



AUO Corporation

**Annual Report:
Special Section on Sustainability-
Related Financial Information**

Fiscal Year 2025

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1.Foreword

1.1 Company Profile

AUO Corporation Corporation (hereinafter referred to as “the Company” or “AUO”; stockcode: 2409) was established in 1996. Driven by technology and innovation and with display technology at its core, the Company provides advanced technology-driven products and solutions across various sectors, including smart mobility, manufacturing, enterprise, education, retail, healthcare, caregiving, and green energy. AUO is headquartered in Taiwan, with operations spanning Asia, the Americas, and Europe.

AUO specializes in panel R&D and manufacturing, developing high-value-added and differentiated product applications. With robust R&D capabilities and innovative technologies, the company maintains a leading position in the industry. Building on its deep expertise in display technology and integrating AIoT, AUO is committed to becoming a solution provider across various sectors. AUO is actively driving a dual-track transformation, leveraging three pillars of sustainable operations—display technology, smart mobility, and vertical markets—to continuously enhance the value of innovative display technologies and expand into diverse application solutions. We integrate hardware, software, cloud services, and service platforms to provide one-stop solutions that meet the needs of various sectors. We aim to build a smart IoT ecosystem with partners across industries through collaboration, complementarity, and co-creation, leading the way toward a smart future.

AUO is committed to ESG sustainability, undertaking concrete actions in corporate governance, environmental sustainability, science education, cultural preservation, and social welfare. This commitment has been recognized by our inclusion in the Dow Jones Sustainability World Index for 14 consecutive years, and we have been selected for the Bloomberg Gender-Equality Index every year since 2018. In 2022, AUO officially joined the RE100 initiative, becoming the world’s first display manufacturer to commit to using 100% renewable energy by 2050, while continuing to advance smart manufacturing and implement green production practices.

This pilot edition of the Sustainability Report covers AUO and its subsidiaries (hereinafter referred to as “the Group” or “AUO Group”).

1.2 Compliance Statement

The Group has prepared this report in accordance with the Guidelines for Mandatory Disclosure in Annual Reports of Public Companies and the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards (hereinafter referred to as the “IFRS Sustainability Disclosure Standards”) recognized and promulgated by the Financial Supervisory Commission (hereinafter referred to as the “FSC”) and the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards (hereinafter referred to as “IFRS Sustainability Disclosure Standards”) recognized and promulgated by the Financial Supervisory Commission (hereinafter referred to as the FSC) and in effect.

1.3 Date and Procedure for Approval of the Sustainability Information

Section

This pilot version of the Sustainability Information Chapter was submitted to the Board of Directors on February 10, 2026, and disclosed on the Company's website.

1.4 Application of Exemption Provisions

The Financial Supervisory Commission (FSC) permits listed companies to apply exemptions under the transitional provisions of IFRS S1 "General Requirements for Sustainability-Related Financial disclosures" (hereinafter referred to as "IFRS S1"), paragraphs E3 and E5 to E6, and IFRS S2 "Climate-Related Disclosures" (hereinafter referred to as "IFRS S2"), paragraphs C3 to C5. The exemptions adopted by AUO this year in accordance with the transitional provisions and other requirements of the IFRS Sustainability Disclosure Standards are shown in the table below:

Table 1.4-1 Exemptions Applied by the Company

Exemption Item	Description	Corresponding Paragraphs in IFRS Sustainability Disclosure Standards
Comparative information	In the first annual reporting period in which IFRS S1 is applied, the entity is not required to disclose comparative information, including information related to sustainability-related risks and opportunities.	IFRS S1.E3 & E6(a); IFRS S2.C3
Commercially sensitive information	When the conditions specified in paragraph B35 of IFRS S1 are met, an entity may omit commercially sensitive information related to sustainability-related opportunities.	IFRS S1.B34–B36
Scope 3 GHG emissions	In the first annual reporting period beginning on the date when IFRS S2 is initially applied, an entity is not required to disclose its Scope 3 greenhouse gas emissions.	IFRS S2.C4(b)

2. Governance

2.1 Purpose of Sustainability-Related Financial Disclosures in the Context of Governance

The objective of the Company's sustainability-related financial disclosures regarding governance is to enable primary users of general-purpose financial reports to understand the Company's governance of sustainability-related risks and opportunities, including the governance structure, as well as the governance processes, controls, and procedures through which the Board and management monitor, manage, and oversee sustainability-related risks and opportunities.

Regarding the governance framework, the Board of Directors and management are not only responsible for overseeing sustainability-related risks and opportunities but also carry out specific planning and execution through the Sustainability and Enterprise Risk Executive Committee, which operates under the Sustainability and Risk Management Committee, to ensure that climate-related matters receive appropriate attention and management at the highest levels of management.

2.2 Disclosure Requirements for Governance

2.2.1 The Role of the Governing Body and Management in Addressing Sustainability-Related Risks and Opportunities

The Company places great importance on the governance functions of senior management regarding sustainability-related risks and opportunities. The Board of Directors, as the Company's highest management and decision-making body, formulates sustainability-related risk management strategies in accordance with business strategies and the industry environment, and oversees the effective operation of management mechanisms. Key decision-making issues related to sustainability risks are included in the Board of Directors' reports or resolutions on a quarterly basis. A Sustainability and Enterprise Risk Management Committee has been established under the Board of Directors to assist the Board in continuously promoting corporate sustainability and risk governance, thereby achieving the objective of sustainable operations.

2.2.1.1 Governance and Management Framework for Sustainability-Related Risks and Opportunities

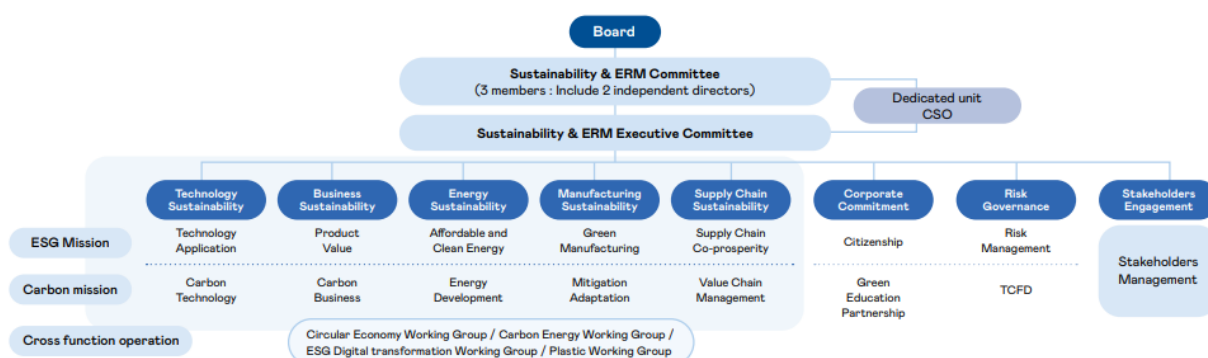


Figure 2.2.1.1-1 Governance and Management Framework for Sustainability-related Risks and Opportunities

The Company establishes corresponding operational frequencies and management mechanisms for different organizational units to implement sustainable operations and strategic development.

The following details the responsibilities of each organizational unit regarding sustainability-related risks and opportunities, as well as the applicable scope of authority, delegation, duties, and other relevant policies.

1. Board of Directors

As the Company's highest governance body for sustainability matters, the Board of Directors consists of 9 directors, including 5 independent directors, and bears ultimate oversight responsibility for the Company's sustainability-related risks and opportunities. The Board oversees management, is responsible for making major decisions while considering sustainability-related risks and opportunities, and ensures the effective implementation of corporate governance in compliance with laws, regulations, and relevant systems. It convenes at least once per quarter.

2. Audit Committee

The Audit Committee is a functional committee under the Board of Directors, chaired by Independent Director Chiu-Ling Lu and composed of all independent directors. It is responsible for assisting the Board in fulfilling its supervisory duties and exercising the powers prescribed by the "Securities and Exchange Act," the "Company Act," and other applicable laws and regulations. The Audit Committee regularly communicates with the Company's certified public accountants and reviews their appointment, independence, and performance. Additionally, the Company's internal audit staff regularly submits audit summary reports to the Audit Committee in accordance with the annual audit plan, as well as reports via the Audit Committee's email inbox. The Audit Committee also periodically evaluates the Company's internal control system, internal audit staff, and their work.

