate into a one-stop manufacturing process. With highly advanced heterogeneous integration technology, AUO embeds tags into containers for high-priced goods, such as alcohol and medication. Consumers can access product information by scanning the containers with their phones. AUO's sensing technology can effectively prevent counterfeits and protect the rights of brand owners and consumers.

Efficient Cloud-based Public Broadcast System

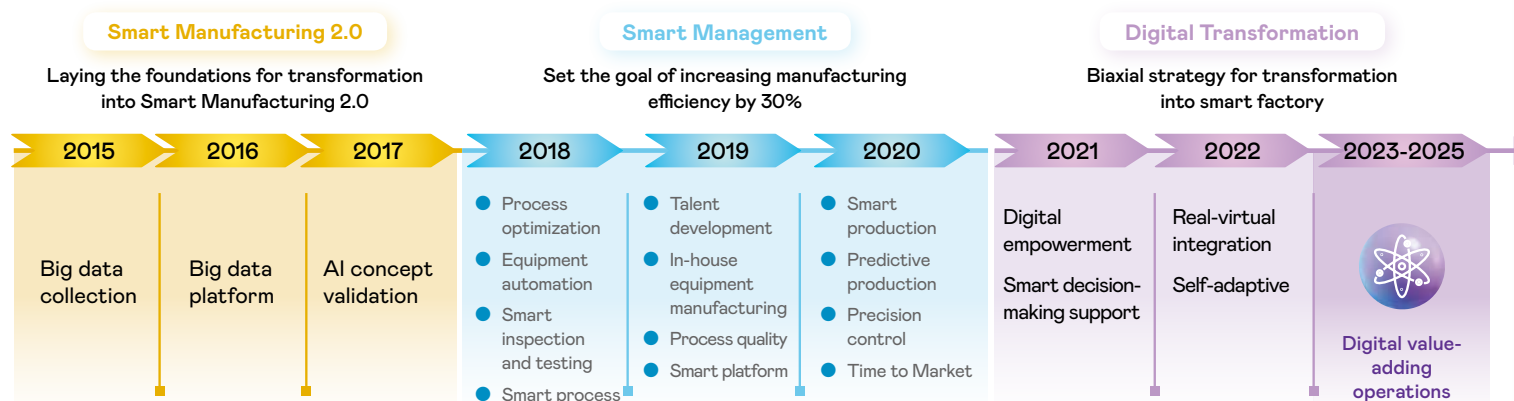
Space4M, a subsidiary of AUO specializing in smart retail software and hardware integration solutions, has deployed an efficient cloud-based digital content public broadcast management system for FamilyMart convenience stores in 4,000 stores across Taiwan. The system can collect marketing data of all stores in Taiwan, edit and manage digital marketing content at any time, and send accurate marketing content to the media slots of each store to strengthen regional marketing efforts; interlaced use of screen media slots can also help stores Achieve interactive marketing.



5.2 Smart Manufacturing

AUO began promoting the smart manufacturing in 2015 by utilizing the German Industry 4.0 concept to introduce manufacturing reform management tailored to AUO. We started by focusing on the smart manufacturing mindset of AUOers and the building of internal consensus on manufacturing reform. Big data platform and AI technology then serve as the basis for our smart manufacturing strategic blueprint. In 2018, AUO introduced the smart manufacturing 3-year plan to develop better working models and optimize our processes through the continuous introduction and optimization of smart manufacturing technologies. The milestone of 30% improvement in productivity was achieved in 2020. We launched the third phase of our digital transformation plan in 2021 in support of our dual-axis transformation strategy. The evolution of competition on a scale, competition on value to value transformation will see AUO continue to craft high-value products and services that strengthen our competitive edge.

Milestones and Vision



2022 Achievements

- AUO University introduced AI courses to enhance theory and practice for different technical fields and levels of expertise. 1,326 internal experts have been cultivated since 2018.
- Investment in industry-academy collaboration by setting up joint research centers for trans-disciplinary exchange on the latest applications and developments in smart manufacturing.
- Hosted the 5th annual smart manufacturing exhibition to showcase smart and innovative applications and to continue promoting the spirit of manufacturing reform.
- AUO's many achievements were recognized by a number of major domestic and international awards.

Recognition

2021.09

World Economic Forum (WEF) Global Lighthouse Network

AUO embarked on organizational transformation and demonstrated the results of 4IR (4th Industrial Revolution) through the three aspects of smart manufacturing, green manufacturing, and talent cultivation.

2022.07

Manufacturing Leadership Awards (MLA)

AUO solved pain points of aging factories by combining AIoT with digital IoT and data analytics. Awards included "Digital Network Connectivity" and "AI and Machine Learning". Outstanding achievements in green manufacturing also led to AUO being recognized as a High Achiever in "Sustainability and Circular Economy."

2022.09

Harvard Business Review Transformation Model Award and Special ESG Award

AUO reexamines the operation of mature production processes and using in-house smart production tools to optimize the working environment, improve average productivity, and reduce costs. AUO also won the Special ESG Award in recognition of our accomplishments in water resource education and zero emissions.

2022.11

ROI-EFESO Industrie 4.0 Award

AUO leveraged our extensive experience in smart manufacturing and combined it with AIoT to promote automated, high-performance management systems that solve pain points in the production process and deliver further productivity improvements.

Digital Transformation

Smart Control Center Operations through VR Technology

AUO build an ecosystem that connected all smart applications within the factory. These were then classified by their application attribute into the engineering brain, manufacturing brain, integrative brain, and environmental safety brain. Together, they form the smart control center that serves as the brains of the factory. The breakdown of traditional operating models boosted productivity. Upon entering the digital transformation phase, digital empowerment was applied to enable precision sampling and effective driving. The factory's real-virtual integration system was connected to the Cyber-Physical System (CPS), so that digital twin technology can be used to support decision-making by the management system, improving the productivity, flexibility and agility of the factory. Real-virtual integration systems can be considered the key to realizing smart factories. Their effective operation depends on the incorporation of many advanced technologies such as cloud computing, 5G, IoT, Internet, big data analytics, augmented reality (AR) and mixed reality (MR). In addition to joint development and promotion by internal teams, professional consultants and joint research through industry-university collaboration was employed to upgrade the smart control center's operating model in order to satisfy the current requirement for high-mix, low-volume and highly customized products. We are now making progress towards the goal of self-operating and self-adaptive smart factories.

Smart Manufacturing Exhibition

The "AUO Smart Manufacturing Exhibition" has been held annually since 2018. The exhibition brings together all the accomplishments of each unit during the year. Employees can learn and network with each other to inspire their own manufacturing reform mindset. The 5th annual exhibition in 2022 chose "Digital Transformation - Painting a Smart Future" as its theme. The exhibition consisted of 45 booths including development applications for smart fields and solutions for smart industrial services. There was also a ESG smart sustainability section for AUO personnel to learn more about the Company's efforts to fulfill its commitment on green manufacturing. To promote industry exchange and development, AUO invited our peers, other industries, and the academic community to visit the exhibition. AUO also hosted 24 themed technical forums during the exhibition. These focused on 7 key technologies including development of automated equipment, digitization technology, image recognition and measurement, predictive production, machine and equipment early warning, smart control center, and FAE fields.



3 main exhibition themes 12 exhibition areas

- Internal field development
- Application development for software and hardware
- Smart industrial services

Real-virtual integration

Lively explanations provided by tour guides as well as actual physical exhibits and videos provided visitors with an in-depth experience of the results. Online guided tours were also held.

Internal
participation
2,900 times

External guests,
partners and
student visitors
658

AUO's subsidiary, AUO Digttech, observes industry pain points and demands, transforming its own extensive experience in smart manufacturing into a comprehensive smart manufacturing solution that can be provided externally.

Cleanroom Cleaning Robot

AUO Digttech launched the Class100 cleanroom cleaning robot, which can save the cleaning and management manpower needed for the clean room. The robot is combined with intelligent cleaning path planning, can achieve clean room cleaning tasks without dust generation and flow disturbance, and improve environmental quality and product yield.

In addition, AUO Digttech has developed a smart inspection module, which can be combined with thermal imaging, image recognition and other modular functions to carry out factory inspections according to different factory environments and site requirements.



CPS Management System

AUO Digital has introduced the smart lighthouse CPS management system in the front-end process management of the panel 8.5 generation factory. Combined with AIoT software and hardware integration technology, it can automatically analyze and detect all parameters of the machine every day, and automatically report the analysis results and abnormal points. It not only helps reduce the time checking abnormal equipment every day, which can also reduce the cost of product scrapping caused by abnormal production lines by 70%, and increase the product yield rate by 60%.

5.3 Affordable & Clean Energy





The world is now accelerating the transition to clean energy due to the push towards low-carbon transformation and energy crises. Taiwan too designated the development of renewable energy as a key action in its 2050 Net Zero Pathway. Management targets on renewable energy development have been set by AUO as a provider of energy solutions. In the future, we will continue to draw on our extensive experience, technologies, and complete ecosystems to provide industry and society with the most reliable products and services. We will also work with ecosystem partners to help boost the independence and diversity of renewable energy in Taiwan.


5.3.1 Energy Business


AUO Energy Business Development

AUO launched the solar division in 2008 by building upon our core competency in panel manufacturing. From solar modules we expanded into power plant construction and the integration of software-hardware services to provide total solutions that encompass energy generation, energy storage, and energy management. By linking resources and working with international partners, we gradually built up our four main service areas of Building Photovoltaics.


- 

BAPV / BIPV Solutions
Combining a series of building-integrated photoelectric modules with design and installation, micro-grid energy storage and maintenance services, to create customized smart green buildings.
- 

Energy Management and Energy Storage Solutions
Provide automatic frequency regulation auxiliary services, including equipment construction, assist in the operation and operation of power trading platforms; provide energy storage and smart energy management needs for enterprises, households and communities.
- 

One-stop Shopping for Kit Select Solutions
Integrate products such as modules, software and hardware, auxiliary materials and tools, and establish the AUO Energy Shop to provide one-stop shopping services.
- 

Comprehensive Power Plant Solutions
Provide high-quality, high-efficiency module products, power plant construction and development, intelligent monitoring and maintenance, and micro-grid energy management system; and power plant investment innovation platform.

 Energy.ao.com >

Achievement of Material Issues

Material Issue - Energy Management				✔ Meet	✘ Miss
	Goal	2022	2022 progress	2023	2024
● Renewable energy development and certificate market participation	Number of cases of modules required by the solar energy market	3 cases	3 cases	4 cases (Energy storage and Taipower service system)	
	Shipment volume of modules required by the solar energy market	460 MW	623 MW	435 MW	300 MW

AUO has been tireless in the promotion of green energy over the years. In keeping with our philosophy of co-prosperity in culture, environment, ecology and the economy, we have deployed approximately 285MW in installed capacity of power plants throughout Taiwan so far. Installations for factory workshops with demanding specifications, livestock industry and covered car parks have imbued land with new value through multi-purposing.

NEWS [Tour of AUO power plant projects >](#)



Rooftop type
148 MW



Ground-Mounted type
120 MW



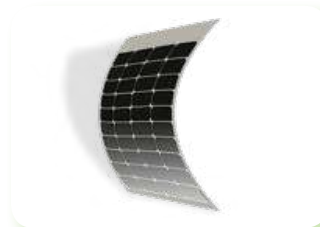
Floating type
17 MW

5.3.2 Comprehensive Solutions

BAPV / BIPV Solutions

The construction of use of buildings account for nearly 40% of global carbon emissions (Note). To promote the use of renewable energy in everyday life, AUO has developed various technologies and special combinations of materials for the building field in recent years. The application of BAPV / BIPV to different kinds of building deliver energy, carbon reduction, thermal insulation, and aesthetic benefits all at the same time.

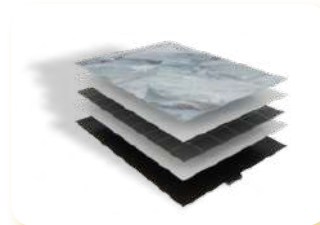
Note: Based on the "2022 Global Status Report for Buildings and Construction" published by the The United Nations Environment Programme (UNEP).



SunCurva

Flexible Light Weight Module

In addition to roofs and walls, it has passed electromagnetic compatibility tests that can also be used in transportation vehicles after passing



SunBello

Aesthetic Green Energy PV Module

Patterned solar modules provide both aesthetics and functionality to the building



SunSteel

Building Integrated PV Corrugated Sheet

Combined with PV modules and the modularization technology of high-peak corrugated sheets that allows quick installation at the project site



Taiwan Excellence Award

Material Issue

◆ Number of cases of modules required by the solar energy market

Energy Management and Energy Storage Solutions

The intermittent nature of renewable energy impacts the reliability of the power supply. Energy storage systems can regulate the flow of energy to maintain the stability of the power supply. AUO energy storage systems can be applied to power generation, distribution, and load applications. They can also be tailored for enterprise or residential use to provide customers with a suitable and fully-featured power storage and home energy solution on the power generation, grid and user side. These include the construction of grid-level energy storage, construction of micro-grids, enterprise energy storage, and residential energy storage. Home or community energy storage systems can be integrated with rooftop solar panels to generate green electricity for self-use. When energy management system is added, then AI technology can be used to predict power generation as well as monitor power consumption and the state of the energy storage system. Grid power can then regulate in real-time to optimize energy operations. A total of 3 energy storage and home energy solutions were developed by AUO in 2022.

One-stop Shopping for Kit Select Solutions

AUO discovered during our service delivery that customers had difficulty finding the right solar power components for their needs. We offer own modules but also provide product kits that incorporate PV modules, monitoring software/hardware, inverter, adapters, and cables. We also set up the "AUO Energy Shop" e-commerce platform to provide customers with a one-stop shopping service that encompasses all online and offline channels. The platform is also used to promote the popularization of green energy.

In the solar industry, when AUO transitioned from being a module maker to a provider of comprehensive power plant solutions, we also saw the pain points and requirements of customers looking for solar power parts and components. We decided to assist customers with finding quality brands and products. AUO sells our own modules and also employed resource integration and collaborations with well-known partners to provide integrated product kits containing PV modules, monitoring software/hardware, inverter, adapter, cable and other kit select products. The kits satisfy customer demand for "one-stop shop" of solar power parts and components. To satisfy the demand for online and offline service in all channels, the shop was introduced to provide customers with trans-channel services. Our implementation of online and offline channel integrate provide customers with true "one-stop shopping." A Blog was added to the shop in 2022 that let customers can not only obtain first-hand information on green energy but also enjoy real-time support in conjunction with online customer service.



[Energystore.auo.com](https://energystore.auo.com) >

Material Issue

◆ Shipment volume of modules required by the solar energy market

Comprehensive Power Plant Solutions

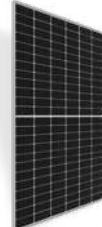
AUO has an extensive portfolio of module products as well as extensive expertise and experience with integration of power plants. We provide customers with high-performance, highly-integrated comprehensive solutions that cover everything from power plant construction to operation & maintenance and energy management. PV module sales in particular reached 623 MW in 2022.



AUO



QCells



LONGi

In addition to our own high-efficiency and stable modules, AUO joined forces with international manufacturers in 2022 to provide the industry with diverse solar modules.