3. Compensation Committee

The Compensation Committee is a functional committee under the Board of Directors, chaired by Independent Director Jang-Lin (John) Chen and composed of two independent directors and one independent expert. It is responsible for establishing a performance-linked compensation system for the Company, including incorporating the degree of achievement of targets related to sustainability risks and opportunities into the performance evaluations of senior executives, and faithfully fulfilling the duties and powers delegated by the Board of Directors. It regularly proposes compensation system plans or recommendations for discussion and resolution by the Board of Directors. It convenes at least twice a year.

4. Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is a functional committee under the Board of Directors. Chaired by Chairman Shuang-Lang (Paul) Peng, the committee consists of all independent directors. It is responsible for establishing standards regarding the professional knowledge, skills, experience, and diverse backgrounds (including gender) required of Board members, as well as standards for independence. Based on these standards, the committee identifies, evaluates, and nominates director candidates, and oversees the implementation of corporate governance. It meets at least once a year.

5. Sustainability and Enterprise Risk Management Committee

The Sustainability and Enterprise Risk Management Committee is a functional committee under the Board of Directors, composed of Chairman Shuang-Lang (Paul) Peng and two independent directors. It is responsible for assisting the Board in continuously promoting corporate sustainability and risk governance to achieve the goal of sustainable operations, as well as strengthening and integrate risk management operations, enabling directors to better understand operational conditions, allocate and assign sufficient and appropriate resources to ensure the operate effectively, and, through the establishment of appropriate risk management mechanisms and the fostering of a risk management culture, to oversee and ensure the effectiveness of the company's overall risk management mechanisms. It convenes at least twice a year.

6. Sustainability and Enterprise Risk Executive Committee

The Sustainability and Enterprise Risk Management Committee oversees the Sustainability and Enterprise Risk Executive Committee, chaired by Chairman Shuang-Lang (Paul) Peng. Senior managers serve as chairs of the respective subcommittees, and the Chief Sustainability Officer leads the dedicated unit. The committee meets quarterly to integrate cross-departmental strategies and resources, and to review sustainability goals and progress.

In accordance with the Company's "Sustainability Policy and Sustainability Committee Operating Procedures," the Sustainability and Enterprise Risk Executive Committee is responsible for comprehensively advancing sustainability goals and actions to meet stakeholder expectations. The chairs of the various subcommittees under the Sustainability and Enterprise Risk Executive Committee lead eight subcommittees—the Sustainability Technology Group, Sustainability Business Group, Sustainability Energy Group, Sustainability Manufacturing Group, Sustainability Supply Chain Group, Corporate Social Responsibility Group, Risk Governance Group, and Stakeholder Group—in accordance with their respective functions, holding quarterly meetings. In principle, the Chief Sustainability Officer engages in monthly dialogue with each committee to discuss various sustainability plans, emerging trends, and track the implementation results of projects.

Among these, the Risk Governance Group serves as the unit responsible for the Company's operational risks. Led by the Chief Financial Officer, it coordinates the identification and analysis of various risks within the Company and implements relevant risk and opportunity management mechanisms, making rolling adjustments to address internal and external risks and opportunities. To strengthen oversight of sustainability-related risks and opportunities, the Company has established the "Corporate Sustainability Policy" and the "Risk Management Policy and Procedures" as overarching guiding principles for advancing corporate sustainability and risk management.

These policies enhance management's objectivity and professional approach, reinforce the principles of corporate sustainability and risk management, strengthen the Company's decision-making and execution capabilities, expand the scope of sustainability coverage, and enhance oversight mechanisms.

In addition, cross-functional task forces have been established under the Sustainability and Enterprise Risk Executive Committee, including the Carbon Energy Task Force, the Circular Economy Task Force, the ESG Digital Transformation Task

Force, and the Plastic Reduction Task Force.

Through cross-departmental collaboration, the Company ensures the effective implementation of risk management policies and procedures. This collaborative mechanism also helps align the direction of initiatives across various sustainability and risk-related issues.

2.2.1.2 Development of Skills and Expertise Related to Sustainability Risks and Opportunities

The Company conducts director training courses in accordance with the Taiwan Stock Exchange Corporation's "Guidelines for the Implementation of Continuing Education for Directors and Supervisors of Listed and OTC Companies" and reports the planning direction of director courses to the Company's Corporate Governance and Nomination Committee to ensure that directors possess sufficient professional competence and skills to assist in the effective operation of the Board of Directors.

Table 2.2.1-2 Diversification Policy for the 11th Board of Directors of the Company

Title	Name	Gender	Technology Industry	Technology R&D	Industry Innovation	Corporate Sustainability	Risk Management	Human Resources	Finance Accounting	Strategy Investment
Chairman	Shuang-Lang (Paul) Peng	Male	V	V	V	V	V		V	V
Director	Frank Ko	Male	V	V	V		V			V
Director	Chuang-Chuang Tsai	Female	V	V		V				
Director	Han-Chou (Joe) Huang	Male	V		V		V			V
Independent Director	Jang-Lin (John) Chen	Male	V	V		V				
Independent Director	Chiu-Ling Lu	Female	V			V	V	V	V	
Independent Director	Cathy Han	Female	V				V		V	V
Independent Director	Tzu-Ting Huang	Female	V		V	V	V			V
Independent Director	Yen-Hsi Lin	Female				V			V	

2.2.1.3 Frequency of Communication Regarding Sustainability-Related Risks and Opportunities

The frequency of communication regarding sustainability-related risks and opportunities between governance bodies and management is outlined in the descriptions for each unit in the table below:

Table 2.2.1.3-1 Overview of the Governance and Management Framework and Responsibilities for Sustainability-Related Risks and Opportunities

Organization	Responsibilities	Chairperson	Attendees	Meeting Frequency
Board of Directors / Strategy Meeting	- Approve significant sustainability-related proposals - Oversee the effective operation of the sustainability governance framework	Chairman	Board members	Quarterly
Sustainability and Risk Management Committee	- Monitor regulatory trends - Resolve significant sustainability-related proposals - Oversee the implementation outcomes of sustainability projects	Chairman	Committee members	Semi-annually
Sustainability and Risk Executive Committee	- Jointly identify sustainability issues and implement corresponding projects and actions - Coordinate and allocate resources	Chairman	Chief committee members	Quarterly
Risk Governance Task Force under the Sustainability and Risk Executive Committee	- Monitor key risk issues - Implement risk management policies approved by the Board - Develop and execute risk management policies in accordance with international risk management standards	Chief Financial Officer	Executive secretariat	In principle, monthly
TCFD Task Force ¹	Establish a management mechanism for climate-related risks and opportunities in accordance with the TCFD framework	Heads of responsible units	Implementing units	In principle, monthly
Renewable Energy Procurement Regular Report	Provide timely decisions and guidance to teams executing renewable energy power purchase agreements in accordance with RE100 targets	Vice President, Energy Business	Implementing units	In principle, biweekly

¹ Task Force on Climate-Related Financial Disclosures (TCFD)

2.2.1.4 Balancing Sustainability-Related Risks and Opportunities

The Company's governance units have fully balanced sustainability-related risks and opportunities when overseeing the Company's strategy, decisions on major transactions, risk management processes, and related policies. Specifically, this includes the following:

1. **Governance:** The Sustainability and Enterprise Risk Management Committee is responsible for overseeing issues related to sustainability-related risks and opportunities and reports regularly to the Board of Directors. The governance unit has fully considered the potential impacts of climate change on all agenda items, including operational strategies, decisions on major transactions, and risk management processes.
2. **Strategy:** In the process of formulating major decisions, the Company considers the trade-offs between sustainability-related risks and opportunities to ensure that potential opportunities can be seized when facing challenges. This includes product strategies for low-carbon transition, the use of renewable energy, and related policies, thereby enhancing the company's competitiveness and resilience.
3. **Risk Management:** In our risk management processes, the Company identifies and assesses sustainability-related risks and opportunities, integrating them into our overall risk management framework. Additionally, through cross-departmental collaboration, we evaluate the impact of sustainability risks on our business model and value chain, and formulate corresponding risk management strategies.
4. **Metrics and Targets:** In addition to setting revenue and profit targets, the Company establishes practical metrics and targets to manage sustainability-related risks and opportunities, thereby enhancing transparency and highlighting the Company's accountability regarding sustainability issues.

2.2.1.5 Setting Sustainability-Related Risk and Opportunity Targets, and Linking Them to Performance and Compensation Policies

AUO Corporation has established 10 specific sustainability goals, using 2018 as the base year. The Sustainability and Risk Executive Committee regularly monitors the progress and outcomes of these goals, reporting annually to the Board of Directors through the Sustainability and Risk Management Committee. The Company's Board of Directors and senior management compensation policies are described as follows:

The performance evaluation and compensation of the Company's senior managers are based on the principles of the "Executive Compensation Policy" established by the Compensation Committee and the Board of Directors. Each year, the Compensation Committee reviews the policy and submits it to the Board of Directors for resolution. The Company also collaborates with external professional compensation consultants to ensure that senior manager compensation remains competitive and to enhance the alignment of compensation policies with market trends and environmental dynamics.

To strengthen the link between the management team's compensation and the Company's operational performance, total compensation consists of base salary, long-term and short-term variable bonuses, and employee bonuses derived from profit sharing. Depending on the position and performance, these components account for 70 % to 90 % of total compensation. For the senior management team (including the Chairman, CEO, Chief Sustainability Officer, and C-level executives), a long-term incentive plan is in place. Performance metrics include (1) operational performance targets and (2) ESG

sustainability performance and key issue management targets, with 20% of the total compensation linked to sustainability (environmental) performance. Additionally, the specific weighting of the link between an executive's role and responsibilities and ESG sustainability performance is designed to range from 10% to 70%, aiming to closely align the company's climate (sustainability) transition strategy with compensation. This ensures that the senior management team remains focused on and strengthens the various management objectives they are responsible for while driving sustainability initiatives. The performance evaluation period for long-term compensation plans is three years. Equity-based compensation accounts for more than 50% of the total, and clawback provisions are in place to deepen the alignment with shareholder interests and ensure that senior executives fulfill their commitment to sustainable operations.

1. Operational Performance Targets: Include Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA²), contribution to shareholders, business unit revenue, gross margin, and operating margin.
2. ESG Sustainability Performance and Material Topic Management Targets: These include the CSR EPS 2025 targets (which encompass four environmental-related goals: climate adaptation, energy conservation and generation, water conservation and generation, and circular production) as well as material topic management targets

² EBITDA = Operating Profit + D&A, i.e., operating profit before depreciation and amortization

3. Risk Management

3.1 Purpose of Sustainability-Related Financial Information Disclosures in the Context of Risk Management

The Company discloses sustainability-related financial information regarding risk management to enable the primary users of general-purpose financial reports to understand the Company's processes for identifying, assessing, prioritizing, and monitoring sustainability-related risks and opportunities, and to describe how these processes are integrated into the Company's overall risk management system.

3.2 Information Requirements for Sustainability-Related Financial Disclosures in the Context of Risk Management

The Company has established "Risk Management Policies and Procedures" to advance the goals of sound business operations and corporate sustainability, thereby achieving relevant risk management objectives.

3.2.1 Processes and Policies for Identifying, Assessing, Prioritizing, and Monitoring Sustainability-Related Risks

The Company has established a risk knowledge base covering both internal and external risks, primarily encompassing governance, reporting, strategic planning, compliance, and operations/infrastructure. Risk categories include, but are not limited to, operational, market, environmental, strategic, climate, financial, governance, and compliance risks. Risk identification employs various feasible analytical tools and methods, drawing on past experience and information, and taking into account internal and external risk factors as well as stakeholder priorities. Through "bottom-up" and "top-down" analytical discussions to comprehensively identify potential risk events that could prevent the achievement of the company's objectives, result in losses, or cause negative impacts. Risk identification, analysis, assessment, prioritization, response, and monitoring and review are conducted in accordance with the "Risk Management Policy and Procedures."

1. Risk Identification: Using the risk knowledge base and guided by short-, medium-, and long-term objectives and business responsibilities, we conduct a preliminary identification of sustainability-related risks and opportunities to achieve comprehensive enterprise-level risk identification.
2. Risk Analysis: Risk analysis primarily focuses on identified risk events, considering the adequacy of existing control measures, past experience, and industry case studies to analyze the probability of occurrence and the severity of impact of such risk events.
3. Risk Assessment: Based on the results of the risk analysis, risks and opportunities are evaluated by considering their nature, likelihood of occurrence, and potential impact.
4. Risk Prioritization: Following the risk prioritization process, risks are ranked based on the assessment results to determine their significance to the company's operations to determine which risk events require priority attention, serving as a reference for selecting response measures in subsequent planning.

5. Risk Response: Taking into account the company's strategic objectives, the perspectives of internal and external stakeholders, risk appetite, and available resources—including but not limited to the likelihood and consequences of risk occurrence, compatibility with acceptable risk levels, cost-benefit analysis, and opportunities for achieving corporate objectives—select risk response methods and ensure that relevant personnel fully understand and implement them.
6. Risk Monitoring and Review: Ensure that the risk management process and related risk mitigation measures continue to operate effectively, and report the results of risk management implementation to the Sustainability and Enterprise Risk Management Committee and the Board of Directors on an annual basis

3.2.1.1 Information on Input Values and Parameters from Data Sources Used for Sustainability Risks

To identify sustainability-related risks and opportunities, the responsible personnel in each department of the Company first review past events, current conditions, and observations of trends in accordance with internal enterprise risk identification and management procedures, and consider climate issues of concern to stakeholders. The scope of the preliminary identification of sustainability-related risks and opportunities covers the Group and the upstream and downstream segments of the value chain. Subsequently, the Company establishes future climate scenarios and selects the Intergovernmental Panel on Climate Change (IPCC) "Very High Emissions" scenario (SSP5-8.5) to analyze climate-related physical risks, and used the International Energy Agency's (IEA) Steady-State Policy Scenarios (STEPS) and the Net Zero Emissions (NZE) 2050 scenario to analyze climate-related transition risks. Following scenario analysis based on these scenarios, the Company assesses potential climate-related risks and opportunities arising from the Group's operational activities and supply chain; the scope of risk and opportunity identification includes the regions where the Group's production facilities are located.

3.2.1.2 Impact and Application of Sustainability-Related Scenario Analysis on Risk Identification

In response to the identification of climate-related risks and opportunities highlighted by IFRS S2 Climate-related Disclosures, AUO classifies risks according to the TCFD framework, which includes: climate change and carbon management policies and regulations, technology, market and corporate reputation transition risks, as well as immediate and long-term physical risks from extreme weather events, totaling 9 categories of climate-related risks. Subsequently, senior managers from responsible departments—such as Manufacturing, Product, Technology, Human Resources, and Finance—assess the impact of climate change issues on the value chain and identify potential challenges and opportunities that the organization may face in the short to medium term.

Each department examines and evaluates the relevance and severity of each issue to the Group's operational risks from various perspectives, including anticipated regulatory trends and scenario analysis assumptions. Through collaboration and discussion among relevant internal departments, the Group determines the risks and opportunities that require focus, thereby identifying physical and transition risks that may impact the Group's business objectives.

3.2.1.3 Methodology for Assessing the Nature, Probability, and Severity of Sustainability-Related Risks

During the risk identification and analysis process, assessments are conducted using both qualitative and quantitative methods across three dimensions: occurrence frequency, impact severity, and management control effectiveness. Based on the described risk scenarios, occurrence frequency and impact severity are determined, while control effectiveness is assessed based on the expected level of internal control management over the next year. Occurrence frequency is categorized into five levels: “Rarely, Unlikely, Possible, Likely, and Frequently,” with a score ranging from 1 to 5; Severity is categorized into five levels: “No Impact, Minor, Moderate, Severe, and Catastrophic,” with a score ranging from 1 to 5; Control effectiveness is categorized into five levels: “Very Good, Good, Acceptable, Poor, and Bad,” with a control effectiveness score ranging from 1 to 5 points.