● Smart O&M for Power Plants for Automation and Efficiency

Smart Cleaning Robots

Regular cleaning of modules is essential to solar power plants as their cleanliness impacts the module service life, generating capacity, and overall return in investments. The combination of smart cleaning robots, sensors, and AI data analytics that AUO will showcase at Energy Taiwan will not only effectively removes the stains from modules but also analyzes the cleaning performance of before-after results to reduce O&M cost significantly.



Drones With IR Sensors

AUO uses drones equipped with IR sensors which are used to conduct comprehensive module health diagnostics. In human-machine collaboration and real-time AI surveillance technologies, the AUO SunVeillance PV Smart Cloud System allows defective modules to be located and repaired. Other advantages include lower workforce costs, improved inspection quality, and higher power output.



● SunSteel

The advanced AUO SunSteel, corrugated PV panels that integrate PV modules with high-peak corrugated panels, are pre-assembled PV systems that eliminate metal supports required for conventional PV system installation and reduces the weight by 25%. Have been upgraded from a single layer into a double-layer glass structure, increasing its durability in mechanical strength and weather resistance and making it suitable for various domains.



5.3.3 Create Green Energy Benefits

Participation in Citizen Power Plants

AUO formed an alliance with Sunnyfounder, the largest community power plant platform in Taiwan to make the most of our high-performance PV module products and expertise in power plant construction, operation and maintenance. The partnership is aimed at building 10 WMP of solar power plants every year. So far, they have achieved 0.4 MW of power plant construction. The partnership will continue to leverage their respective advantages in the future to promote the development of Taiwan's green energy economy.

AUO Sidadun Kiln Now Fully Powered by Green Energy

Due to the environmental education facilities at the AUO Taichung site, we leveraged our core expertise to construct a 43 kW PV system and a appropriately 150 kWh energy storage system at the Sidadun Kiln next to the site in keeping with the key themes of green factory, solar power, and Sidadun Kiln culture. The complete switch to green energy reduces carbon emissions by 23 metric tonnes per year. The facility will serve as a demonstration for full green energy during environmental education in the future. We will also develop in-depth courses that combine energy and culture.



Rooftop Solar Panels on the Story House



Solar Panels on the Kiln Canopy





Pingtung - The First Cultural Heritage and Green Energy Park in Taiwan

Star Shining Energy is a joint venture between AUO, Taiwan Life Insurance, and Fubon Life Insurance focusing on renewable energy development projects. The professional team at Star Shining Energy is responsible for the development of the Shengli project in Pingtung. When the WW2 bunker known as "Stone Camp" was discovered during initial development, the decision was made to preserve this important historical structure. The team worked with academic and local units on rerouting, change of construction method, and leaving certain areas un-developed. Low-intensity development was adopted for the overall site and 2,500 native trees planted to achieve a balance between green energy and ecological beauty at the "Shengli Cultural Heritage and Green Energy Park." The power plant was officially connected to the grid and started producing power on August 5, 2022. Work on cultural conservation and revitalization continued including heritage listing, rehabilitation of the vegetation around the bunker, and inviting cultural history groups to tour the site. The park even built a heritage gallery with its own solar power. The "Winds of Stone" exhibition was compiled in partnership with WW2 historian Prof. Tu to narrate the past, present and future of the Stone Camp heritage site through text, images and videos. The site shows how green energy and coexist with culture.

Hualien - Shengfeng Environment and Green Energy Park





Fenglin Township in Hualien County is renowned throughout Taiwan as an international "slow city." The Shengfeng project not only engaged with the local community but also sought to balance ecology with energy by insisting on the use of environmentally and ecologically friendly constructions techniques throughout to reduce soil disturbance, and protect the natural ecology. Collaborate with the Department of Natural Resources and Environmental Studies at National Dong Hwa University, We setup of flux observation stations as well as the study of local flora, fauna, changes in soil humidity, and pollination surveys. Trees were planned and grassland cultivated to achieve balanced development of environment, ecology, and green energy. We also engaged with the local community by hosting rhythm exercise courses for seniors at the community care center. We even sponsored emergency assistance and donations of everyday items. The project was connected to the grind on December 26, 2022, and is now making a substantive contribution to the electricity supply of the Hualien-Taitung region.

Shengli Park

-  Installed capacity: 7 MW
-  Generates 9.4 GWh of green electricity each year
-  Supplies 2,200 households
-  Reduces carbon emissions by 4,700 metric tonnes



Shengfeng Park

-  Installed capacity: 75 MW
-  Generates 9.38 GWh of green electricity each year
-  Supplies 2,500 households
-  Reduces carbon emissions by 4,800 metric tonnes



Fact Sheet



AUO Asset Structure

GRI 201-1

Item	Unit	2022
Display business	NTD million	225,890
Energy business	NTD million	20,902
Shipment of panels	10,000 m ²	1,917

Note: The scope is the same as the 2022 consolidated statement

Financial Assistance Received from Government

GRI 201-4

Region	Government shareholding (%)	Total government assistance (NTD million)		
	2022	2022	2021	2020
Taiwan	1.34	26.86	55.79	14.50
China		2,002.04	309.82	2,326.79
Japan		0	0	0
Korea		0	0	0
Singapore	0	3.55	8.18	6.16
Slovakia		0	0	1.92
Germany		0	0	0
The Netherlands		0.14	0.15	0.10
Canada		0.18	0.50	0

Board Composition & Diversity

GRI 2-9

GRI 2-9

GRI 405-1

		Gender/Age	Age 50~59	Age 60~69	Age 70~79
		Total number of directors	9		
Number of executive directors	2	Female	3	0	1
Number of non-executive directors (excluding independent directors)	2	Male	1	4	0
Number of independent directors	5	Total	4	4	1

Direct Economic Values

GRI 201-1

	Item	Unit	2022	2021	2020
			Generated direct economic values	Total annual revenue (Net sales)	246,792.67
	Other income (Note)		4,546.97	4,179.65	3,696.96
Direct economic values	Operating expenditure		213,427.67	257,503.07	232,735.80
	R&D expenditure		12,867.78	13,069.68	10,286.08
	Employee salary and benefit	NTD million	42,555.57	52,007.08	36,954.93
	Payments to shareholders		9,575.82	2,850.97	0
	Community investment		3.59	9.76	29.45
	Payments to government		3,458.21	1,885.79	2,024.74
	Total distributed economic values		281,888.64	327,326.35	282,031.00
	Retained economic values		-30,549	47,538.44	-7,378.66

Note 1: Other income includes interest, rental income, dividend income, subsidy income, net gains from disposal and scrapping of fixed assets, and net amounts from disposal of investment and financial assets.

Note 2: The scope is the same as the 2022 consolidated statement

Note 3: Starting from 2022, the allocated economic value will include R&D expenditure in the calculation. Therefore, the allocated economic value, total allocated economic value, and retained economic value data for 2021 and 2020 will be adjusted accordingly.

Board of Directors Remuneration

GRI 2-19

The remuneration of the company's directors is determined by the board of directors according to the company's articles of association, considering the level of involvement and contribution value of the directors in the company's operations, as well as the Remuneration Guidelines for Directors and Functional Committee set with reference to domestic and international industry standards. If the company makes a profit, the board of directors will decide on the amount of director remuneration according to the provisions of the company's articles of association.

Remuneration Ratio

GRI 2-21

	Ratio of the annual total compensation of the highest-paid individual to the median annual total compensation	Ratio of the annual total compensation percentage increase of the highest-paid individual to the median annual total compensation percentage
AUO Group	252.27	2.36

Note: The scope includes Taiwan and China. Shenzhen employee information is included in the statistics of Suzhou.

Participate in associations/organizations

GRI 2-28

AUO upholds the vision of contributing to the industry for shared prosperity, actively participates in public policies and applies our practical experience in vertical industry chains to engage in public associations and government platforms, thereby creating an ecosphere through exchanges and sharing.

Category	Title	Role	2022 Membership Fee (NTD, USD is additionally indicated)
Industry exchange	Taipei Computer Association (TCA)	Chairman	15,000
	Taiwan Display Union Association (TDUA)	Chairman	0
	Taiwan Panel and Solution Association (TPSA)	Vice chairman	2,780,000
	Taiwan Photovoltaic Industry Association (TPVIA)	Executive director	30,000
	Taiwan Advanced Automotive Technology Development Association (TADA)	Executive director	30,000
	The Society for Information Displays (SID)	Executive director	0
	ROC Taiwan Liquid Crystal Society (ROC TLCS)	Director	0
	The Allied Association for Science Park Industries (ASIP)	Director	810,000
	8K Association	Member	USD 20,000
	Video Electronics Standards Association (VESA)	Member	USD 10,000
	Photovoltaic Generation System Association (PVGSA)	Member	10,000
	Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Member	42,000
	Autonomous Mobile Robot Alliance (AMRA)	Member	36,700
	Institute for Biotechnology and Medicine Industry (IBMI)	Member	50,000
Sustainable development	Semiconductor Equipment and Materials International (SEMI Taiwan)	Member	61,905
	Taiwan Climate Partnership (TCP)	Vice chairman Executive director	100,000
	Taiwan Carbon Capture Storage and Utilization Association	Director	55,000
	Taiwan Net Zero Emissions Association (ATNZE)	Director	150,000
	Center for Corporate Sustainability (CCS)	Director	280,000
	CommonWealth-ESG	Member	120,000

Note: Sort according to the role and organization names.

Annual Violations

Category	Case	Amount of fine	Reason	Improvement measures
Environment	1	RMD 20,000	The organic wastewater recycling system at the Kunshan fab broke down during the pandemic period. Due to the lockdown in Kunshan, maintenance personnel and materials could not enter the factory, causing the temporarily stored organic wastewater in the emergency pond to overflow into the factory's stormwater drainage system (the stormwater system is equipped with a valve that prevented it from flowing out). The sewage discharge permit stipulates that wastewater must be discharged through wastewater pipelines connected to the municipal network, so the wastewater discharge method does not comply with the sewage discharge permit regulations.	<ul style="list-style-type: none"> Re-evaluate the manpower support situation and preparation of related backup supplies under the pandemic lockdown. Review the contingency plan for abnormal wastewater situations and conduct training for wastewater operation and emergency response personnel.
Occupational safety	1	NTD 60,000	The management of the Hsinchu Science Park conducted a labor inspection at the Longke fab and found that the laser repair machine had not been equipped with protective covers, guards, or interlinked safety devices, resulting in an employee's left finger being injured and requiring medical treatment.	<ul style="list-style-type: none"> Adjust the position of the lower polarizing film to improve the issue from the source, eliminating the need for manual replacement of the polarizing film. Modify the operation specification procedure manual to define the responsibility of film replacement as the responsibility of engineering department personnel. In addition to basic speed limits, add safety protections such as guards, safety light curtains, and interlocking devices. Inventory and improve the manual machinery across the factory that may involve hazardous operations and protective measures, establish a register, and conduct regular reviews.
Labor	2	NTD 150,000	The management of the Hsinchu Science Park conducted a labor inspection at the Longke plant and found that overtime wages had not been paid according to regulations for extended working hours. The management of the Central Taiwan Science Park conducted a labor inspection at the Taichung fab and found that some employees had worked more than 12 hours in a single day, and overtime wages had not been paid for extended working hours on weekdays.	<ul style="list-style-type: none"> For employee working hour management, the company proactively provides working hour reports to the management level for personnel care and workload allocation. Supervisors monitor their subordinates' overtime hours and regularly check on their well-being. Regularly strengthen the promotion of overtime application regulations and procedures.

Supply Chain Formation

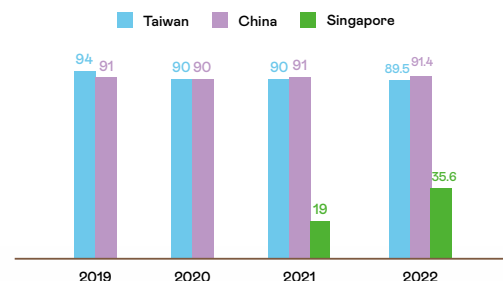
GRI 2-6

Type	Number	
Display	Supplier	435
	Outsourcer	58
PV	Supplier	61
	Waste Supplier	134
Manpower Outsourcing	16	
Service Outsourcing	12	

Percentage of Local Procurement

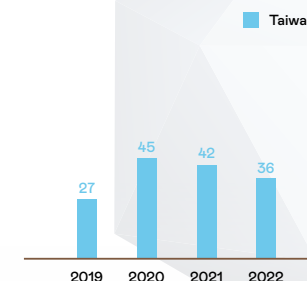
GRI 204-1

■ Display Business



Note: The significant operating locations of display business are production bases, and the definition of local refers to the country where the production base is located.

■ Energy Business



Note: The solar production base is only located in Taiwan.

Materials

GRI 301-1

Category	Item	Item description	Unit	2022	2021	2020
Input	Glass substrate		Metric tonnes	60,091.81	91,769.86	91,994.92
	Glass input substrate area		m ²	47,475,995	67,994,388	68,637,000
	Metal backplate		Metric tonnes	5,258.00	-	-
	Photoresist	Nonrenewable	Metric tonnes	2,181.18	3,012	2,995
	Process thinner (Array/CF)		Metric tonnes	1,702.06	1,957	1,795
	Developer		Metric tonnes	7,848.21	11,385	11,747
	Aluminum etchant		Metric tonnes	6,364.76	8,251	8,516
	PFCs usage	Nonrenewable	Metric tonnes	813.98	1,185.91	1,049.62
	Liquid crystal	Nonrenewable	Metric tonnes	60.79	88.6	92
		Renewable	Metric tonnes	0.99	-	-
	Process stripper (Array)	Renewable ratio	%	1.59	-	-
		Nonrenewable	Metric tonnes	5,081.23	7,651	8,807
		Renewable	Metric tonnes	36,003.22	50,107	55,340
		Renewable ratio	%	87.63	86.75	86.27

Energy

GRI 302-1

Category	Item	Item description	Unit	2022	2021	2020
Input	Total energy consumption			16,777,770.24	19,056,414.56	19,305,552.10
	Energy consumption			16,593,907.58	19,036,943.03	19,286,366.50
	Purchased electricity consumption			15,844,110.93	18,264,773.14	18,557,654.86
	Natural gas			630,024.97	668,187.88	644,922.15
	Liquefied petroleum gas (LPG)	Nonrenewable		23,176.63	26,717.99	24,587.75
	Diesel			56,619.57	76,490.01	58,249.22
	Gasoline			759.47	774.01	952.52
	Purchased steam consumption			39,216.00	-	-
	Energy consumption			183,862.66	19,471.54	19,185.60
	Purchased electricity consumption	Renewable		144,000.00	-	-
	Self-Generation electricity consumption			39,862.66	19,471.54	19,185.60
	Output	Self-generation and parallel sale	Renewable		188,197.52	198,977.86

Package Recycle

GRI 301-3

Category	Item	Item description	Unit	2021	2020
Supplier packaging recycling	Actual	%	92.9	93.6	96.0
	Recycling target		93	93	93
Category	Item	Item description	Unit	2021	2020
Product packaging recycling	Volume	set	155,538	206,412	314,101
	Recycling rate	%	55.36	38.97	44.64

Note 1: The calculation method for the supplier packaging recycling rate is (recyclable supplier's recycling volume / recyclable supplier's packaging shipment volume) * 100%

Note 2: Note 2: The calculation method for the product packaging recycling rate is (recyclable customer's recycling volume for TV panel packaging / shipment volume) * 100%

Energy Intensity

GRI 302-3

Category	Item	Unit	2022	2021	2020
Energy intensity	Electricity consumption per input sheet substrate area	GJ/m ²	0.34	0.27	0.27
	Energy consumption per input sheet substrate area	GJ/m ²	0.35	0.28	0.28
	Electricity consumption per unit revenue	GJ/ NTD 10,000	0.65	0.50	0.69
	Energy consumption per unit revenue	GJ/ NTD 10,000	0.68	0.52	0.71

Category	Item	Item description	Unit	2022	2021	2020
Input	Total energy consumption			4,660,491.73	5,293,448.49	5,362,653.36
	Energy consumption			4,609,418.77	5,288,039.73	5,357,324.03
	Purchased electricity consumption			4,401,141.93	5,073,548.09	5,154,904.13
	Natural gas			175,006.94	185,607.74	179,145.04
	Liquefied petroleum gas (LPG)	Nonrenewable		6,437.95	7,421.66	6,829.93
	Diesel			15,727.66	21,247.23	16,180.34
	Gasoline			210.96	215.00	264.59
	Purchased steam consumption			10,893.33	-	-
	Energy consumption			51,072.96	5,408.76	5,329.33
	Purchased electricity consumption	Renewable		40,000.00	-	-
	Self-Generation electricity consumption			11,072.96	5,408.76	5,329.33
	Output	Self-generation and parallel sale	Renewable		52,277.09	55,271.63

Water

GRI 303-3

GRI 303-4

Category	Item	Item description	Unit	Water withdrawal			Water discharge		Water consumption
				2022	2021	2020	2022	2021	2022
All regions	Total		1,000 m ³	21,546.86	24,991.78	26,460.38	14,854.39	17,280.86	6,692.47
	Surface water (including rain water)	Fresh water		14.84	15.37	9.58	1,873.50	1,878.38	
		Other water		0	0	0	0	0	
	Ground water	Fresh water		252.04	417.56	153.96	0	0	
		Other water		0	0	0	0	0	
	Sea water	Fresh water		0	0	0	0	0	
		Other water		0	0	0	0	0	
	Produced water	Fresh water		0	0	0	0	0	
		Other water		0	0	0	0	0	
	Third party water	Fresh water		18,850.33	22,463.35	24,532.31	12,980.89	15,402.48	
		Renewable water		2,429.65	2,095.50	1,764.53	0	0	
		Other water		0	0	0	0	0	
	Areas with water stress: Taichung & Houli (Note)	Total		1,000 m ³	10,778.57	13,165.71	14,799.55	7,958.62	9,884.06
Surface water (including rain water)		Fresh water	0.65		0.59	0.16	0	0	
		Other water	0		0	0	0	0	
Ground water		Fresh water	0		0	0	0	0	
		Other water	0		0	0	0	0	
Sea water		Fresh water	0		0	0	0	0	
		Other water	0		0	0	0	0	
Produced water		Fresh water	0		0	0	0	0	
		Other water	0		0	0	0	0	
Third party water		Fresh water	10,779.92		13,165.12	14,799.39	7,958.62	9,884.06	
		Renewable water	0		0	0	0	0	
		Other water	0		0	0	0	0	

Note: AUO will include the Kunshan fab in areas with water stress in 2023, therefore the areas with water stress for the period of 2020 to 2022 only cover the Taichung fab and Houli fab, and it is planned to add the Kunshan fab in 2023.

GRI 303-4

Category	Item	Unit	2022	2021	2020
Water pollutant discharge	Waste water	1,000 m ³	14,854.39	17,280.86	18,624.45
	COD	Metric tonnes	435.64	547.25	527.95
	BOD	Metric tonnes	48.31	56.04	45.81
	SS	Metric tonnes	90.48	111.66	85.16

Item	Unit	2022	2021	2020
Process water recycling volume	1,000 m ³	116,381	137,570	158,456
Process water recycling rate	%	94.89	94.47	93.81

Emissions

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-6

GRI 305-7

Category	Item	Unit	2022	2021	2020
GHG	Scope 1	10,000 tCO ₂ e	6.97	7.92	10.22
	Scope 2	10,000 tCO ₂ e	237.34	284.12	290.93
	Scope 3	10,000 tCO ₂ e	100.45	128.61	147.18
Air pollutant emissions	ODS	CFC-11 equivalent metric tonnes	0.07	0.07	0.05
	NOx	Metric tonnes	87.62	72.52	70.88
	SOx	Metric tonnes	54.52	49.96	51.93
	POP	Metric tonnes	0	0	0
	VOC	Metric tonnes	123.3	168.46	142.28
	HAP	Metric tonnes	0	0	0
	PM	Metric tonnes	0	0	0

Note:

1. ODS includes R-22 and R-123.
2. The source of the emission factor comes from the ozone depletion potential of ozone-depleting substances under the Montreal Protocol.
3. Greenhouse gas emissions are calculated using operational control, with related emission factors and global warming potential sourced from the IPCC AR5, TaiPower Company announced coefficients, and coefficients announced by China's Ministry of Ecology and Environment.
4. VOC values are based on the air pollution operation permit verification and testing conducted by global fabs (different from the calculation method of goal disclosed in 3.3.3).

Waste GRI 306-3

Category	Item	Unit	2022			2021			2020
			Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated	Waste diverted from disposal	Waste directed to disposal	Waste generated
	Total	Metric tonnes	76,204.08	68,198.41	8,005.67	82,654.52	68,491.26	14,163.26	81,510.94
Waste generated	Hazardous waste	Metric tonnes	13,397.11	10,119.76	3,277.35	18,099.85	11,934.01	6,165.84	19,326.73
	Non-hazardous waste	Metric tonnes	62,806.97	58,078.65	4,728.32	64,554.67	56,557.25	7,997.42	62,184.21

GRI 306-4

GRI 306-5

Category	Item	Unit	2022			2021			
			Onsite	Offsite	Total	Onsite	Offsite	Total	
	Total	Metric tonnes	3,277.35	3,277.35	0	6,165.84	6,165.84		
Hazardous waste	Disposal	Incineration (with energy recovery)	Metric tonnes	0	0	0	0	0	0
		Incineration (without energy recovery)	Metric tonnes	0	1,802.90	1,802.90	0	3,267.88	3,267.88
		Landfilling	Metric tonnes	0	375.86	375.86	0	469.92	469.92
		Other disposal operations (Note)	Metric tonnes	0	1,098.59	1,098.59	0	2,428.04	2,428.04
		Total	Metric tonnes	0	10,119.76	10,119.76	0	11,934.01	11,934.01
Hazardous waste	Disposal	Preparation for reuse	Metric tonnes	0	2,639.37	2,639.37	0	5,131.98	5,131.98
		Recycling	Metric tonnes	0	7,480.39	7,480.39	0	6,802.03	6,802.03
		Other recovery operations	Metric tonnes	0	0	0	0	0	0
		Total	Metric tonnes	0	4,728.32	4,728.32	0	7,997.42	7,997.42
Non-hazardous waste	Disposal	Incineration (with energy recovery)	Metric tonnes	0	0	0	0	0	0
		Incineration (without energy recovery)	Metric tonnes	0	3,215.88	3,215.88	0	4,764.82	4,764.82
		Landfilling	Metric tonnes	0	1,108.53	1,108.53	0	3,040.97	3,040.97
		Other disposal operations	Metric tonnes	0	403.91	403.91	0	191.63	191.63
		Total	Metric tonnes	0	58,078.65	58,078.65	0	56,557.25	56,557.25
Non-hazardous waste	Recovery	Preparation for reuse	Metric tonnes	0	1,347.66	1,347.66	0	0	0
		Recycling	Metric tonnes	0	56,730.99	56,730.99	0	56,557.25	56,557.25
		Other recovery operations	Metric tonnes	0	0	0	0	0	0

Note: Includes chemical and overseas treatment methods.

Environmental Accounting

AUO pushed the environmental accounting system since 2009. The global roll-out of the system was completed in 2012. Environmental accounting has gradually become relevant necessary information for environmental management. 2022 environmental protection expenditures totaled approximately NTD 1.808 billion.

Expenditure Categories	Unit	2022		2021		2020	
		Current Expenditure	Capital Expenditures	Current Expenditure	Capital Expenditures	Current Expenditure	Capital Expenditures
Pollution control		658,432	73,826	629,756	282,714	471,622	40,976
Operating environmental protection costs	Global	53,886	51,920	29,192	3,486	37,176	1,995
	Resource sustainability usage	531,796	10,540	591,935	0	483,034	9,870
Upstream and downstream related costs	NTD 1,000	192,693	2,155	209,635	0	188,464	0
Management costs		58,931	0	52,743	0	44,270	0
R&D costs		11,308	0	3,696	0	13,270	0
Social activity costs		3,880	0	3,197	0	3,996	0
Loss and remedy costs		88	0	0	0	0	0
Other environmental protection costs		158,922	0	177,089	0	201,015	0
Subtotal		1,669,936	138,441	1,697,243	286,200	1,442,847	52,841
Total costs		1,808,377		1,983,443		1,495,688	

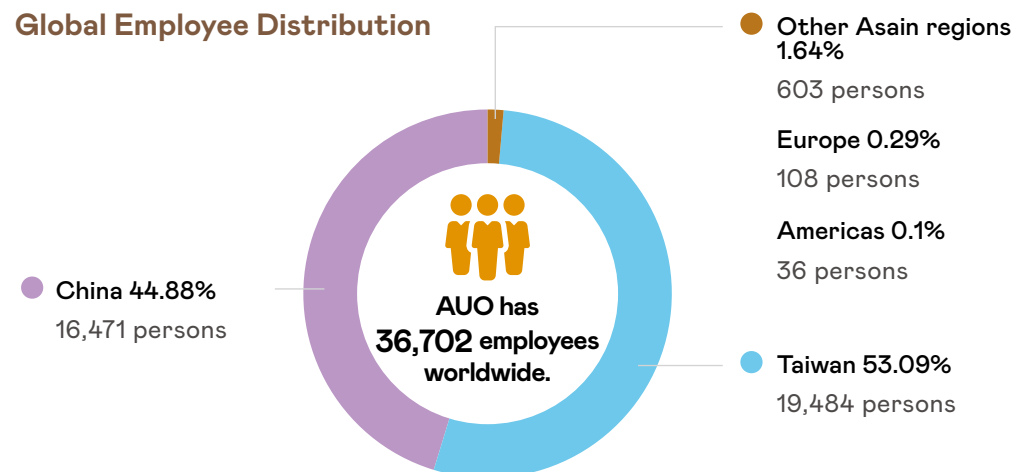
Note: The definitions of fabs and offices of AUO in various regions are as follows, applicable to various statistics below.

Taiwan	China	Other Asian regions	Europe	Americas
Taipei, Huaya, Longke, Longtan, Hsinchu, Taichung, Houli, Tainan, and Kaohsiung	Kunshan, Suzhou and Xiamen	Japan, Korea and Singapore	Slovakia, the Netherlands and Germany	United States

Number of Employees by Hiring Type **GRI 2-7**

Total	Type	Global	Taiwan	China	Other Asian regions	Europe	Americas	
Global	Employee	Permanent employee	30,846	17,563	12,855	284	108	36
		Temporary employee	4,326	1,921	2,086	319	0	0
		Non-guaranteed hours employee	0	0	0	0	0	0
	Total	35,172	19,484	14,941	603	108	36	
Non-employee	Contractor	1,530	0	1,530	0	0	0	
	Total	23,003	12,664	9,828	429	53	29	
Male	Employee	Permanent employee	20,057	11,394	8,370	211	53	29
		Temporary employee	2,946	1,270	1,458	218	0	0
		Non-guaranteed hours employee	0	0	0	0	0	0
	Total	23,003	12,664	9,828	429	53	29	
Non-employee	Temporary employee	1,209	0	1,209	0	0	0	
	Total	12,169	6,820	5,113	174	55	7	
Female	Employee	Permanent employee	10,789	6,169	4,485	73	55	7
		Temporary employee	1,380	651	628	101	0	0
		Non-guaranteed hours employee	0	0	0	0	0	0
	Total	12,169	6,820	5,113	174	55	7	
	Non-employee	Temporary employee	321	0	321	0	0	0

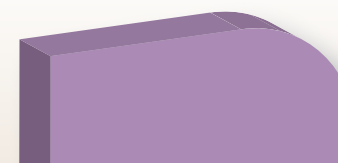
Global Employee Distribution



Category	Type	Global	Taiwan	China	Other Asian regions	Europe	Americas
Global	Full-time	35,165	19,477	14,941	603	108	36
	Part-time	7	7	0	0	0	0
	Total	35,172	19,484	14,941	603	108	36
Female	Full-time	22,998	12,659	9,828	429	53	29
	Part-time	5	5	0	0	0	0
	Total	23,003	12,664	9,828	429	53	29
Male	Full-time	12,167	6,818	5,113	174	55	7
	Part-time	2	2	0	0	0	0
	Total	12,169	6,820	5,113	174	55	7

Note:

- As of December 31, 2022.
- The global headcount has a significant difference (about 8%) compared to the previous year, mainly affected by the industry climate, reduced production capacity, resulting in a decrease in direct employees.
- Contractors are mainly direct employees, signing contracts with dispatching companies and carrying out entrusted tasks by the company.
- Subsequent data include both employee and non-employee.



Number of Employees by Category

GRI 405-1

Category	Item	Male	Female	Under 29	30~49	Over 50	Physical and mental disabilities	
Total	Total employees (%)	65.97	34.03	28.98	65.86	5.16		
Management (Note)	Direct labor	Management (%)	49.03	50.97	1.07	88.37	10.56	Number of employees with physical and mental disabilities 226 Ratio of employees with physical and mental disabilities 1.16%
		Senior level management (%)	89.29	10.71	0	25.00	75.00	
	Indirect labor	Mid-level management (%)	86.78	13.22	0	50.57	49.43	
		Junior level management (%)	79.35	20.65	0.42	84.44	15.14	
	Total	Management (%)	71.80	28.20	0.56	83.12	16.32	
Employee structure	Indirect labor (%)	73.79	26.21	14.92	76.70	8.38		
	Direct labor (%)	62.55	37.45	35.13	61.12	3.75		

Note:

- The senior level management: management of two levels lower than the CEO
- The mid-level management: management of three to four levels lower than the CEO
- The junior level management: management of directly leading personnel, managing non-management employees
- Direct labor management: team leader and foreman

Proportion of Management Hired from the Local Community

GRI 202-2

Item		Taiwan	China	Other Asian regions	Europe	Americas
Direct labor	Direct labor management	100	N/A	100	100	N/A
	Junior level management	100	84.62	92.54	94.12	100
Indirect labor	Mid-level management	100	35.48	75	100	100
	Senior level management	97.96	0	0		N/A
	All management	99.97	81.48	95.83	96	100

Note: Local employment refers to hiring locally, not including personnel dispatched to the local area.