3.2.1.4 Ranking of Sustainability-Related Risks Relative to Other Risks and the Methodology

For the identified, assessed, and analyzed relevant risks, the magnitude of each risk will be evaluated based on the quantified results of the occurrence frequency, impact severity, and control effectiveness for each risk item and its corresponding risk scenario.

The calculation formula is: Risk Impact = Frequency × Severity. Risk Impact represents the full scope of risks facing the organization before controls are applied; Operational Risk Value = Risk Impact × Control Effectiveness. Operational Risk Value represents the state of risks after controls have been applied. This is presented using a two-dimensional matrix that maps Risk Impact against Control Effectiveness. Based on this matrix, risks with high impact and low control effectiveness are included in the Company’s annual priority risk management program.

The table below presents the results of the Company’s 2025 comprehensive risk identification. The risk classifications include climate risks covered in this chapter, other sustainability-related risks, and other risk categories managed by the Company but not associated with the TCFD or IFRS.

Category	Subcategory	Ranking	Description of Sustainability-related Risk/Opportunity	Operational Risk Score
Risk	Other Risks	1	Compliance with occupational safety and health regulations	12.7
	Other Risks	2	Macroeconomic conditions and changes in industry trends	9.3
	Other Risks	3	Corporate operating strategies and product pricing	8.4
	Other Sustainability-related Risks	4	Information security	7.8
	Other Risks	5	Corporate operating strategy and business scope	7.7
	Other Risks	6	Disasters and catastrophic events	7.7
	Other Risks	7	Information authorization and regulatory compliance	7.5

Category	Subcategory	Ranking	Description of Sustainability-related Risk/Opportunity	Operational Risk Score
Risk	Other Risks	8	Increasing demand for sustainable products and services	7.5
	Other Risks	9	Customer demand / customer service	6.8
	Other Risks	10	Changes in product-related regulations	6.1
	Climate-related Risks	11	Climate change and carbon management (market)	6.0
	Climate-related Risks	12	Climate change and carbon management (long-term)	5.9
	Climate-related Risks	13	Energy use restrictions or shortages	5.9
	Climate-related Risks	14	Climate change and carbon management (policy and regulation)	5.6
	Other Risks	15	Outsourcing management of information systems and services	5.0
	Other Sustainability-related Risks	16	Human rights and labor relations	5.0
	Other Risks	17	Information system change management	4.9
	Other Risks	18	Geopolitical and emerging risks	4.5
	Other Risks	19	Damage to critical infrastructure	4.0
	Climate-related Risks	20	Climate change and carbon management (technology)	3.9

Using the two-dimensional matrix approach described above as an example of climate-related risk identification, the Company identifies the multifaceted risk impacts of climate change based on the TCFD framework's transition and physical climate-related categories.

As shown in Figure 3.2.1.4, based on the 2025 identification results, among the 9 categories of climate-related risks, a total of 4 climate risk categories fall into the L-type (high impact/low control zone. Additionally, considering the impact on operating costs following the implementation of Taiwan's carbon levy, combined with S1 (climate-related carbon policies and regulations), a total of five climate risk categories have been included in the subsequent management scope.

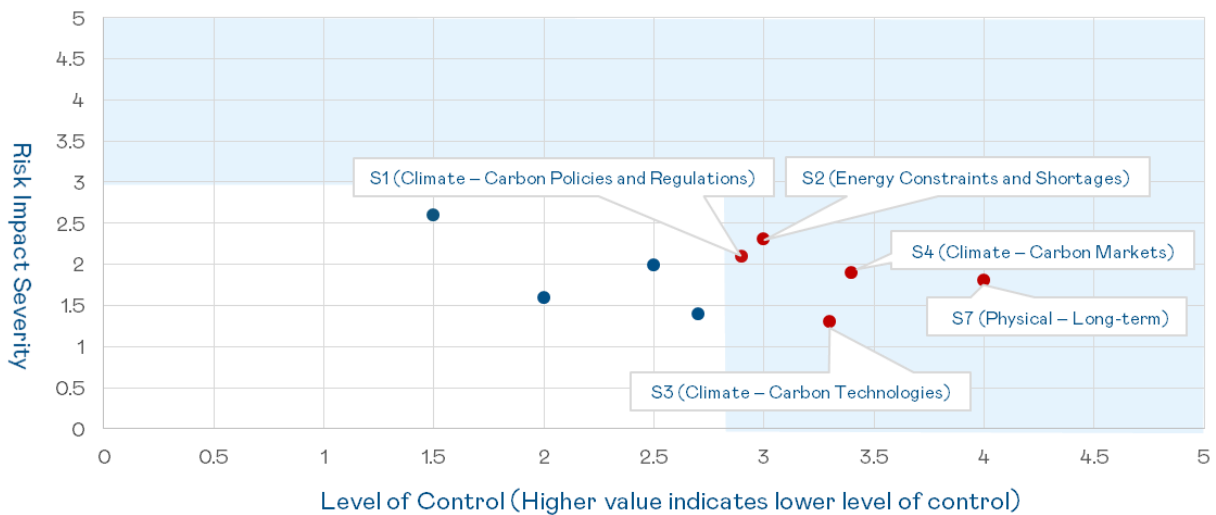


Figure 3.2.1.4 Two-dimensional matrix of climate-related risk types under the TCFD framework

3.2.1.5 Methods for Monitoring Sustainability-Related Risks

For risk items identified as annual priorities, enhanced management measures are implemented, and the effectiveness of risk mitigation is tracked until the risks are brought under control. Responsible units may establish risk monitoring indicators; if a risk is found to be deteriorating, relevant countermeasures are taken. The effectiveness of risk mitigation measures is tracked quarterly, and the results of risk management implementation are reported annually to the Sustainability and Enterprise Risk Management Committee and the Board of Directors.

3.2.1.6 Impact and Reasons for Process Changes during the Reporting Period

This year, the Company introduced a new process for identifying and assessing sources of climate risks and opportunities in accordance with the IFRS Sustainability Disclosure Standards. This process was developed by adapting the methodology used by AUO to identify material dual-impact topics during the preparation of its sustainability report. Specifically, since the stakeholders considered in the Sustainability Report are broader in scope, in addition to the risk scenarios previously developed solely through internal climate change and carbon management risk identification, the Company also aims to generate more diverse and comprehensive, outward-to-inward climate risk scenarios through collaboration with stakeholders, based on the high- and medium-priority climate, carbon, and energy issues identified in the materiality survey. We will then follow the IFRS Sustainability Disclosure Standards to focus on identifying and disclosing sustainability information that has a material impact on financial performance, thereby providing the Company with a more systematic and diversified basis for assessing climate-related physical risks, transition risks, and climate opportunities.

3.2.2 Process for Identifying, Assessing, Prioritizing, and Monitoring Sustainability-Related Opportunities

The Company believes that opportunities exist in the process of mitigating and adapting to climate change. Therefore, by establishing a sustainability-related opportunity management process, we identify, assess, prioritize, and monitor climate-related

opportunities, and utilize climate-related scenario analysis to track changes in external trends.

3.2.2.1 Sustainability-Related Opportunity Management Process

1. Opportunity Identification and Analysis:
The Company identifies and analyzes opportunities through two approaches. First, by evaluating and analyzing climate opportunities previously identified from a climate risk perspective, we identify projects that can be further developed to transform crises into business opportunities. Second, by collecting information on domestic and international market trends, industry intelligence, and government subsidy programs, we conduct opportunity identification and analysis based on the Company's current core technologies and value chain partnerships.
2. Opportunity Evaluation and Prioritization:
Based on the results of opportunity identification and analysis, we evaluate and prioritize opportunities to determine which ones require immediate attention, and establish relevant metrics and targets.
3. Opportunity Monitoring and Review:
Responsible units are tasked with implementing the objectives and actions related to climate-related opportunities. The Chief Sustainability Officer regularly monitors and reviews the short-, medium-, and long-term objectives and implementation effectiveness of the Sustainability and Enterprise Risk Executive Committee to effectively manage all sustainability-related opportunities.