Number of New Employees

GRI 401-1

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	267	6,058	18	0	0	6,343
	30~49	226	1,241	13	1	4	1,485
	Over 50	3	0	0	0	1	4
	Total	496	7,299	31	1	5	7,832
Male	Under 29	567	19,279	27	0	1	19,874
	30~49	507	3,716	38	0	7	4,268
	Over 50	13	0	2	0	4	19
	Total	1,087	22,995	67	0	12	24,161
Total		1,583	30,294	98	1	17	31,993

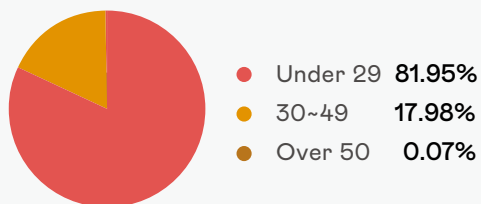
Rate of New Employee

GRI 401-1

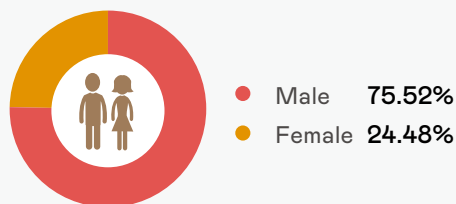
Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	1.37	36.78	2.99	0	0	17.28
	30~49	1.16	7.53	2.16	0.93	11.11	4.05
	Over 50	0.02	0	0	0	2.78	0.01
	Total	2.55	44.31	5.14	0.93	13.89	21.34
Male	Under 29	2.91	117.05	4.48	0	2.78	54.15
	30~49	2.6	22.56	6.3	0	19.44	11.63
	Over 50	0.07	0	0.33	0	11.11	0.05
	Total	5.58	139.61	11.11	0	33.33	65.83
Total		8.12	183.92	16.25	0.93	47.22	87.17

Note: Rate of New Employee is calculated as: Local number of new employees of this age and gender / Total number of local employees of the year

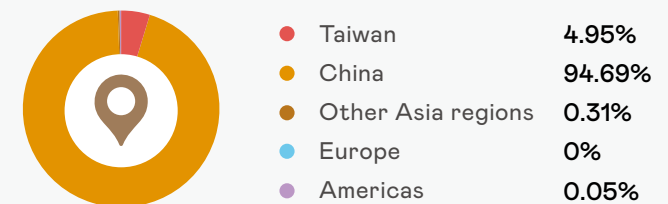
Proportion of new employees in 2022 by age



Proportion of new employees in 2022 by gender



Proportion of new employees in 2022 by region



Number of Employee Turnover

GRI 401-1

Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	66	1,151	20	0	0	1,237
	30~49	245	378	15	0	4	642
	Over 50	23	0	1	0	0	24
	Total	334	1,529	36	0	4	1,903
Male	Under 29	273	2,935	25	0	0	3,233
	30~49	613	831	62	1	3	1,510
	Over 50	114	2	11	0	1	128
	Total	1,000	3,768	98	1	4	4,871
Total		1,334	5,297	134	1	8	6,774

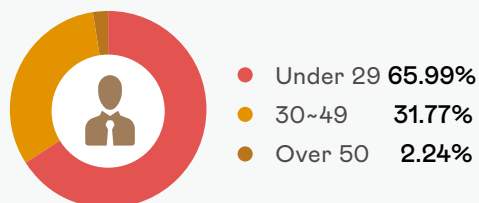
Rate of Employee Turnover

GRI 401-1

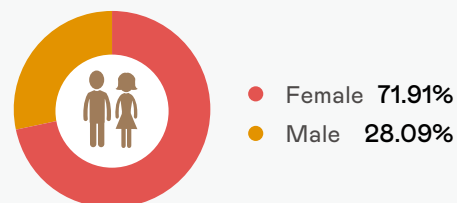
Gender	Age	Taiwan	China	Other Asian regions	Europe	Americas	Total
Female	Under 29	0.34	6.99	3.32	0	0	3.37
	30~49	1.26	2.29	2.49	0	11.11	1.75
	Over 50	0.12	0	0.17	0	0	0.07
	Total	1.71	9.28	5.97	0	11.11	5.19
Male	Under 29	1.4	17.82	4.15	0	0	8.81
	30~49	3.15	5.05	10.28	0.93	8.33	4.11
	Over 50	0.59	0.01	1.82	0	2.78	0.35
	Total	5.13	22.88	16.25	0.93	11.11	13.27
Total		6.85	32.16	22.22	0.93	22.22	18.46

Note: Rate of Employee Turnover calculation is calculated as Local number of resigned employees of this age and gender / Total number of local employees of the year

Proportion of employee turnover in 2022 by age



Proportion of employee turnover in 2022 by gender



Proportion of employee turnover in 2022 by region



Salary of Full-time Non-management Employees

Item	Unit	2022	2021	2020
Number of full-time non-management employees	Person	19,746	19,811	20,432
Total salary of full-time non-management employees		20,614,818	29,226,072	19,854,479
Average salary of full-time non-management employees	NTD 1,000	1,044	1,475	972
Median salary of full-time non-management employees		791	972	783

Ratios of Standard Wage Compared to Local Minimum Wage

GRI 202-1

	Male	Female
Taiwan	1.34	1.33
Suzhou	1.6	1.63
Kunshan	1.76	1.7
Xiamen	1.72	1.72
Slovakia	1.55	1.3

Note:

- No direct labor at overseas offices (Shenzhen, Japan, Korea, Germany, the Netherlands, the United States)
- No disclosure as no minimum wage is set by law in Singapore

Ratio of Basic Salary and Remuneration of Female to Male

GRI 405-2

	Item	Taiwan	Shenzhen	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Direct labor	Management	0.96	No direct labor	0.96	0.96	1.00	No direct labor	0.85	0.91	0.84	No direct labor	N/A	0.63
	Non-management	0.95		0.99	0.95	1.04			0.82	0.85			
Indirect labor	Junior level management	0.94	0.77	1.02	0.87	1.01	0.85	0.85	1.17	0.98		N/A	0.63
	Mid level management	1.08	No mid and senior level management	0.95	0.8	1.01	No mid and senior level management		0	0	No mid and senior level management		
	Senior level management	1.08		0.82	No mid and senior level management			No mid and senior level management					
	Non-management	0.88	0.77	0.86	0.81	0.99	0.93	0.86	1.13	0.85	0.78	N/A	0.62

Note:

1. Taking male as the baseline, the proportion of male and female gender in the work attribute, field, and seniority is different, so the salary ratio will be slightly different
2. 0 means there are no local female employees and management

Retirement Plans

GRI 201-3

GRI 401-2

	Item	Taiwan	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Percentage of salary contributed by employee or employer	Employer %	Old system: 2										
		New system: 6										
Employee %	Old system: 0											
		8	8	8	9.15	4.5	5.00-20.00	4	9.45	1.5-8.9	19,500 USD	
Retirement plan	Old system: company pension account											
	New system: personal pension account	Endowment Life Insurance (Employee Account)		Employee Pension Insurance (Government's Labor Insurance)		National Pension	CPF Central Provident Fund (Note)	Retirement Insurance	Gesetzliche Rentenversicherung (GRV)	Centraal Beheer Algemeen Pensioenfonds		Social security
Degree of employee participation	100%	100%	100%	100%	100%	100%	100%	100%	100%	F100%	100%	100%

Note:

1. The information for Singapore and Slovakia comes from the Department of Investment Services, Ministry of Economic Affairs; the data for Singapore and Slovakia are year and month data; Suzhou includes Shenzhen data.
2. Central Provident Fund (CPF) is a central provident fund scheme unique to Singapore. Contributions to the Central Provident Fund go to three separate accounts at pre-determined proportions: "ordinary account, special account and medical saving account".

Parental Leave

GRI 401-3

	Male	Female
Number of employees eligible for parental leave	770	451
Total number of employees actually using parental leave	90	95
The number of employees expected returning to job after parental leave during the year	79	117
The total number of employees actually returning to job after parental leave	44	77
The total number of employees returning to job and still on the job for 12 months after parental leave	37	68
Reinstatement rate after parental care leave	56%	66%
Retention rate after parental care leave	84%	77%

Note:

1. Reinstatement Rate is calculated as: Actual number of reinstatements during the year / Number of people expected to be re-instated during the year *100%.
2. Retention Rate is calculated as: Number of employees reinstated and continued to work for 1 year in the previous year/Actual number of employees re-instated in the previous year *100%

Internal Communication Cases

	Taiwan	China	Singapore	Slovakia	Settled Cases
Internal communication mailbox	113	2,883	0	0	2,996
CEO's mailbox	15	10	0	0	25
Sexual harassment grievance mailbox	2	1	0	0	3
Please help me hotline	3,869	0	0	0	3,869

Labor Union

GRI 2-30

Region	Ratio of Participation (%)
Taiwan	Union has not yet organized
Suzhou (Note)	100
Xiamen	34
Kunshan	Union has not yet organized
Singapore	In order to protect labor rights and interests, the Singapore Labor Union will not provide the number of memberships to employers
Slovakia	Union has not yet organized
Japan	
Korea	
The Netherlands	
Germany	
Americas	

Note: Shenzhen employee information is included in the statistics of Suzhou

Average Hours of Training

Region	Direct labor	Indirect labor	Non-management	Management	
Taiwan	58.8	1.7	20.8	26.3	
China	Suzhou	51.9	2.1	42.8	8.5
	Kunshan	83	4.9	51.5	25.4
	Xiamen	91.8	1.6	38.9	12.3
Other Asian regions	Japan	3.2	N/A	2	3.8
	Korea	1	N/A	0.4	1.3
	Singapore	35.2	0.5	5	22.2
Europe	Slovakia	7.8	0	7.2	1.6
	Germany	4.4	N/A	0.7	8.1
	The Netherlands	0	N/A	0	0
Americas	United States	0.5	N/A	0.1	0.8
Global	60.8	1.9	23.6	19.4	

Note:

- AUO follows the principle of non-discrimination in organizing employee education and training, and there is no difference in training due to gender, so no hourly statistics are conducted for gender.
- Japan, South Korea, Germany, the Netherlands, and the United States are customer service locations and have no direct labor, so the calculation of direct employee hours is not applicable.

Human Rights Related Disputes

GRI 406-1
GRI 407-1
GRI 408-1
GRI 409-1
GRI 411-1

Issue	Taiwan	China	Singapore	Slovakia	Regional Office
Number of discrimination cases					
Incidents involving the rights of aborigines					
Incidents involving forced labor			0		
Incidents involving child labor					
Hampering freedom of association (labor union)organization					

Note: Disputes include cases of discrimination, aboriginal rights, forced labor, child labor, and hampering freedom of association

Employee Training on Human Rights

GRI 412-2

Region	Total number of hours	Percentage (%)
Taiwan	1,248	95.4
Suzhou	478	99.9
Kunshan	138	99.9
Xiamen	423	94.4
Singapore	20	100
Slovakia	5	100

Employee Benefits

GRI 401-2

	Persons	Amount (NTD)
Childbirth subsidy	623	2,620,331
Childcare subsidy	1,941	6,738,000
Funeral condolences	2,002	2,049,990
Wedding subsidy	415	1,772,830
Emergency assistance	44	2,080,000
Hospitalization condolences	618	694,801
Group insurance	39,364	90,354,760
Employee stock ownership	9,525	877,390,400

Work-related Injuries

GRI 403-9

Explanation

The total working hour calculation is different in response to the labor conditions of each location and the calculation required by the competent authority. The calculation principles for each location are as follows.

- Taiwan: (1) Direct Labor = Working days of the month (excluding Company holidays) x 8 hours/day x Total number of indirect labor/month + (2) Indirect labor = 15 days/month x 10 hours/day x Total number of indirect labor/month (use 14 days for February)
- China: According to the Company's vacation attendance system
- Singapore: (Direct Labor x 10 hrs x 15 days) + (Indirect Labor x 8.75 hrs x Working days per month)
- Slovakia: (Direct Labor x 11 hrs x Working days per month + Indirect Labor x 8 hrs x Working days per month)

Employee	Total	Male	Female	Taiwan Fabs	Xiamen Fab	Suzhou Fab	Kunshan Fab
Number of occupational injury deaths	0	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0	0
Number of serious occupational injuries	2	2	0	0	2	0	0
Ratio of serious occupational injuries	0.025	0.039	0	0	0.05	0	0
Number of recordable occupational injuries	22	12	10	16	5	1	0
Recordable lost-time injury frequency rate	0.278	0.233	0.361	0.432	0.124	0.868	0
Working hours	790,360,38	51,412,425	27,683,613	37,079,800	40,197,291	1,152,398	190,072

Contractor	Total	Male	Female	Taiwan Fabs	Xiamen Fab	Suzhou Fab	Kunshan Fab
Number of occupational injury deaths	0	0	0	0	0	0	0
Ratio of occupational injury deaths	0	0	0	0	0	0	0
Number of serious occupational injuries	0	0	0	0	0	0	0
Ratio of serious occupational injuries	0	0	0	0	0	0	0
Number of recordable occupational injuries	3	3	0	1	2	0	0
Recordable lost-time injury frequency rate	0.195	0.3004	0	0.166	0.219	0	0
Working hours	15,364,080	9,986,652	5,377,428	6,034,928	9,144,168	184,984	50,056

Note:

1. Occupational injury refers to the disease, injury, disability or death of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, steam, dust, etc. in the workplace, or work activities and other occupational causes. Excluding traffic injuries
2. Ratio of occupational injury deaths calculation method is number of occupational injury deaths *1,000,000 / Working hours that is the ratio of occupational injury deaths of every 1,000,000 working hours
3. Serious occupational injury refers to occupational injury with disability for more than 180 days
4. The number of recordable occupational injuries refers to the number of occupational injuries legally reported to the occupational safety and health administration

Work-related ill health

GRI 403-10

Employee	All	Male	Female
Number of recordable occupational diseases	0	0	0
Number of occupational disease deaths	0	0	0
Ratio of occupational disease deaths	0	0	0
Main types of occupational diseases	0	0	0

Contractor	All	Male	Female
Number of recordable occupational diseases	0	0	0
Number of occupational disease deaths	0	0	0
Ratio of occupational disease deaths	0	0	0
Main types of occupational diseases	0	0	0

Note: Occupational disease refers to the disease, injury, disability or death of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, steam, dust, etc. in the workplace, or work activities and other occupational causes. Excluding traffic injuries.



Respond to Material Issues: AUO Crystal

AUO Crystal Profile

In the consolidated financial statements of AUO, entities with a manufacturing nature and holding more than 50% of the shares, in addition to AUO' factories in China and Singapore, also include AUO Crystal.

Company name	AUO Crystal Crop.
Time of establishment	2009/5/22
Chairman	Shikun Chen
Headquarters	No. 335, Sec. 2, Houke Rd., Houli Dist., Taichung City 421, Taiwan
Main products and technologies	Solar monocrystalline silicon chips and wafers
Regions of operations	Taiwan (Taichung), Japan (Tokyo, Kochi)
Website	www.auocrystal.com/eng
Annual revenue (NTD 1,000)	7029151
Profit after tax (NTD 1,000)	647,846

The following data covers the performance of AUO Crystal from January 1, 2022, to December 31, 2022.

Energy Management

Energy Consumption GRI 302-1

Item	2022(GJ)
Purchased electricity consumption	-
Self-Generation and Parallel Sale	2,338.00
Self-Generation electricity consumption	-
Purchased electricity consumption	379,651.40
Purchased steam consumption	-
Natural gas	-
Liquefied petroleum gas (LPG)	-
Diesel	110.40
Gasoline	-

Energy Intensity GRI 302-3

Item	
Electricity consumption per input sheet substrate area (KWH/m ²)	1.72
Energy consumption per input sheet substrate area (GJ/m ²)	0.06
Electricity consumption per unit revenue (KWH/NTD 1,000)	15.00
Electricity consumption per unit revenue (GJ/NTD 1,000)	0.05

Reduce Energy Consumption GRI 302-4

2022 Energy saving rate **0.83%**



Climate Change

Emissions GRI 305-5

Item	2022 (CO ₂ e)
Scope 1	149.55
Scope 2	53,678.49
Scope 3	-
Intensity (Note)	0.01

Note: The calculation method is (Scope 1 + Scope 2) / annual operating revenue (NTD 1,000).

Air Pollutant Emissions GRI 305-6 GRI 305-7

Item	2022 (CFC-11 equivalent metric tonnes)
ODS	0
NOx	0
SOx	0
POP	0
VOC	46.50
HAP	0
PM	0.05

Sustainable Product

Reduce Product Energy Consumption GRI 302-5

Crystal rod	Increase 9.31%
Wafer	Increase 7.47%

Hazardous Substance Management GRI 416-1

AUO Crystal's products do not contain any hazardous substances. According to tests commissioned by impartial third-party laboratories, all items are marked as n.d. (non-detectable). The products comply with RoHS, REACH, and all customer requirements.

Circular & Clean Production

Materials Used (Volume) GRI 301-1

Item	Item description	2022 (Metric tonnes)
V-poly	Nonrenewable	360.5
	Renewable	481.6

Materials Used (Percentage) GRI 301-2

Item	Item description	2022 (Metric tonnes)
V-poly	Nonrenewable	43%
	Renewable	57%

Note: The percentage of renewable materials used is calculated as "Total renewable materials used / total materials used * 100%".

Waste **GRI 306-3** **GRI 306-4** **GRI 306-5**

Category	Waste generated (Metric tonnes)	Waste diverted from disposal (Metric tonnes)	Waste directed to disposal (Metric tonnes)
Hazardous waste	0.65	0	0.65
Non-hazardous waste	1,742.31	1,498.22	244.09

Waste Diverted from Disposal & Directed to Disposal **GRI 306-4** **GRI 306-5**

Category	Description	Offsite (Metric tonnes)	Total (Metric tonnes)	
Hazardous waste	Total	0.65	0.65	
	Disposal	Incineration (with energy recovery)	0	0
		Incineration (without energy recovery)	0.65	0.65
		Landfilling	0	0
		Other disposal operations	0	0
Hazardous waste	Total	0	0	
	Recovery	Preparation for reuse	0	0
		Recycling	0	0
		Other recovery operations	0	0
Non-hazardous waste	Total	244.09	244.09	
	Disposal	Incineration (with energy recovery)	238.47	238.47
		Incineration (without energy recovery)	5.62	5.62
		Landfilling	0	0
		Other disposal operations	0	0
Non-hazardous waste	Total	1,498.22	1,498.22	
	Recovery	Preparation for reuse	0	0
		Recycling	1,498.22	1,498.22
		Other recovery operations	0	0

Water Resource Management

Water Withdrawal

GRI 303-3

Category	Surface water (including rain water) (1000m ³)	Total (1000m ³)
	Fresh water (1000m ³)	
All region	726,916	726,916

Water Discharge

GRI 303-4

Category	Surface water (including rain water) (1000m ³)	Total (1000m ³)
	Fresh water (1000m ³)	
All region	571,250	571,250

Water Pollutant Discharge **GRI 303-4**

Waste water (1,000 m ³)	571,250
COD (Metric tonnes)	212
BOD (Metric tonnes)	132
SS (Metric tonnes)	57

Sustainable Governance Operation

ESG Committee

AUO Crystal has established an ESG Committee to respond to global business development trends, effectively promote plans, integrate horizontal resources to improve the management efficiency of social responsibility, and meet stakeholders' expectations for environmental protection, social care, and corporate governance, thus achieving sustainable business operations.

Board Composition

GRI 102-22

Total number of directors	1
Number of executive directors	0
Number of non-executive directors (excluding independent directors)	0
Number of independent directors	0

Supply Chain Management

Supply Chain Formation

GRI 2-6

Type	2022 (Number of suppliers)
PV	363
SEMI	67
SI	41
Fab affairs	72
Waste	13

Supply Chain Risk Evaluation

- Before implementation: sign and return the three major documents (integrity/confidentiality/non-infringement).
- After implementation: key materials will be assessed in accordance with QBR (Quarterly Business Review) held every quarter or semi-annually.

Board Diversity

GRI 2-9

GRI 405-1

	Age 50~59	Age 60~69	Age 70~79
Female	0	0	0
Male	1	0	0
Total	1	0	0

Technological Innovation & Market Layout

Strategies for product operations, market layout, and new business development

Continuously developing technologies in the solar energy field, introducing thinning products according to market demand, and enhancing slicing process capabilities while introducing fine lines. This allows individual wafers to maintain the same output power level while reducing material usage and kerf loss, achieving carbon reduction goals.

Innovate silicon material applications

AUO Crystal, as a global leader in single-crystal silicon material supply, reinforces its presence in the semiconductor industry with its high-quality single-crystal silicon wafer manufacturing and development capabilities. In addition to 6-inch, 8-inch, and 12-inch silicon wafers, the company actively develops other silicon wafer applications and cooperates with international companies in researching and manufacturing semiconductor materials, providing customized solutions for silicon-based materials and processing.

Expand the product chain and connecting high-value silicon industry

AUO Crystal leverages decades of accumulated experience in crystal growth, superb simulation technology, and equipment development capabilities. Besides consolidating existing wafer customers, it is actively laying out the packaging and testing industry, optoelectronics industry, and automotive electronics industry to strengthen our competencies.

Occupational Health & Safety

Employee & Contractor Covered by Occupational Safety and Health Management System

GRI 403-8

Category	Persons	Percentage
Employee	776	100%
Contractor	277	100%

Work-related Injuries (Employee)

GRI 403-9

Item	Total	Male	Female
Number of occupational injury deaths	0	0	0
Ratio of occupational injury deaths	0	0	0
Number of serious occupational injuries	0	0	0
Ratio of serious occupational injuries	0	0	0
Number of recordable occupational injuries	2 (Note)	2 (Note)	0
Recordable lost-time injury frequency rate	1.31	1.65	0
Working hours	1,516,256	1,212,424	303,832

Note: 1 cut injury, 1 clip injury

Work-related ill health (Employee)

GRI 403-10

Item	Total	Male	Female
Number of recordable occupational diseases	0	0	0
Number of occupational disease deaths	0	0	0
Ratio of occupational disease deaths	0	0	0
Main types of occupational diseases	0	0	0

Work-related Injuries (Contractor)

GRI 403-9

Item	Total	Male	Female
Number of occupational injury deaths	0	0	0
Ratio of occupational injury deaths	0	0	0
Number of serious occupational injuries	0	0	0
Ratio of serious occupational injuries	0	0	0
Number of recordable occupational injuries	0	0	0
Recordable lost-time injury frequency rate	0	0	0
Working hours	55,440	49,896	5,544

Work-related ill health (Contractor)

GRI 403-10

Item	Total	Male	Female
Number of recordable occupational diseases	0	0	0
Number of occupational disease deaths	0	0	0
Ratio of occupational disease deaths	0	0	0
Main types of occupational diseases	0	0	0

Talent Attraction & Retention

Average Hours of Training GRI 404-1

Region	Indirect labor	Direct labor	Non-management	Management	Female	Male
Global	3,587	1,272	956	3,902	948	3,910

Percentage of Employees Receiving Regular Performance & Career Development Reviews GRI 404-3

Region	Indirect labor	Direct labor	Non-management	Management	Female	Male
Persons	244	532	128	648	156	620
Percentage	31.44%	68.56%	16.49%	83.51%	20.10%	79.90%

Parental Leave GRI 401-3

Item	Male	Female
Number of employees eligible for parental leave	52	28
Total number of employees actually using parental leave	8	21
The number of employees expected returning to job after parental leave during the year	2	8
The total number of employees actually returning to job after parental leave	1	5
The total number of employees returning to job and still on the job for 12 months after parental leave	1	3
Reinstatement rate after parental care leave	12.50%	23.81%
Retention rate after parental care leave	12.50%	14.29%

Programs for Upgrading Employee Skills GRI 404-2

GAP Table functional training, DL to IDL training, and key talent cultivation



Employee Remuneration

AUO Crystal Materials values our employees and adopts a diversified salary and benefits system. We provides competitive salary levels and, based on the company's operational status and individual performance, makes salary adjustments and bonus distributions.

Employee Welfare GRI 401-2

		Childbirth subsidy	Childcare subsidy	Funeral condolences	Wedding subsidy	Emergency assistance	Hospitalization condolences	Group insurance
Global	Persons	19	113	66	13	0	15	752
	Amount (NTD)	38,000	254,000	165,000	39,000	0	15,000	3,312,262

Employee Diversity GRI 405-1

Category	Item	Male	Female	Under 29	30~49	Over 50	Physical and mental disabilities
Total	Total employees (%)	79.90%	20.10%	16.49%	78.22%	5.28%	0.77%
	Management						
Management	Level						
	Junior level management (%)	8.12%	1.03%	0.26%	8.89%	0%	0%
	Mid-level management (%)	5.03%	0.52%	0%	4.64%	0.90%	0%
Employee structure	Senior level management (%)	1.55%	0.26%	0%	0.39%	1.42%	0%
	Total	Management (%)	14.69%	1.80%	0.26%	13.92%	2.32%
Employee structure	Indirect labor (%)	24.74%	6.70%	1.93%	25.77%	3.74%	0.51%
	Direct labor (%)	55.15%	13.40%	14.56%	52.45%	1.55%	0.26%

Appendix

GRI Index

SASB Index

TWSE Sustainability Disclosure Index - Optoelectronics Industry

TWSE-listed & OTC - listed companies' Climate Information

ISO 26000 Comparison Table

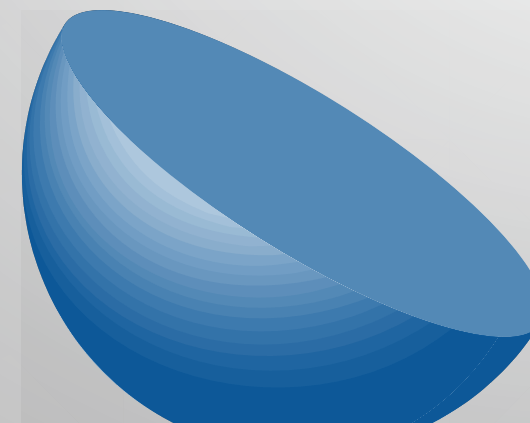
UN Global Compact Comparison Table

2021 Sustainability Report Corrigenda

ISO 14064 Verification Statement

GRI Assurance Statement

SASB Assurance Statement



GRI Index

AUO discloses the following indicators in accordance with the 2021 new version of the GRI Standards, covering the information of global locations from January 1, 2022 to December 31, 2022. The content has been verified by the third impartial unit, and the limited assurance report is attached in the Appendix.

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance
GRI 2: General Disclosures 2021				
The organization and its reporting practices				
2-1	Organizational details	1.1 Company Profile	09	Assured by KPMG
2-2	Entities included in the organization's sustainability reporting	About the Report	04	
2-3	Reporting period, frequency and contact point	About the Report	04	
2-4	Restatements of information	Appendix - 2021 Sustainability Report Corrigenda	162	
2-5	External assurance	About the Report	04	
Activities and workers				
2-6	Activities, value chain and other business relationships	1.1 Company Profile	09	Assured by KPMG
		2.3.1 Monitoring & Responding to Material Issues	39	
		2.5 Responsible Supply Chain	49	
2-7	Employees	Fact Sheet - Employee related information	139	
2-8	Workers who are not employees	Fact Sheet - Employee related information	139	
Governance				
2-9	Governance structure and composition	1.3 Governance Organization	15	Assured by KPMG
2-10	Nomination and selection of the highest governance body	1.3.1 Board of Directors	17	
		1.3.3 Corporate Governance Committee	19	
2-11	Chair of the highest governance body	1.3.1 Board of Directors	17	
2-12	Role of the highest governance body in overseeing the management of impacts	1.3.1 Board of Directors	17	
		1.5 Risk Governance	24	
		2.1 ESG & Climate Committee	33	
2-13	Delegation of responsibility for managing impacts	2.3.1 Monitoring & Responding to Material Issues	39	
		1.3.1 Board of Directors	17	
2-14	Role of the highest governance body in sustainability reporting	2.1 ESG & Climate Committee	33	
		2.3.1 Monitoring & Responding to Material Issues	39	
2-15	Conflicts of interest	1.3.1 Board of Directors AUO Annual Report Chapter 4	Link	

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Governance					
2-16	Communication of critical concerns	1.3.1 Board of Directors	17	Assured by KPMG	
		2.1 ESG & Climate Committee	33		
2-17	Collective knowledge of the highest governance body	1.3.1 Board of Directors	17		
2-18	Evaluation of the performance of the highest governance body	1.3.1 Board of Directors	17		
2-19	Remuneration policies	1.3.4 Remuneration Committee	20		
2-20	Process to determine remuneration	1.3.4 Remuneration Committee	20		
2-21	Annual total compensation ratio	Fact Sheet - Wage related information	134		
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	Letter from the Chairman	06		Assured by KPMG
		Letter from the CSO	07		
2-23	Policy commitments	AUO ESG Website	Link		
		4.1 Human Rights Protection	87		
2-24	Embedding policy commitments	2.1 ESG & Climate Committee	33		
		2.2 CSR EPS 2025 Goals	35		
		4.1 Human Rights Protection	87		
2-25	Processes to remediate negative impacts	1.4 Business Integrity	21		
		2.3 Stakeholder Management	36		
		4.1 Human Rights Protection	87		
2-26	Mechanisms for seeking advice and raising concerns	For integrity, see 1.4 Business Integrity and Employee Ethics Violations Reporting System at AUO website.	21		
		For human rights issues, see 4.1 Human Rights Protection	87		
		For employees' feedback, see 4.2.4 Enjoyable Workplace	97		
2-27	Compliance with laws and regulations	1.4.2 Regulation Compliance	23		
		A total of 3 violation incidents, see Fact Sheet-Annual Violations. In 2021, there were a total of 4 violations, with a total fine of NTD 180,000, which was disclosed in the 2021 Sustainability Report.	135		
2-28	Membership associations	Fact Sheet-Participate in Associations/organizations	135		
2-29	Approach to stakeholder engagement	2.3 Stakeholder Management	36		
2-30	Collective bargaining agreements	Fact Sheet - Labor Union	143		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	2.3.1 Monitoring & Responding to Material Issues	39	Assured by KPMG
3-2	List of material topics	2.3.1 Monitoring & Responding to Material Issues	39	
3-3	Management of material topics	2.3.1 Monitoring & Responding to Material Issues	39	
Sustainable product, Technological innovation and market layout				
GRI 301 : Materials 2016				
301-1	Materials used by weight or volume	Fact Shet - Materials	136	Assured by KPMG
301-2	Recycled input materials used	Fact Shet - Materials	136	
301-3	Reclaimed products and their packaging materials	Fact Shet - Materials	136	
GRI 416 : Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	Green product hazardous substance management regulations 100% cover key customer specifications.	-	Assured by KPMG
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	AUO develops and manufactures products in compliance with relevant laws and regulations, and there has been no instance of penalty due to violations.	-	
GRI 417 : Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	All of AUO's display products have ROHS and lead-free labels. In terms of product disposal, since display products are not end products, there are no related labels. Solar products have passed IEC certification and are marked in the specification documents.	-	Assured by KPMG
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no violations of any relevant laws and regulations or voluntary codes in the reporting year.	-	
417-3	Incidents of non-compliance concerning marketing communications	There were no violations of any relevant laws and regulations or voluntary codes in the reporting year.	-	
Occupational health and safety				
GRI 403 : Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	4.4.2 Safe Workplace	107	Assured by KPMG
403-2	Hazard identification, risk assessment, and incident investigation	4.4.2 Safe Workplace	107	
403-3	Occupational health services	4.4.2 Safe Workplace	107	