3.2.2.2 Impact and Application of Climate-Related Scenario Analysis on Opportunity Identification

The Company incorporates scenario analysis into its climate-related opportunity identification and analysis process, utilizing the International Energy Agency (IEA)'s "Net-Zero Emissions 2050 (NZE)" scenario, primarily referencing the key strategies proposed by Taiwan's National Development Council in the "General Description of the 2050 Net-Zero Emissions Pathways and Strategies," and analyzing and forecasting favorable outcomes based on the Company's business environment.

Table 3.2.2.2-1 Impact and Application of Opportunities

Type	Aspect	Climate Scenario Assumptions	Stakeholders	Potential Benefits	Time Horizon	Management Approach
Energy Source	Operations, Market	The Company applies the IEA Stated Policies Scenario (STEPS) and Net Zero Emissions (NZE) scenario to analyze climate-related transition risks. This is expected to increase the use of low-carbon energy in key industries and drive participation in renewable energy investment, operations, and sales.	AUO, Customers	- Low-carbon production reduces financial costs arising from carbon taxes - Global brand customers require supply chains to adopt low-carbon energy - Investment in renewable energy power sales business to address supply–demand imbalances in the renewable energy market	Short term (within 2 years)	- Join RE100 and gradually increase the proportion of renewable energy adoption - Strengthen engagement with green brand customers to co-create green business opportunities - Accumulate experience in energy generation, storage, and EPC³ market management in preparation for entering the renewable energy trading market
Market Entry	Technology, Market	To achieve net zero emissions by 2050, the competent authority has introduced twelve key strategic action plans aimed at improving industrial energy efficiency and addressing transformation needs through smart management and low-carbon solutions.	Suppliers, Customers	- Invest in smart manufacturing solutions to enhance customer energy efficiency and create decarbonization opportunities - Invest in carbon management, water resources, and circular economy solutions to create new business opportunities	Short term (within 2 years)	- Enhance value-added display technologies to support suppliers, customers, and the value chain in transitioning toward low-carbon and sustainable development - Develop integrated application solutions for vertical markets to create additional competitive business segments

³ Engineering, Procurement, Construction (EPC)

Type	Aspect	Climate Scenario Assumptions	Stakeholders	Potential Benefits	Time Horizon	Management Approach
Energy Source	Participation in Carbon Market	Taiwan has introduced its Nationally Determined Contribution (NDC 3.0) targets and launched green and transition finance action plans, including a sustainable taxonomy, green bonds, and a NT\$100 billion Green Growth Fund to mobilize capital. A carbon fee scheme is scheduled for implementation in 2025, alongside the preparation of an Emissions Trading System (ETS), forming a comprehensive carbon pricing mechanism aligned with international practices. This enables additional revenue generation through carbon credits.	AUO, Investors	• Sell early-stage carbon credits to meet offset requirements for entities subject to carbon fees • Provide carbon credits required for environmental impact assessment offset mechanisms	Short term (within 2 years)	• Monitor trends in carbon credit trading volumes and prices • Track regulatory developments in carbon taxes/fees and cap-and-trade systems • Actively engage with major emitters regarding offset demand from voluntary reduction initiatives

3.2.3 To what extent and how are processes for identifying, assessing, prioritizing, and monitoring sustainability-related risks and opportunities integrated into and influencing the overall risk management process

The Company's processes for identifying, assessing, prioritizing, and monitoring sustainability-related risks and opportunities have been integrated into the Company's overall risk management framework. To enhance the Board of Directors' oversight functions and strengthen management capabilities, the Sustainability and Enterprise Risk Management Committee assists the Board in governing relevant risks and opportunities and reports to the Board on a regular basis. Specifically, the processes related to sustainability risks and opportunities are integrated into the Board's Sustainability and Enterprise Risk Management Committee for oversight, while the Sustainability and Enterprise Risk Executive Committee is responsible for implementing the sustainable goals.

4.Strategy

4.1 Purpose of Disclosing Strategy-Related Sustainability Financial Information

The Company discloses strategic sustainability-related financial information to enable primary users of general-purpose financial reports to understand the Company's strategies for managing sustainability-related risks and opportunities. For sustainability-related risks and opportunities expected to impact the Company, the disclosure details their effects on the business model and value chain, strategies and decisions, as well as financial condition and performance.

4.2 Strategic Disclosure of Sustainability-Related Risks and Opportunities

According to the Sixth Assessment Report (AR6) of the United Nations Intergovernmental Panel on Climate Change (IPCC), Taiwan exhibits high climate risk characteristics, including: increased rainfall intensity, longer annual maximum consecutive dry spells; longer summers, and shorter or even disappearing winters. The Company believes that within the complex boundaries of organizational operations, it is essential to ensure that every aspect possesses the operational resilience to adapt to climate change. In manufacturing, the first step is to reduce reliance on natural energy resources, such as regional water, electricity, and gas infrastructure, and to extend this approach to supply chains with similar natural resource needs. In other areas, the company must actively address challenges related to national or regional regulations, market value and R&D momentum driven by products in the value chain, and the expectations of diverse stakeholders regarding low-carbon transition. Based on industry characteristics and various operational conditions, the Company conducts in-depth assessments across short-, medium-, and long-term timeframes to determine the strategic and operational management resources required for different business segments, while also making advance plans and preparations for financial support.

In our resilience management framework, we review sustainability risk and opportunity projects. Based on key information such as our operational status, changes in policies and regulations, international trends, low-carbon market developments, and technological advancements, we consider the entire upstream, midstream, and downstream value chain across short-, medium-, and long-term timeframes. In accordance with IFRS guidelines, we assess sustainability response actions and evaluate their financial impacts.

1. Value Chain: Assess the points along the value chain affected by sustainability risks and opportunities, including upstream related industries and suppliers, the Company's own operational organization and business model, and downstream related industries and customers, and disclose the extent of their impact.
2. Time Horizon: The project report is divided into four phases: current, short-term (1–2 years), medium-term (3–5 years), and long-term (over 6 years). This enables the Company's strategic decision-making to align with the aforementioned timeframes, using consistent time intervals to describe specific response actions.

Table 4.2-1 Dimensions of Organizational Impact from Climate Risks and Opportunities

Dimension	Risks	Opportunities
Business	Short-term: - Increasingly severe climate-related disasters heighten uncertainties in organizational and supply chain disruptions. Medium-term: - Transition risks arising from regulations, product standards, and carbon finance impose compounded impacts on operational activities. Long-term: - The sustained momentum of low-carbon transition necessitates adjustments to products and services. - The Company must proactively deploy resilient infrastructure to enhance adaptability to climate-related disruptions.	Short-term: - Provision of environmental solutions to clients facing regulatory requirements or climate challenges, including water resources, energy, smart manufacturing, and renewable energy supply services. Medium- to long-term: - Development of renewable energy business opportunities in response to liberalized electricity market demand. - Provision of low-carbon and energy-efficient products to brand customers. - Delivery of smart manufacturing solutions and more efficient production services.
Strategy	Short-term: - Increasing focus from external stakeholders on net-zero mitigation actions and operational resilience required to withstand extreme climate scenarios. Medium-term: - Imbalances in renewable energy supply and demand in Taiwan introduce uncertainties to decarbonization targets. - Continuous operations remain highly dependent on external infrastructure such as water, electricity, and gas supply. Long-term: - Rapid developments in regulations, low-carbon technologies, and market conditions introduce high uncertainty in resource allocation.	Short-term: - Engagement with brand customers on low-carbon transition and pilot programs for specialized low-carbon product specifications. - Sharing the Company's experience in management systems and providing advocacy and guidance to ecosystem partners. Medium- to long-term: - Capturing opportunities from government-led net-zero strategies to expand green energy businesses, zero-carbon manufacturing, and low-carbon solutions. - Establishing strategic partnerships with stakeholders, including customers and suppliers undergoing transition.