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Occupational health and safety					
GRI 403 : Occupational Health and Safety 2018					
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.2 Safe Workplace	107	Assured by KPMG	
403-5	Worker training on occupational health and safety	4.4.2 Safe Workplace	107		
403-6	Promotion of worker health	4.4.1 Health Care	105		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4.2 Safe Workplace	107		
403-8	Workers covered by an occupational health and safety management system	4.4.2 Safe Workplace	107		
403-9	Work-related injuries	4.4.2 Safe Workplace Fact Sheet - Work-related injuries	107 144		
403-10	Work-related ill health	4.4.2 Safe Workplace Fact Sheet - Work-related ill health	107 144		
Circular & clean production					
GRI 306 : Waste 2020					
306-1	Waste generation and significant waste-related impacts	3.3.4 Reuse of Waste	83		Assured by KPMG
306-2	Management of significant waste-related impacts	3.3.4 Reuse of Waste	83		
306-3	Waste generated	Fact Shet - Waste	138		
306-4	Waste diverted from disposal	3.3.4 Reuse of Waste Fact Shet - Waste	83 138		
306-5	Waste directed to disposal	3.3.4 Reuse of Waste Fact Shet - Waste	83 138		
Climate change					
GRI 305 : Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	3.1.3 Inventory & Mitigation Fact Shet - Emissions	61 137	Assured by KPMG	
305-2	Energy indirect (Scope 2) GHG emissions	3.1.3 Inventory & Mitigation Fact Shet - Emissions	61 137		

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance	
Climate change					
GRI 305 : Emissions 2016					
305-3	Other indirect (Scope 3) GHG emissions	3.1.3 Inventory & Mitigation Fact Shet - Emissions	61 137	Assured by KPMG	
305-4	GHG emissions intensity	3.1.3 Inventory & Mitigation	61		
305-5	Reduction of GHG emissions	3.1.3 Inventory & Mitigation	61		
305-6	Emissions of ozone-depleting substances (ODS)	Fact Shet - Emission	137		
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Fact Shet - Emission	137		
Energy management					
GRI 302 : Energy 2016					
302-1	Energy consumption within the organization	Fact Shet - Energy	136	Assured by KPMG	
302-2	Energy consumption outside of the organization	Information has not been fully obtained, thus it is not disclosed in this report.	-		
302-3	Energy intensity	Fact Shet - Energy	61 136		
302-4	Reduction of energy consumption	3.1.3 Inventory & Mitigation	61		
302-5	Reductions in energy requirements of products and services	3.1.3 Inventory & Mitigation	61		
Talent attraction and retention					
GRI 401 : Employment 2016					
401-1	New employee hires and employee turnover	Fact Sheet - New employee & employee turnover	140	Assured by KPMG	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.2 Diversity & Inclusion 4.2.3 Remuneration & Benefits 4.2.4 Enjoyable Workplace	93 96 97		
401-3	Parental leave	4.2.2 Diversity & Inclusion Fact Sheet - Parental Leave	96 142		
GRI 402 : Labor/Management Relations 2016					
402-1	Minimum notice periods regarding operational changes	AUO handles significant operational change notifications in accordance with local laws and regulations.	-	Assured by KPMG	

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance
Talent attraction and retention				
GRI 404 : Training and Education 2016				
404-1	Average hours of training per year per employee	Fact Sheet - Average Hours of Training	143	Assured by KPMG
404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Talent Development	101	
404-3	Percentage of employees receiving regular performance and career development reviews	4.3.2 Performance Management & Career Development	104	
GRI 405 : Diversity and Equal Opportunity 2016				
405-1	Diversity of governance bodies and employees	1.3.1 Board of Directors 4.2.2 Diversity & Inclusion Fact Sheet - Board Composition & Diversity	17 93 134	Assured by KPMG
405-2	Ratio of basic salary and remuneration of women to men	Fact Sheet - Ratio of Basic Salary and Remuneration of Female to Male	142	
GRI 406 : Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting year, see 4.1 Human Rights Protection and Fact Sheet - Human Rights Related Disputes.	87 143	Assured by KPMG
Supply chain management				
GRI 204 : Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	2.5.3 Green Supply Chain	53	Assured by KPMG
GRI 308 : Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	2.5.2 Sustainable Supply Chain Risk Governance	51	Assured by KPMG
308-2	Negative environmental impacts in the supply chain and actions taken	2.5.2 Sustainable Supply Chain Risk Governance	51	
GRI 414 : Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	2.5.2 Sustainable Supply Chain Risk Governance	51	Assured by KPMG
414-2	Negative social impacts in the supply chain and actions taken	2.5.2 Sustainable Supply Chain Risk Governance	51	

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance
Supply chain management				
GRI 414 : Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	2.5.2 Supply Chain Risk Governance	51	Assured by KPMG
414-2	Negative social impacts in the supply chain and actions taken	2.5.2 Supply Chain Risk Governance	51	
Human rights				
GRI 407 : Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No suppliers violated freedom of association and collective bargaining, see 4.1 Human Right Protection and Fact Sheet - Human Rights Related Disputes.	87 143	Assured by KPMG
GRI 408 : Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor	Suppliers have no risk of child labor use, see 4.1 Human Right Protection and Fact Sheet - Human Rights Related Disputes.	87 143	Assured by KPMG
GRI 409 : Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.5.2 Sustainable Supply Chain Risk Governance 4.1 Human Rights Protection Fact Sheet - Human Rights Related Disputes	51 87 143	Assured by KPMG
GRI 411 : Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples	There were no incidents of indigenous rights violations during the reporting year, see Fact Sheet - Human Rights Related Disputes.	-	Assured by KPMG
Other Topics				
GRI 201 : Economic Performance 2016				
201-1	Direct economic value generated and distributed	Fact Sheet - Economic Value Distribution	134	Assured by KPMG
201-2	Financial implications and other risks and opportunities due to climate change	3.1.4 Climate Adaptation	66	

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance
GRI 202 : Market Presence 2016				
201-3	Defined benefit plan obligations and other retirement plans	4.2.3 Remuneration & Benefits Fact Sheet - Retirement Plans	96 142	Assured by KPMG
201-4	Financial assistance received from government	Fact Sheet - Financial Assistance Received from Government	134	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Fact Sheet - Ratios of Standard Wage Compared to Local Minimum Wage	141	Assured by KPMG
202-2	Proportion of senior management hired from the local community	4.1.1 Talent Distribution Fact Sheet - Proportion of management hired from the local community	91 140	
GRI 203 : Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	4.5 Social Engagement	110	Assured by KPMG
203-2	Significant indirect economic impacts	1.5 Risk Governance 4.5 Social Engagement	24 110	
GRI 205 : Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	In 2022, our company has conducted anti-corruption audits at 100% of our global operating locations (Taiwan, Mainland China, Japan, South Korea, Singapore, the United States, and Europe).	-	Assured by KPMG
205-2	Communication and training about anti-corruption policies and procedures	The number of members of AUO's governance unit who have received anti-corruption training and communication is 9, accounting for 100%; for information on employees receiving anti-corruption training and communication, please refer to section 1.4 Business Integrity. In 2022, the number of suppliers with transactions who have received anti-corruption communication is 3,731, accounting for 100%.	21	
205-3	Confirmed incidents of corruption and actions taken	In 2022, there was a total of 1 case related to fraud or ethics. The employees involved in the case colluded with suppliers for improper actions by taking advantage of their positions. Both the employees and suppliers have been disciplined.	-	Assured by KPMG

Standard	Disclosure	Chapter in the Report / Response	Page	Assurance
GRI 206 : Anti-competitive Behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.4.2 Regulation Compliance For more about other cases, see AUO Annual Report Chapter 7	23 Link	Assured by KPMG
GRI 207 : Tax 2019				
207-1	Approach to tax	1.2.2 Tax Governance	14	Assured by KPMG
207-2	Tax governance, control, and risk management	1.2.2 Tax Governance	14	
207-3	Stakeholder engagement and management of concerns related to tax	1.2.2 Tax Governance	14	
207-4	Country-by-country reporting	AUO has established operating or production sites globally, and submits country-by-country reporting information to relevant tax authorities annually.	-	
GRI 303 : Water and Effluents 2018				
303-1	Interactions with water as a shared resource	3.2 Water Resource Management	71	Assured by KPMG
303-2	Management of water discharge-related impacts	3.3.2 Wastewater Management	80	
303-3	Water withdrawal	Fact Sheet - Water	137	
303-4	Water discharge	Fact Sheet - Water	137	
303-5	Water consumption	Fact Sheet - Water	137	
GRI 413 : Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Social Engagement The main production sites in Taiwan and China have communicated with local communities and implemented development plans.	110	Assured by KPMG
413-2	Operations with significant actual and potential negative impacts on local communities	There were no significant negative impacts on operational activities in the reporting year.	-	
GRI 415 : Public Policy 2016				
415-1	Political contributions	There were no political contributions in the reporting year.	-	Assured by KPMG
GRI 418 : Customer Privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no actual complaints of customer privacy violations and loss of customer data in the reporting year.	-	Assured by KPMG

SASB Index

Topic/Code	Accounting Metric	Category	Summary	Reference Chapter	Page	Assurance																		
Product Security/ TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion and Analysis	The AUO Information Security Committee is responsible for the promotion of various information security activities. It has set up a product security team dedicated to the information security of networking products. The security development principles are followed in the product design stage, through black and white box detection, vulnerability scanning and penetration testing, authentication process to ensure the security of networking products.	1.5.3 Information Security & Privacy Protection	28																			
Employee Diversity & Inclusion/ TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1)management, (2) technical staff, and (3) all other employees	Quantitative	<p>AUO employee structure by gender information as follow:</p> <table border="1"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Senior Level Management (%)</td> <td>89.29</td> <td>10.71</td> </tr> <tr> <td>Management (%)</td> <td>71.80</td> <td>28.20</td> </tr> <tr> <td>Technical Staff / Indirect Labor (%)</td> <td>73.79</td> <td>26.21</td> </tr> <tr> <td>All other employees/ Direct Labor (%)</td> <td>62.55</td> <td>37.45</td> </tr> <tr> <td>Overall Employees (%)</td> <td>65.97</td> <td>34.03</td> </tr> </tbody> </table> <p>AUO follows the principle of "equal treatment" and respects the privacy of personal data, so we does not collect statistics on the ethnicity of employees. For complete data please refer to Data Overview.</p>		Male	Female	Senior Level Management (%)	89.29	10.71	Management (%)	71.80	28.20	Technical Staff / Indirect Labor (%)	73.79	26.21	All other employees/ Direct Labor (%)	62.55	37.45	Overall Employees (%)	65.97	34.03	4.2.1 Talent Distribution	91	
	Male	Female																						
Senior Level Management (%)	89.29	10.71																						
Management (%)	71.80	28.20																						
Technical Staff / Indirect Labor (%)	73.79	26.21																						
All other employees/ Direct Labor (%)	62.55	37.45																						
Overall Employees (%)	65.97	34.03																						
Product Lifecycle Management/ TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	AUO regularly updates the AUO Green Products Hazardous Substances Management Regulations in response to domestic and international regulations on environmental protection and prohibited substances, which covers the list of declarable controlled substances listed in IEC 62474. Although limited by the fact that some materials cannot be replaced due to current industrial technology or a trace amount remains in the product, the content of the IEC 62474 declarable controlled substances contained in the product does not reach the declared proportion required by the directive.	2.4.2 Hazardous Substance Management	48	Assured by KPMG																		
Product Lifecycle Management/ TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	AUO's product are not end product. However, AUO continues to develop and support our customers with products that meet the standards and specifications, such as installation of fluorinated gas destruction and removal equipment which EPEAT required. Furthermore, AUO continues to develop sustainable products through the management of hazardous substances, the use of circular materials, the reduction of packaging materials, and low-energy consumption designs.	2.4.2 Hazardous Substance Management 3.1.3 Inventory & Mitigation 3.3 Circular & Clean Production 5.1.2 Sustainable Products	48 61 75 121																			
Product Lifecycle Management/ TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	AUO's product are not end product. However, AUO continues to develop and support our customers with products that meet the standards and specifications. For desktop display modules, in 2022, 42.18% of product by revenue assisting customers to meet the standards.	5.1.2 Sustainable Products	121																			
Product Lifecycle Management/ TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	<p>Not applicable, due to AUO's product are not end product, it is difficult to collect data.</p> <p>Note: AUO provides product repair service to customers within the product warranty period. In 2022, a total of 188,562 pieces were processed, 41.38% of which were restored to their original functions after repairs, and 58.62% were diverted for other purposes. In 2022, the total weight of electronic waste recycled and sold in the factory are 31.02 metric tonnes.</p>	2.4.1 Quality & Service 3.3.4. Reuse of Waste	45 83																			

Topic/Code	Accounting Metric	Category	Summary	Reference Chapter	Page	Assurance
Supply Chain Management/ TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Quantitative	In 2022, percentage of tier 1 supplier facilities (note) audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities is 5.81% and (b) high-risk facilities is 55.56%. Note: Annual purchase amount > NTD 10 million	2.5.2 Sustainable Supply Chain Risk Governance	51	
Supply Chain Management/ TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	In 2022, tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent is 17.86%, and (2) associated corrective action rate for (a) priority nonconformances and (b) other non-conformances are both 100%.	2.5.2 Sustainable Supply Chain Risk Governance	51	Assured by KPMG
Materials Sourcing/ TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Quantitative	AUO establishes the Conflict-free Minerals policy according to the due diligence investigation procedures of the Organization for Economic Cooperation and Development (OECD), and requests suppliers to attach importance, fulfill jointly, and submit related documents to regular monitoring to ensure the implementation of the conflict-free mineral policy. In addition, AUO's risk identification and supply chain management also include key material risk management and response.	1.5.1 Risk Evaluation and Management 2.5 Responsible Supply Chain	24 49	

Code	Activity Metrics	Category	Summary	Reference Chapter	Page	Assurance
TC-HW-000.A	Number of units produced by product category	Quantitative	In 2022, Shipment of panels are 19.17 million square meters. Note: Calculated based on shipments area due to most of product are customized.	1.2.1 Financial Performance	12	
TC-HW-000.B	Area of manufacturing facilities	Quantitative	The total floor area of manufacturing facilities is 5.75 million square meters. Note: In 2022, data have been recalculated based on the published area of public information.	-	-	Assured by KPMG
TC-HW-000.C	Percentage of production from owned facilities	Quantitative	In 2022, production of panels from owned facilities is 90.80%. Note: Data calculated by plant input cost and without outsourcing.	-	-	