Dimension	Risks	Opportunities
Financial	Short-term: - Carbon pricing mechanisms in Taiwan and energy transition increase electricity cost burdens. - Implementation of internal carbon pricing to proactively address financial impacts arising from climate risks. - Internalization of external costs associated with climate-related risks in operations and strategic planning. - Integration of low-carbon transition targets into operational decision-making through Medium- to long-term: - When managing decarbonization targets and investments, consideration should be given to replacing aging, high energy-consuming facilities and to the financial implications of long-term renewable energy procurement, including green electricity premiums over periods exceeding 20 years. The Company needs to assess the operational cost impacts arising from domestic carbon pricing and international carbon border adjustment mechanisms.	Short-term: - The Company can plan for a low-carbon transition by assessing investments in technologies, tools, and platform services required by the industry. In the era of carbon pricing, the Company can flexibly utilize its own carbon credits in public carbon trading markets. Medium- to long-term: - Through continuous low-carbon transition initiatives, the Company can generate stable, high-value revenue and profits by leveraging opportunities in green electricity sales, low-carbon display technologies, and smart service solutions.

4.2.1 Sustainability-related risks and opportunities affecting the Company's outlook

When identifying sustainability-related risks and opportunities that can reasonably be expected to affect the Company's outlook, the Company follows the SASB (Sustainability Accounting Standards Board) industry classification principles to map each business unit to relevant industry benchmarks based on product characteristics and business models, thereby enhancing the comparability of sustainability information. To enable key users to fully understand the differences in sustainability disclosure topics across operating segments, the Company reviews the applicable SASB topics for each business based on the Group's "Three Pillars—Display Technology, Smart Mobility, and Vertical Markets" operational framework, and determines the applicable SASB standards for TC-HW (Hardware), RR-ST (Solar Technology and Project Developers), TC-SI (Software and Information Technology Services), and TR-AP (Automotive Parts), as well as the disclosure topics outlined in Volumes 55, 44, 58, and 62 of the IFRS S2 Industry-Specific Implementation Guidance.

In addition to identifying sustainability-related risks and opportunities that are reasonably expected to affect the Company's outlook, the Company has further identified the current and anticipated impacts of such risks and opportunities on its business model and value chain, as well as the timeframes in which they may occur, as shown in the table below:

Table 4.2.1-1 The Company's Sustainability-Related Risks and Opportunities

Type	Risk / Opportunity Description	Impact on Business Model		Impact on Value Chain		Concentration within Business Model / Value			Time Horizon		
		Current	Anticipated	Current	Anticipated	Upstream	Company	Downstream	Short	Medium	Long
Climate-related Physical Risk	Power supply constraints: Extreme weather events (e.g. heat waves, cold spells, droughts) increase overall electricity demand. Limited by government energy policies and insufficient power generation, unstable or insufficient power supply may occur without alternative sources, leading to temporary production disruptions or rescheduling.	None	1. Introduction of renewable energy and equipment upgrades may reduce reserve capacity in summer, requiring large users to install backup generators, increasing operating costs 2. Changes in peak/off-peak tariffs increase energy costs	None	1. Low reserve capacity increases voluntary demand response, raising power management costs 2. Rising peak/off-peak tariffs increase production costs	Suppliers in electricity-constrained, high-density manufacturing regions (Taiwan/China)	⊙	Customers (indirect impact on delivery)	⊙	⊙	⊙
Climate-related Physical Risk	Water resource management: Heat waves and heavy rainfall increase frequency of floods and droughts, affecting freshwater availability. Rising industrial demand and insufficient public water supply capacity may result in shortages, requiring production rescheduling or temporary disruptions.	None	1. Water shortages increase raw material and inventory costs 2. Water-saving upgrades raise capital and operating costs 3. Use of groundwater/reclaimed water increases costs 4. Wastewater recycling and filtration investments increase costs	None	1. Rising water costs increase raw material and logistics costs via suppliers 2. Supply disruptions due to water shortages	Suppliers in monsoon-affected manufacturing regions (Taiwan/China)	⊙	Customers (indirect impact on delivery)	⊙	⊙	⊙

Type	Risk / Opportunity Description	Impact on Business Model		Impact on Value Chain		Concentration within Business Model / Value			Time Horizon		
		Current	Anticipated	Current	Anticipated	Upstream	Company	Downstream	Short	Medium	Long
Climate-related Transition Risk	Rising demand for renewable energy: Driven by climate change, RE100 initiatives, regulatory requirements, and market demand, renewable energy adoption may increase operating costs.	None	1. Renewable energy and certificate costs reflected in product pricing 2. Preparation for renewable energy adoption increases costs 3. Self-built renewable facilities increase operating costs	None	1. Suppliers pass through renewable energy costs 2. Renewable energy becomes a requirement for low-carbon products, affecting competitiveness	Taiwan suppliers	◎	Taiwan/China	◎	Customers (indirect pricing impact)	◎
Climate-related Transition Risk	Carbon fees, carbon tariffs, and regulations: Stricter regulatory controls (e.g. carbon tax, carbon fee, CBAM) increase operating costs. Failure to implement reduction pathways may result in escalating carbon costs.	None	1. Without voluntary reduction plans, Taiwan carbon fee: NT\$300/ton in 2025 2. Expected to rise to ~NT\$1,500/ton by 2030	None	1. Supplier cost pass-through from carbon fees 2. Increasing carbon costs across value chain	Suppliers affected by CBAM	◎	Taiwan	◎	Customers (indirect pricing impact)	◎
Climate-related Opportunity	Carbon credit opportunities: With the introduction of carbon pricing in Taiwan, demand for offsets increases. The Company holds government-issued carbon credits and can monetize them.	The Company holds Taiwan-issued carbon credits and can generate revenue through trading	1. Continued application for carbon credits 2. Increasing carbon prices contribute to non-operating income	Suppliers subject to carbon fees can purchase credits to reduce costs	1. Increased demand from suppliers boosts trading revenue 2. Customers can use Company credits for carbon neutrality	Carbon market intermediaries	◎	Carbon credit demand market (buyers)	◎	◎	◎

Type	Risk / Opportunity Description	Impact on Business Model		Impact on Value Chain		Concentration within Business Model / Value			Time Horizon		
		Current	Anticipated	Current	Anticipated	Upstream	Company	Downstream	Short	Medium	Long
Other Sustainability-related Risk	Human rights regulations tightening: Increased stakeholder attention leads to stricter regulations. Non-compliance may result in litigation, fines, and reputational damage.	None	1. Human rights violations result in reputational risk 2. Regulatory penalties and potential loss of customers/investors	None	Supplier violations may damage brand trust, reputation, and lead to legal risks	Suppliers	☉	AUO Group	☉	Customers (indirect reputational impact)	☉
Other Sustainability-related Risk	Information security: Cybersecurity threats may result in data loss, reputational damage, system disruptions, and compliance risks (e.g., cyber-attacks, cloud breaches, data leaks).	None	1. Increased cybersecurity risks require higher investment 2. Enhanced endpoint security and monitoring increase costs	None	Cyber risks may propagate through trust relationships, increasing supplier risk exposure	Suppliers	☉	AUO Group	☉	Customers (indirect reputational impact)	☉

4.2.2 Identifying climate-related risks: transition risks and physical risks

For categories of climate-related risks, see “Table 4.2.1-1: The Company’s Sustainability-Related Risks and Opportunities.”

4.2.3 Time horizon of sustainability-related risks and opportunities: short-term, medium-term, or long-term

For the time horizons of sustainability-related risks and opportunities, see “Table 4.2.1-1: The Company’s Sustainability-Related Risks and Opportunities”

4.2.4 Time Horizon: Definition and Link to Strategic Decision-Making Timelines

The Company defines sustainability-related risks and opportunities in three time horizons: short-term (1–2 years), medium-term (3–5 years), and long-term (over 6 years). This allows the Company to align its strategic decision-making with these timeframes, consistently identify relevant time horizons, and describe specific response actions.

4.3 Current and Expected Impacts of Sustainability-Related Risks and Opportunities on the Business Model and Value Chain

Given the Group’s industry characteristics and operational traits, we further assess the impact of sustainability-related risks and opportunities on our business model and value chain. Regarding current impacts, as environmental sustainability issues—specifically climate change and carbon management—are receiving significant attention from stakeholders, the Group has established a vision for low-carbon transition and achieving net-zero emissions, and is collaborating with the value chain to participate in various environmental sustainability initiatives. As the global push for net-zero transition intensifies, climate-related risks and opportunities are expected to have a more profound impact on the Group’s business model and value chain; we will make rolling adjustments to adopt more robust strategies and decisions.