TWSE Sustainability Disclosure Index – Optoelectronics Industry

Code / SASB Reference Code	Activity Metrics	Category	Annual Disclosure		Remark		Assurance
			Summary	Unit	Reference Chapter	Page	
1 TC-SC-130a.1	Amount of total energy consumed, percentage grid electricity, and percentage renewable	Quantitative	In 2022, total energy consumed 16,777,770.24 GJ, percentage grid electricity 94.44%, 1.10% of renewable energy, 1.15% of green electricity.	Gigajoules (GJ), Percentage (%)	3.1.3 Inventory & Mitigation Fact Sheet-Energy	61 136	Assured by KPMG
2	Amount of total water withdrawn, and total water consumed	Quantitative	In 2022, total water withdrawn 21,546.86 m ³ , total water consumed 6,692.47 m ³ .	Thousand cubic meters (m ³),	3.2 Water Resource Management Fact Sheet-Water	71 137	
3 TC-SC-150a.1	Amount of hazardous waste generated, percentage recycled	Quantitative	In 2022, hazardous waste generated 13,397.11 metric tonnes, 75.54% recycled	Metric tonnes (t), Percentage (%)	3.3.4. Reuse of Waste Fact Sheet-Waste	83 138	
4	Description of the type, number and rate of work-related injuries	Quantitative	In 2022, recordable lost-time injury frequency rate(LTIFR) is 0.278, number of recordable occupational injuries are 22, number of recordable occupational diseases is 0, number of occupational injury deaths is 0. The main types of occupational injuries are slip and fall, twist and fracture, pinching, rolling and crushing injuries. The ratio of the annual number of occupational accidents to the total number of employees at the end of the year is 0.06%.	Percentage (%), quantity	4.4.2 Safe Workplace Fact Sheet- Work-related Injuries	107 144	
5	Description of the management of product lifecycle, amount of weight of end-of-life products and e-waste recovered, percentage recycled Note: Including the sale of tailing or other recycling	Quantitative	Not applicable, due to AUO's product are not end product, it is difficult to collect data. Note: AUO provides product repair service to customers within the product warranty period. In 2022, a total of 188,562 pieces were processed, 41.38% of which were restored to their original functions after repairs, and 58.62% were diverted for other purposes. In 2022, the total weight of electronic waste recycled and sold in the factory are 31.02 metric tonnes.	Metric tonnes (t), Percentage (%)	2.4.1 Quality & Service 3.3.4. Reuse of Waste	45 83	
6 TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	AUO establishes the Conflict-free Minerals policy according to the due diligence investigation procedures of the Organization for Economic Cooperation and Development (OECD), and requests suppliers to attach importance, fulfill jointly, and submit related documents to regular monitoring to ensure the implementation of the conflict-free mineral policy. In addition, AUO's risk identification and supply chain management also include key material risk management and response.	N/A	1.5.1 Risk Evaluation and Management 2.5 Responsible Supply Chain	24 49	
7 RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	In 2022, no monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations.	Reporting currency	1.4.2 Regulation Compliance	23	
8 TC-HW-000.A	Number of units produced by product category	Quantitative	In 2022, shipment of panels are 19.17 million square meters. Note: Calculated based on shipments area due to most of product are customized.	Varies by product type	1.2.1 Financial Performance	12	

TWSE-listed & OTC-listed companies' Climate Information

Item	Progress	Chapter in the Report / Response	Page																																															
Describe the board of directors and management's supervision and governance of climate-related risks and opportunities	The risk management organization of AUO is led by the board of directors as the highest management and decision-making unit. The board is updated on the implementation results, including climate change issues every year at either board meetings or strategic director meetings. The risk governance group of AUO's ESG & Climate Committee is led by the CFO, responsible for executing the risk management policies approved by the board and managing key risk issues within the organization.	3.1.4 Climate Adaptation AUO TCFD Report	66 Link																																															
Describe how the identified climate risks and opportunities affect the company's business, strategy, and financials (short-term, medium-term, long-term).	<table border="1"> <thead> <tr> <th>Business</th> <th>Risk</th> <th>Opportunity</th> <th>Strategy</th> <th>Risk</th> <th>Opportunity</th> </tr> </thead> <tbody> <tr> <td>Short-term</td> <td>Organization and supply chain disruption</td> <td rowspan="4">Develop green solutions, such as green manufacturing, green energy, and green products</td> <td>Short-term</td> <td>Preparation for operational resilience required under net-zero (SSP1-1.9) and extreme physical (RCP8.5) scenarios, including SBT and RE100 commitments</td> <td>Actively negotiate with customers and jointly develop green products</td> </tr> <tr> <td>Mid-term</td> <td>Regulatory, product standards, and carbon finance transformation risks</td> <td>Mid-term</td> <td>Renewable energy and low-carbon technology</td> <td>Seize key strategic in the public sector's net-zero initiatives and develop relationships with ecosystem partners</td> </tr> <tr> <td rowspan="2">Long-term</td> <td rowspan="2">Transition to low-carbon products and services, along with the necessary infrastructure conditions</td> <td>Long-term</td> <td>Implement solutions under transition/physical risk scenarios</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> </tr> <tr> <th>Finance</th> <th>Risk</th> <th>Opportunity</th> <td colspan="3"></td> </tr> <tr> <td>Short-term</td> <td>The need for internalizing climate external costs</td> <td>Invest in technologies, tools, and services required for the industry under low-carbon transition</td> <td colspan="3"></td> </tr> <tr> <td>Mid-term</td> <td rowspan="2">The impact of external regulations on operating costs</td> <td rowspan="2">Development and creation of high-value green solutions</td> <td colspan="3"></td> </tr> <tr> <td>Long-term</td> <td colspan="3"></td> </tr> </tbody> </table>	Business	Risk	Opportunity	Strategy	Risk	Opportunity	Short-term	Organization and supply chain disruption	Develop green solutions, such as green manufacturing, green energy, and green products	Short-term	Preparation for operational resilience required under net-zero (SSP1-1.9) and extreme physical (RCP8.5) scenarios, including SBT and RE100 commitments	Actively negotiate with customers and jointly develop green products	Mid-term	Regulatory, product standards, and carbon finance transformation risks	Mid-term	Renewable energy and low-carbon technology	Seize key strategic in the public sector's net-zero initiatives and develop relationships with ecosystem partners	Long-term	Transition to low-carbon products and services, along with the necessary infrastructure conditions	Long-term	Implement solutions under transition/physical risk scenarios					Finance	Risk	Opportunity				Short-term	The need for internalizing climate external costs	Invest in technologies, tools, and services required for the industry under low-carbon transition				Mid-term	The impact of external regulations on operating costs	Development and creation of high-value green solutions				Long-term				AUO TCFD Report	Link
Business	Risk	Opportunity	Strategy	Risk	Opportunity																																													
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Mid-term	The impact of external regulations on operating costs	Development and creation of high-value green solutions																																																
Long-term																																																		
Describe the impact of extreme climate events and transition actions on financials	<p>AUO conducts an annual inventory of potential climate risks, and in 2021, a total of 6 risk issues were assessed and managed. The following are examples of three of these issues.</p> <ul style="list-style-type: none"> ● Case 1. Rising raw material prices affect the supply chain Global energy price fluctuations and decarbonization policies may lead to disruptions in raw material production and increasing costs. AUO selects a key chemical material as an exercise target for assessing financial impact. In the short term, the rise in raw material prices will account for 3.3% of the company's revenue. ● Case 2. Low carbon trends lead to changes in market demand After comprehensively assessing market demand, production costs, and profit and loss factors, AUO introduces new technologies to reduce the financial impact from 25% to 12.5%. ● Case 3. China's decarbonization policies affect the supply chain China's measures for industrial structure and energy structure adjustments may affect AUO's contractors and suppliers in terms of supply and operational cost shifting. AUO assumes that the capacity of key process contractors is limited, the supply chain would be interrupted for one month every year, and the cost transferred for each module, along with the increase in electricity fees, would have an impact of approximately 0.6% on the revenue. 	3.1.4 Climate Adaptation AUO TCFD Report	66 Link																																															
Describe how the identification, assessment, and management process of climate risks is integrated into the overall risk management system	AUO constructed the foundation for the TCFD operating management framework and established a TCFD working group in 2019. The following year, AUO integrated the TCFD mechanism with the company's annual risk identification, with supervisors jointly reviewing climate issues related to corporate operations. After categorization and convergence, the annual key risk issues were generated and incorporated into the annual TCFD risk project management plan, with the working group coordinating follow-up tracking and management.																																																	
If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and main financial impacts should be described	Please refer to the above explanation	3.1.4 Climate Adaptation AUO TCFD Report	66 Link																																															

Item	Progress	Chapter in the Report / Response	Page
<p>If there are transition plans to address the management of climate-related risks, describe the content of the plan, as well as the indicators and targets used to identify and manage physical risks and transition risks</p>	<p>The transformation and physical risk scenarios adopted by AUO are based on the most severe situations. Risks are identified by substantial impacts and quantifiable indicators, focusing on five categories: personnel, machinery, materials, methodology, and environment.</p> <ul style="list-style-type: none"> ● Physical risk A severe climate deterioration RCP 8.5 is used. According to AUO's analysis, heavy rainfall may cause operational disruptions due to flooding in low-lying plant areas; uneven rainfall may lead to production disruptions or increased costs since a large amount of water is required for production activities. Moreover, the instability of the power grid caused by global warming may also interrupt production activities. ● Transition risk AUO sets targets based on "Taiwan 2050 Net-Zero Emission Pathways and Strategies", international climate regulations, stakeholder expectations, and net-zero commitments. 	AUO TCFD Report	Link
<p>If internal carbon pricing is used as a planning tool, the basis for price setting should be explained</p>	<p>AUO has been promoting internal carbon pricing mechanisms since 2016. We convert carbon costs derived from external climate control policies into internal carbon prices, and announces adjustments annually in line with international carbon price trends. This serves as a basis for assessing the operational impact under the TCFD management mechanism. In addition to considering international carbon market prices, AUO also takes into account the impact of public sector policies, such as the Climate Change Adaptation Act and the carbon fee system. In 2022, AUO announced an internal carbon price of NTD 1,258.</p>	3.1.5 Other Carbon Management Operations	70
<p>If climate-related goals are set, information on the covered activities, GHG emission categories, planning period, and annual progress should be provided. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these goals, the source and quantity of the offset carbon reductions or the number of RECs should be specified</p>	<ul style="list-style-type: none"> ● Carbon Reduction Goal of 6.5 million tons In 2018, AUO proposed a carbon reduction goal based on the life cycle, continuously reducing carbon emissions. As of 2022, the total carbon reduction has reached 6.87 million tons, achieving the original goal ahead of schedule and surpassing it. ● SBT 25% Absolute Carbon Reduction Goal AUO aims to achieve a 25% absolute carbon reduction by 2025 based on the WB2C scenario, with 2018 as the baseline. As of 2022, the carbon reduction pathway is developing as planned. ● RE100 Goal AUO commits to using 30% renewable energy by 2030 and 100% renewable energy by 2050. In 2022, RE 1.1 is achieved. In China's fabs, we have expanded the idle rooftop space of our factories and built self-generated solar power plants as a supply solution. In 2022, nearly 11.06 million kWh of green electricity will be produced and 40 million kWh of green power certificates will be purchased through mainland China's green power certificate trading platform. In the future, we will supply the organization's green electricity needs through large offshore and land-based wind power purchase and sale contracts and actively seek other more economically scaled, diverse sources of renewable energy. 	3.1.2 Strategy & Target 3.1.3 Inventory & Mitigation	58 61
<p>GHG inventory and verification situation</p>	<p>AUO conducted a GHG inventory in 2022 following the ISO 14064-1:2018 standard, and the process was verified by a third party.</p>	3.1.3 Inventory & Mitigation Fact Sheet - Emission Appendix - ISO 14064 Verification Statement	61 137

GHG Inventory & Verification

Scope	Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NTD 1,000)	Verification Agency	Description
Scope 1				
AUO	69,745.35	0.000282607	DNV	Verification by the inspection agency licensed by the Environmental Protection Agency. Please see the statement in the Appendix.
AUO Crystal	149.55	0.00002128		
Total	69,894.9	-		
Scope 2				
AUO	2,373,369.68	0.009616856	DNV	Verification by the inspection agency licensed by the Environmental Protection Agency. Please see the statement in the Appendix.
AUO Crystal	53,678.49	0.007636554		
Total	2,427,048.17	-		
Scope 3				
AUO	1,004,485.85	0.004070161	DNV	Verification by the inspection agency licensed by the Environmental Protection Agency. Please see the statement in the Appendix.

ISO 26000 Comparison Table

	Topic	Chapter in the Report / Response	Page
Governance Organization	Decision and implementation system for execution of objectives	1.3 Governance Organization	15
Human Rights	Compliance audit	4.1 Human Rights Protection	96
	Risk situation of human rights	4.1 Human Rights Protection	96
	Complicit relationship prevention - direct, interested and implied complicit relationships	1.3 Governance Organization - Board	15
	Resolve labor complaints	4.1 Human Rights Protection	87
	Discriminated and disadvantaged groups	4.2.2 Diversity & Inclusion 4.2.3 Remuneration & Benefits	93 96
	Citizen and political rights	4.1 Human Rights Protection	87
	Economic society and culture rights	4.2.2 Diversity & Inclusion 4.2.3 Remuneration & Benefits	93 96
	Basic rights of working	4.1 Human Rights Protection	87
Labor Practices	Employment and employment relationship	4.2.3 Remuneration & Benefits	96
	Working criteria and social protection	4.2.3 Remuneration & Benefits	96
	Social dialogue	4.2.3 Remuneration & Benefits 4.4.2 Safe Workplace	110
	Work health and safety	4.4 Health & Safety	105
	Personnel development and training	4.3 Talent Development	101
Environment	Pollution prevention	3.3.2 Wastewater Management 3.3.3 Air Pollution Management 3.3.4 Reuse of Waste	80 82 83
	Sustainable resource utilization	3.3.4 Reuse of Waste	83
	Lessening and adapting to climate change	3.1 Climate Change	57
	Protection and restoration of the natural environment	3.4 Biodiversity	85

	Topic	Chapter in the Report / Response	Page
Fair Operation Practices	Anti-corruption	1.4 Business Integrity	21
	Responsible political participation	There were no political event participation in the reporting year.	-
	Fair competition	1.4 Business Integrity	21
	Promote social responsibility of influential groups	1.1 Company Profile 2.5 Responsible Supply Chain	09 49
	Respect intellectual property rights	5.1.1 Intellectual Property Rights	119
Consumer Issues	Fair marketing, information and contract practices	1.4 Business Integrity	21
	Protect health and safety of consumers	2.4.2 Hazardous Substance Management	48
	Sustainable consumption	Chapter 3 Environmental Sustainability	56
	Consumer service, support, complaint and dispute resolution	2.4 Customer Relations	45
	Consumer data protection and privacy	2.4 Customer Relations	45
	Provide necessary services	2.4 Customer Relations	45
	Education and awareness	2.4.2 Hazardous Substance Management	48
Social Participation Development	Community participation	4.5 Social Engagement	110
	Education and culture	4.5.4 Popular Science & Environment Education	114
	Create job opportunities and technological development	4.2.1 Talent Distribution 4.3 Talent Development	101
	Technology development	5.1 Innovative R&D 5.3 Affordable & Clean Energy	118 129
	Create Wealth and Income	1.2 Economic Performance	12
	Health	4.4 Health & Safety	105
Social investments	4.5 Social Engagement	110	

UN Global Compact Comparison Table

Category	Principle	Chapter in the Report / Response	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	4.1 Human Rights Protection	87
	Make sure that they are not complicit in human rights abuses	4.1 Human Rights Protection	87
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	4.1 Human Rights Protection	87
	The elimination of all forms of forced and compulsory labor	4.1 Human Rights Protection	87
	The effective abolition of child labor	4.1 Human Rights Protection	87
	The elimination of discrimination in respect of employment and occupation	4.1 Human Rights Protection	87
Environment	Businesses should support a precautionary approach to environmental challenges	Chapter 3 Environmental Sustainability	56
	Undertake initiatives to promote greater environmental responsibility	Chapter 3 Environmental Sustainability	56
	Encourage the development and diffusion of environmentally friendly technologies	5.1 Innovative R&D	118
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	1.4 Business Integrity	21

2021 Sustainability Report Corrigenda

Chapter	Page	Description
1.2 Economic Performance	12	In the "Annual Revenue and Shipments" table, the 2021 revenue was mistakenly disclosed as 3709.6 NTD 100 million. The correct figure is 3706.9 NTD 100 million.
2.5.1 Supply Chain Management Strategy	51	In the target definition description, there is an error in the definition of green logistics. The goal signifies that under the composite transportation measures, the annual carbon emissions of the current year are reduced compared to the previous year's carbon emissions.
2.5.1 Supply Chain Management Strategy	51	The 2019 electricity conservation and carbon reduction target was mistakenly disclosed as 10,098 tons; the correct figure is 10,000 tons.
3.1.2 Strategic Blueprint	59	In the paragraph "Responding to climate initiatives - Taiwan Climate Partnership" the EV100 target was erroneously mentioned. AUO has not set this target yet.
Data Overview	133	In the "Water" table, the unit for process water recycling volume is incorrectly printed as megaliter; the correct unit is million cubic meters.

ISO 14064 Verification Statement



DNV

Independent Assurance Opinion

Verification Opinion No.: C594553-2022-AG-TWN-DNV

Issued date: 02 June, 2023

Page 1 of 2

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2022) of

AUO Corporation

Scope of Verification

DNV Business Assurance (DNV) has been commissioned by AUO Corporation to perform a verification of the greenhouse gas assertion of Greenhouse Gas Inventory Management Report (2022) (hereafter the "Inventory Report") with respect to the sites listed in Appendix.

The scope of indirect emissions, other than Imported Energy with specified/limited list of sources, was defined by AUO's own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory:

Category	Subcategory	Boundary
Indirect GHG emissions from transportation	Upstream transportation and distribution	Transportation emissions for the procurement of main materials, such as glass substrate + PI spacer + target + gaseous chemical...etc.
	Business travel	Transportation of employees for business-related activities
	Employee commuting	Transportation of employees travelling between company and residence place, factory shuttle bus included (employees located at Mainland and overseas plants were not included)
	Downstream transportation and distribution	Transportation of products sold by the Company
Indirect GHG emissions from products used by organization	Upstream leased assets	Operation of assets (offices) leased by AUO and not included in scope 1 and scope 2 -- reported by lessee.
	Purchased goods and services	Upstream (cradle-to-gate) emissions of selected purchased goods, such as glass substrate, metal backplane, liquid crystals, photoresist, developer, etchant, Array stripper and thinner...etc
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	Upstream emissions of purchased fuels (Diesel Oil, Liquefied Petroleum Gases, Motor Gasoline and Natural Gas) and electricity
	Waste generated in operations	Transportation and disposal or treatment of waste (waste generated in Mainland and overseas plants were not included)
Indirect GHG emissions associated with the use of products from the organization	Investments (subsidiary)	100% owned and engaged in manufacturing : AUO Crystal Corp.

Verification Criteria and GHG Programme

The verification was performed on the basis of ISO 14064-1:2018, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, as well as IPCC 2006 Tier 2b and IPCC 2019 Tier 2c methodology for fluorinated GHG emissions inventory, given to provide for consistent GHG emission identification, calculation, monitoring and reporting. The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2020 and ISO 14064-3:2019.

Verification Opinion

It is DNV's opinion that the Inventory Report (2022), which was published on May 1, 2023, is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches,

- For the Direct GHG emissions and Indirect GHG emissions from imported energy, the reliability of the information within the Inventory Report (2022) were verified with reasonable level of assurance.
- For the other indirect GHG emissions and the fluorinated greenhouse gases emission reduction, the involved information were verified and tested using agreed-upon procedures, AUP, defined in Inventory Report.

Celine Wang
GHG Verifier

Place and date:
Taipei, 02 June, 2023

For the issuing office:
DNV Business Assurance Co., Ltd.
29Fl, No. 293, Sec. 2, Wenhua Rd.,
Banqiao District, New Taipei City 220,
Taiwan

Management Representative

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
立思威國際驗證股份有限公司, 新北市板橋區文化路二段 293 號 29 樓, TEL : +886-2-82537800, website:www.dnv.com.tw
DNV ZNATW-OP-F50, Rev.10, 2023-2



DNV

Verification Opinion No.: C594553-2022-AG-TWN-DNV
Place and date: Taipei, 02 June, 2023

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Supplement to Verification Opinion

Process and Methodology

The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria.

Quantification of Greenhouse Gas Emission

The Inventory Report covering the period 1st January, 2022 to 31st December, 2022, it is DNV's opinion that the Inventory Report results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification

Financial Management Control Operational Management Control Equity Share

GHGs Verified

CO₂ CH₄ N₂O HFCs PFCs SF₆ NF₃

The Quantification of GHG emissions and removals in Direct and Indirect Emission Source:

Category	Subcategory	Tonnes CO ₂ e	Tonnes CO ₂ e
1. Direct emissions and removals**		69,745.35	
2. Indirect GHG emissions from imported energy		2,396,609.69	2,466,355.04
3. Indirect GHG emissions from transportation	Upstream transportation and distribution	3,092.71	56,913.02
	Business travel	1,051.32	
	Employee commuting	21,764.02	
	Downstream transportation and distribution	31,004.97	
4. Indirect GHG emissions from products used by organization	Upstream leased assets	242.72	893,744.79
	Purchased goods and services	472,378.32	
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	402,996.91	
	Waste generated in operations	18,126.84	
5. Indirect GHG emissions associated with the use of products from the organization	Investments	53,828.04	53,828.04

*: Unless other indicated, the Indirect Emissions in Taiwan was calculated based on 2021 electricity emission factor of 0.509 kg CO₂-e/kwh, which was announced by Bureau of Energy, Ministry of Economic Affairs. Additionally, an electricity emission factor of 0.581 kgCO₂e/kWh was used in China, as announced by the Ministry of Ecology and Environment of the People's Republic of China. The Global Warming Potential (GWP) defined in IPCC AR4 (2007) has been choose and correctly referred by the Organization.

** : the details subcategory of each category could be refer later in the Report.

Verification Opinion

unmodified
 modified
 adverse

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
立思威國際驗證股份有限公司, 新北市板橋區文化路二段 293 號 29 樓, TEL : +886-2-82537800, website:www.dnv.com.tw
DNV ZNATW-OP-F50, Rev.10, 2023-2

ISO 14064 Verification Statement



Appendix A

The greenhouse gas assertion of AUO Corporation Greenhouse Gas Inventory Management Report (2022) with respect to the following sites:

Site	Fab	Address	Total Emissions (Tonnes CO2-e)	Total Direct Emissions (Tonnes CO2-e)	Total Energy Indirect Emissions (Tonnes CO2-e)
AUHC	Headquarters/ L3B	No. 1, Li-Hsin Rd. 2, Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	17,000.35	1,501.47	15,498.88
	Global Research Center	No. 1, Gongye E. 3rd Rd., Hsinchu City, Taiwan (R.O.C.)	1,444.92	53.93	1,391.00
	L3C	No. 23, Li-Hsin Rd., Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	38,729.65	941.9	37,787.75
	Dormitory	Mabuville at Beipu Township, Hsinchu County, Taiwan, R.O.C	1,109.27	184.83	924.45
AULT	L4A/L5A/L5B	No. 1, Xinhe Rd., Aspire Park, Lungtan, Taoyuan, Taiwan, R.O.C.	202,508.36	6,929.95	195,578.41
AULK	L6B	No. 228, Lungke St., Lungtan, Taoyuan, Taiwan, R.O.C. / No. 288, No. 338, No. 338-1, Lungyuan Rd. 1, Lungtan, Taoyuan, Taiwan, R.O.C.	244,890.38	7,163.90	237,726.48
AUHY	L3D/L5D	No. 189, Hwaya Rd. 2, Kueishan, Taoyuan, Taiwan, R.O.C.	237,942.85	7,194.65	230,748.20
AUTC	L5C/L6A/L7A/L7B/L8A	No. 1, JhongKe Rd., Central Taiwan Science Park, Taichung, Taiwan, R.O.C. / No. 2, No. 3, Kaya Rd., Central Taiwan Science Park, Taichung, Taiwan, R.O.C.	873,088.49	17,671.75	855,416.74
AUHL	L8B	No. 1, Machang Rd., Houli Dist., Taichung City, Taiwan, R.O.C.	310,356.20	6,551.76	303,804.43
AUTN	C4A/C5D/C6C	No.36, Keji 1st Rd., Annan Dist., Tainan City, Taiwan, R.O.C.	51,864.32	279.41	51,584.91
AUKH	C6D	No.9, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Taiwan, R.O.C.	27,489.25	149.37	27,339.89
AUSZ	S01/S02/S06	No. 398, Suhong Zhong Road, Suzhou Industrial Park, 215021, China	83,439.35	2,489.34	80,950.01
AUXM	S11/S13/S17	No. 1689, Xiang An North Road, Xiang An Branch, Torch Hi-tech Industrial Development Zone, Xiamen, 361102, China	70,843.12	1,982.47	68,860.65
AUKS	L6K	No. 6, Longteng Rd., Kunshan Economic-Technological Development Area, China	231,042.69	8,296.83	222,745.86
AUST	L4B	No. 10, Tampines Industrial Avenue 3, Singapore 528798	74,359.97	8,224.16	66,135.81
AUSK	E11/E12	Bratislavka 517, 911 05 Trenčín, Slovak Republic	197.37	127.17	70.2
AUSH	Kunshan office	No. 6, Longteng Rd., Kunshan Economic & Technical Development Zone, Kunshan City 215300, China	48.49	2.47	46.02



Appendix B

It is only for AUO Corporation to declare WDICC (World Display Industry Cooperation Committee). According to the "TPSA 溫室氣體減排最佳控制技術實施指引, 2023年5月" published by TPSA (Taiwan Panel & Solution Association) on May 5, 2023*, calculating the "GHG reduction of REC certificate purchase volume" with an emission factor of 0 kgCO2e/kWh, the relevant information of the Green Electricity Certificate purchased from China's "國家可再生能源資訊管理中心" is as follows:

* <https://reurl.cc/VLP63R>

Site	Scope 2 electricity (MWh) [A]	Scope 2 GHG emissions from import electricity (tCO2e) [A]*0.581	Green Electricity Certificate information		Scope 2 GHG emissions with the purchased Green Electricity Certificate subtracted (tCO2e) [A]-[B]*0.581
			No. of Green Electricity Certificate Purchased	Green Electricity (MWh) [B]	
AUSZ	131,904.05	80,950.01	00122040000002724 https://reurl.cc/kXN5pL	13,740	72,967.07
AUXM	118,520.91	68,860.65	00122040000002759 https://reurl.cc/eDv5pK	3,202	62,893.78
			00122040000002744 https://reurl.cc/51kgbq	7,068	
AUKS	383,383.59	222,745.86	00122040000002764 https://reurl.cc/v73nGk	15,990	213,455.67

The Quantification of GHG emissions in Scope 1 and Scope 2 :

Category	Subcategory	Tonnes CO2 e	Tonnes CO2 e
Scope 1 : Direct emissions and removals**		69,745.35	2,466,355.04
Scope 2 : Indirect GHG emissions from imported energy		2,396,609.69	
Scope 2 GHG emissions subtracted from purchased Green Electricity Certificate			2,373,369.69
Scope 1 + Scope 2 GHG emissions subtracted from purchased Green Electricity Certificate			2,443,115.04

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying on or acting upon this Verification Opinion.

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GRI Assurance Statement



安侯建業聯合會計師事務所

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傳真 Fax + 886 2 8101 6667
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Independent Limited Assurance Report

To AU Optronics Corp.:

We have been engaged by AU Optronics Corp. ('AUO') to provide limited assurance on the Sustainability Report ('the Report') of AUO for the year ended December 31, 2022.

Reporting Criteria of the Underlying Subject Matters

AUO shall prepare the report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies ("the Regulation") and Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board as set forth in "About This Report" section of the Report.

AUO's Responsibilities

AUO is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the information included in the Report. AUO is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Report that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board and to issue a limited assurance report on whether the Report is free from material misstatement.

However, the Report section on any related data concerning Greenhouse Gas Emissions (Scope 1, 2 and 3) and PFCs reduction, of which the disclosures will be verified (and modified, if necessary) independently by a third party verification company. Consequently, this assurance engagement will not express any conclusion on any related data regarding Greenhouse Gas Emissions (Scope 1, 2 and 3) and PFCs reduction.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Summary of Work Performed

As stated in reporting criteria of the Report, our main work on the Report included:

- Reviewing the Report;
- Inquiries of responsible management level and non- management level personnel to understand the operational processes and information systems used to collect and process the information reported.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the report and if necessary, inspect related documents to gather sufficient and appropriate evidence for a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Report, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion.

Inherent limitations

The Report for the year ended 2022 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of AUO. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report of AUO for the year ended December 31, 2022 has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

Other Matters

The management of AUO is responsible for the maintenance of its website, which according to its report, we shall not be responsible for any further changes on the information or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Report.

KPMG

Taipei, Taiwan (Republic of China)

Jun 26, 2023

Notes to reader

The limited assurance report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report, the Chinese version shall prevail.

SASB Assurance Statement



安侯建業聯合會計師事務所

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電話 Tel +886 2 8101 6666
傳真 Fax +886 2 8101 6667
網址 Web kpmg.com/tw

Independent Limited Assurance Report

To AU Optronics Corp.:

We have been engaged by AU Optronics Corp. ('AUO') to provide limited assurance on the Sustainability Report ('the Report') of AUO for the year ended December 31, 2022.

Reporting Criteria of the Underlying Subject Matters

AUO shall prepare the report in accordance with the Sustainability Accounting Standards for Hardware Industry issued by Sustainability Accounting Standards Board ("SASB") as set forth in "About This Report" section of the Report.

AUO's Responsibilities

AUO is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the information included in the Report. AUO is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Report that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board and to issue a limited assurance report on whether the Report is free from material misstatement.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.



Summary of Work Performed

As stated in reporting criteria of the Report, our main work on the Report included:

- Reviewing the Report;
- Inquiries of responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the information reported.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the report and if necessary, inspect related documents to gather sufficient and appropriate evidence for a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Report, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion.

Inherent limitations

The Report for the year ended 2022 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of AUO. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Underlying Subject Matters has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

Other Matters

The management of AUO is responsible for the maintenance of its website, which according to its report, we shall not be responsible for any further changes on the information or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Report.

KPMG

Taipei, Taiwan (Republic of China)

Jun 26, 2023

Notes to reader

The limited assurance report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report, the Chinese version shall prevail.



TAP INTO THE POSSIBILITIES



AUO Corporation
Electronic Equipment, Instruments & Components

Top 5%
S&P Global ESG Score 2022

84 /100

As of February 7, 2023.
Positive and Score are industry specific and reflect exclusion
covering all the sectors financial and non-financial.

S&P Global Sustainable

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

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