As the Group continues to expand its overseas footprint and engage in increasingly complex value chain operations, and driven by the global consensus on climate change mitigation and adaptation resilience, the organization must formulate more practical and effective strategic and operational risk and opportunity management decisions.

Table 4.3-1 The Company's Strategic and Operational Risk Management Strategies

Risk Category	Key Focus Areas	Response Strategies
Strategic	Climate Change; Carbon Management	1. Energy transition may affect power supply stability and production yield consistency 2. Climate change may lead to long-term imbalance in water resource availability, affecting plant operations 3. Extreme climate events may disrupt global supply chain delivery sequencing 4. Energy price volatility and carbon reduction regulations (including carbon taxes/fees) may increase costs 5. Customer demand for decarbonization/renewable energy, international initiatives, and eco-label requirements
	Market; Product Competition	1. New entrants leveraging low-carbon opportunities may gain capacity advantages; market reshuffling due to exit of existing competitors 2. Diversification of business models and sales channels may reduce customer dependency and long-term stability 3. High variability in product mix demand requires management of systemic market risks
	R&D; Innovative Technology	1. Lack of innovation or misalignment with commercial needs may delay investment or cause missed market opportunities 2. Delays in technology partners' development may hinder adoption of new technologies and materials and limit workforce capability growth 3. Emerging display technologies may affect competitiveness
Operational	Regulatory Compliance	1. Compliance with applicable laws and regulations (e.g. competition law, data privacy and security, intellectual property, trademarks, trade secrets, environmental/health & safety, labor, and financial reporting) is required to prevent violations 2. New business models or transactions must consider multi-jurisdictional regulatory requirements to mitigate financial and investment risks
	Business Continuity	1. Production disruptions due to shortages of labor, materials, or equipment may delay product delivery 2. Natural disasters or incidents (e.g. plant explosions, equipment damage) may disrupt material supply 3. Defective product handling may increase resource consumption and operational costs

4.3.1 Description of the current and anticipated impacts of sustainability-related risks and opportunities on the business model and value chain

Description of the current and anticipated impacts of sustainability-related risks and opportunities on the business model and value chain

4.3.2 Description of where sustainability-related risks and opportunities are concentrated within the business model and value chain

The risks and opportunities identified by the Company affect both the Company as a whole and the upstream and downstream value chains; see “Table 4.2.1-1: The Company’s Sustainability-Related Risks and Opportunities.”

4.4 Impact of sustainability-related risks and opportunities on strategy

To address global climate change, AUO conducts systematic identification of climate-related risks, with a focus on climate change and carbon management, at the organizational level in accordance with the TCFD framework. Through a detailed analysis of historical risk identification results and regulatory trends, the Company has established a long-term vision of “Low-carbon transition toward net zero” and developed corresponding action plans.

In relation to climate change mitigation, the Company is guided by the Science Based Targets initiative (SBTi) and actively promotes low-carbon transition pathways aligned with the global goal of limiting temperature rise to 1.5°C. The strategy focuses on energy transition through two key approaches: (i) enhancing energy efficiency and transforming conventional practices; and (ii) accelerating the deployment of renewable energy to increase the share of low-carbon energy. These initiatives aim to achieve absolute greenhouse gas emission reductions and progress toward net-zero emissions.

With respect to climate adaptation and resilience, the Company has established and continues to refine management processes and operational control measures to address climate-related risks and enhance organizational resilience. Key measures include reducing over-reliance on natural resources, such as optimizing regional supply chains for critical utilities (e.g., water, electricity, and gas), and actively managing resource demand across the value chain. At the same time, the Company adapts its operational strategies in response to evolving domestic and international regulations, value chain requirements, and market dynamics, ensuring flexibility throughout the transition process.

Regarding product lifecycle management, the Company implements various technological measures to reduce carbon emissions, including the use of low-carbon energy, the adoption of recycled materials, and the promotion of decarbonization initiatives across the supply chain. These efforts enable effective management of carbon footprints across all stages, from raw materials to end-of-life. In addition, over the past decade, the Company has continuously invested in renewable energy technologies and market development, actively expanding the deployment of renewable energy to support its long-term low-carbon transition and sustainability objectives.

4.4.1 Addressing Sustainability-Related Risks and Opportunities in Strategy and Decision-Making: Response Plans and Goal Achievement

The Company provides detailed disclosures regarding current and anticipated changes to its business model and resource allocation in response to sustainability-related risks and opportunities. It also explains how it plans to achieve any sustainability-related targets it has set, as well as those required by regulatory mandates, ensuring that key stakeholders fully understand the impacts of changes associated with these climate-related risks and opportunities.

4.4.1.1 Addressing Sustainability-Related Risks and Opportunities: Current and Expected Changes in Business Model and Resource Allocation

4.4.1.1.1 Addressing Sustainability-Related Risks: Current and Expected Changes in Business Model and Resource Allocation

Table 4.4.1.1.1-1 Changes in Business Model and Resource Allocation in Response to Risks⁴

Risk Category	Risk Description	Changes in Business Model and Resource Allocation	
		Current	Anticipated
Climate-related Physical Risk	Power supply constraints	1. Actively promote energy-saving initiatives to enhance energy management and invest in equipment upgrades and replacement to reduce electricity demand 2. Participate in Taipower's Virtual Power Plant (VPP) program and support demand response dispatch to alleviate grid pressure	1. Continue implementing energy-saving measures, improving energy management efficiency, and investing in facility upgrades and replacements to reduce electricity consumption and related costs 2. Reduce electricity usage • Participate in Taipower VPP and demand response programs to alleviate grid load • Adjust emergency power supply models to reduce factory electricity consumption and actively engage in VPP services • Respond to government policies by increasing renewable energy procurement and reducing reliance on fossil-based electricity 3. Adopt diversified energy solutions • Introduce small-scale gas generators, diesel parallel systems, energy storage, and solar power to reduce dependence on a single electricity source (Taipower) and mitigate peak demand and tariff impacts

⁴ For the description of each risk and opportunity, please refer to Table 4.2.1-1

Risk Category	Risk Description	Changes in Business Model and Resource Allocation	
		Current	Anticipated
Climate-related Physical Risk	Water resource management	1. Enhance internal water management through continuous monitoring and audits of water usage and resource efficiency across plant operations 2. Regularly review water-saving performance and invest in equipment upgrades and improvement measures 3. Establish controllable water resource management with monthly performance tracking	1. Develop alternative water sources and advanced water recycling technologies; establish long-term reclaimed water targets through collaboration with academia and research institutions to improve water allocation flexibility and reduce reliance on municipal water 2. Monitor the development of reclaimed water plants and assess feasibility of use 3. Continue evaluating expansion of external water sources and groundwater usage to reduce dependence on municipal supply
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	1. Submit voluntary reduction plans aligned with sectoral benchmarks to obtain preferential carbon pricing rates 2. Implement and review emission reduction pathways through energy-saving programs (e.g. “3030 energy-saving initiative”) and renewable energy deployment (e.g. solar PV)	Continue to enhance energy efficiency through energy-saving and renewable energy generation initiatives, and expand into offshore wind power adoption
Climate-related Transition Risk	Renewable energy demand trends	1. Develop solar power plants and negotiate renewable energy power purchase agreements (PPAs) 2. Invest in self-generated renewable energy facilities and prepare for offshore wind CPPA (Corporate Power Purchase Agreements)	Develop diversified renewable energy portfolios: • Flexibly invest in various renewable energy sources based on market conditions • Medium- to long-term investments include solar and wind projects • Engage stakeholders to support renewable energy policy development and foster a sustainable supply–demand ecosystem

Risk Category	Risk Description	Changes in Business Model and Resource Allocation	
		Current	Anticipated
Other Sustainability-related Risk	Tightening human rights regulations	1. Promote internal compliance with human rights policies 2. Encourage employee participation in external training and expert-led programs to prevent violations 3. Engage professional consultants for HR management, labor inspections, dispute resolution, and regulatory compliance	1. Continue external training and expert engagement to strengthen policy implementation and prevent violations 2. Engage consultants and PR firms to enhance compliance and crisis management capabilities 3. Strengthen regulatory compliance monitoring to reduce penalties and legal risks 4. Incorporate human rights clauses into contracts to mitigate termination risks 5. Strengthen labor and supply chain management to prevent disruptions such as strikes
Other Sustainability-related Risk	Information security	1. Monitor cybersecurity posture and maturity; continuously enhance security architecture and protection of core assets; establish group-wide joint defense mechanisms 2. Obtain cyber insurance and conduct internal awareness programs and supplier security assessments 3. Improve cybersecurity resilience to address evolving threats 4. Align with international standards such as ISO 27001:2022 and obtain TISAX certification	1. Conduct monthly reviews of cybersecurity posture scores and key risk indicators (KRIs), including monitoring of affiliated entities' incidents 2. Implement Zero Trust architecture to enhance overall security resilience 3. Require key suppliers to report cybersecurity incidents and incorporate into supplier evaluation processes 4. Foster a comprehensive AUO cybersecurity culture and promote professional certification 5. Strengthen internal and external controls to ensure cybersecurity reliability under transformation scenarios

4.4.1.1.2 Addressing climate-related opportunities: current and anticipated changes in business models and resource allocation

Table 4.4.1.1.2-1 Changes in Business Models and Resource Allocation in Response to Opportunities

Opportunity Category	Opportunity Description	Changes in Business Model and Resource Allocation	
		Current	Anticipated
Climate-related Opportunity	Carbon credit business opportunities	1. Sale of early-stage (Phase I) project carbon credits • Initiate marketing of Phase I project carbon credits • Target entities that have not submitted voluntary reduction plans or have adopted benchmark-based approaches 2. Verification of offset carbon credits • Continue applying for Phase II (2022–2023) offset carbon credits	1. Sale of early-stage (Phase I + Phase II) project carbon credits • Continue promoting Phase I project carbon credit marketing • Engage corporate groups planning development activities in carbon credit transactions related to environmental impact assessment (EIA) incremental offsets 2. Sale of offset carbon credits • Target organizations or product-level entities with voluntary carbon neutrality commitments • Monitor carbon fee rates and emerging opportunities in carbon trading markets

4.4.1.2 Current and anticipated direct mitigation and adaptation efforts

The Company's current and anticipated direct mitigation and adaptation efforts are primarily as follows:

Table 4.4.1.2-1 Current and Expected Direct Mitigation and Adaptation Efforts

Risk / Opportunity Category	Risk / Opportunity Description	Mitigation Actions		Adaptation & Resilience	
		Current	Anticipated	Current	Anticipated
Climate-related Physical Risk	Power supply constraints	Actively promote energy-saving initiatives to enhance energy management and invest in equipment upgrades and replacements to reduce electricity consumption	Actively respond to government policies by gradually increasing renewable energy procurement, reducing reliance on fossil-based electricity, and lowering overall carbon emissions	1. Establish power monitoring and climate response systems to enhance electricity usage monitoring and emergency response capabilities 2. Regularly test on-site generators to ensure proper operation 3. Adjust generator operating modes to maximize load-sharing efficiency	1. Utilize parallel operation of backup generators to reduce peak electricity demand and enhance power supply stability 2. Deploy diversified energy sources, including gas, diesel generation, energy storage, and rooftop solar, to reduce reliance on a single power source and mitigate peak demand impacts
	Water resource management	Enhance internal water management and continue water usage audits and resource efficiency assessments	Develop alternative water sources and advanced water recycling technologies; monitor development of reclaimed water plants and assess feasibility to increase external supply and reduce dependency	1. Monitor plant water usage and storage levels 2. Track reservoir water levels 3. Monitor production capacity and water-use efficiency 4. Track process water recycling rates 5. Track backup water sources, including private wells, water allocation, and mobile treatment systems	Monitor rainfall and groundwater levels in high water-stress regions to ensure adequate backup supply; expand the use of reclaimed water

Risk / Opportunity Category	Risk / Opportunity Description	Mitigation Actions		Adaptation & Resilience	
		Current	Anticipated	Current	Anticipated
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	1. Follow the Company's established electricity reduction pathway 2. Promote RE30 renewable energy targets 3. Achieve approval of voluntary emissions reduction plans	1. Ensure stable operation of contracted solar power sites, targeting annual generation exceeding 300 million kWh 2. Secure stable supply from offshore wind power	Same as mitigation actions	Monitor developments in government cap-and-trade and carbon control policies
	Renewable energy demand trends	1. Joined the RE100 initiative in 2022, targeting 14.3% renewable energy usage by 2025 2. Develop renewable energy management platforms for contract, wheeling, and certificate management 3. Provide customers with information on current renewable energy procurement	1. Invest in renewable energy PPAs 2. Monitor development of diversified renewable energy markets 3. Track government policies on renewable energy, hydrogen substitution, and carbon capture, utilization and storage (CCUS)	Same as mitigation actions	Establish internal renewable energy certificate management systems to prevent double counting of environmental attributes of green electricity

Risk / Opportunity Category	Risk / Opportunity Description	Mitigation Actions		Adaptation & Resilience	
		Current	Anticipated	Current	Anticipated
Climate-related Opportunity	Carbon credit business opportunities	1. Sell early-stage project carbon credits 2. Continue applying for 2022–2023 offset carbon credits	1. Sell self-generated Phase I carbon credits 2. Sell Phase II carbon credits to support enterprises requiring EIA-related incremental offsets 3. Sell offset carbon credits to entities pursuing voluntary carbon neutrality or verification needs 4. Conduct carbon credit verification processes 5. Continue monitoring international carbon markets	Same as mitigation actions	1. Monitor developments in government pilot cap-and-trade schemes 2. Track international carbon credit markets and related business opportunities

4.4.1.3 Current and anticipated indirect mitigation and adaptation efforts

The Company's current and anticipated indirect mitigation and adaptation efforts, including collaborations with customers and the supply chain, are detailed below:

Table 4.4.1.3-1 Current and Anticipated Indirect Mitigation and Adaptation Efforts

Risk / Opportunity Category	Risk / Opportunity Description	Mitigation Actions		Adaptation & Resilience	
		Current	Anticipated	Current	Anticipated
Climate-related Physical Risk	Power supply constraints	Gradually increase the use of renewable electricity in line with policies, reduce reliance on fossil-based electricity, and lower carbon emissions	Assess and establish renewable energy storage solutions to minimize excess renewable generation and maximize renewable energy utilization	1. Collaborate with Taipower and industry associations to reflect power supply quality conditions and electricity tariff adjustments 2. Continue implementing energy-saving measures, enhance energy management efficiency, and invest in facility upgrades and replacements to reduce electricity consumption and related costs	Assess the establishment of energy storage facilities or participation in Virtual Power Plant (VPP) programs to alleviate peak electricity demand
	Water resource management	Develop water reduction plans and targets for key suppliers, supported by water-saving technologies and implementation assistance	1. Monitor water conditions through industry associations and evaluate water conservation technologies 2. Continue tracking drought-resistant wells, water purification facilities, and internal well applications, and refer to external water-saving technologies 3. Promote industry–academia collaboration to develop low water-consumption and water recycling technologies	Coordinate with regional water authorities to monitor water conditions and arrange backup water supply	Same as mitigation actions

Risk / Opportunity Category	Risk / Opportunity Description	Mitigation Actions		Adaptation & Resilience	
		Current	Anticipated	Current	Anticipated
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	Collaborate with 66 key suppliers to accelerate the implementation of decarbonization projects	1. Fulfill carbon reduction commitments by suppliers 2. For entities not subject to carbon fees, evaluate joint decarbonization initiatives and voluntary carbon credit applications 3. Following offshore wind grid connection, assess renewable energy market demand to accelerate supply chain decarbonization	Same as mitigation actions	Promote supplier decarbonization through the Company's ESG scorecard mechanism
	Renewable energy demand trends	Develop self-owned solar power generation and renewable energy wheeling to produce the world's first 100% renewable energy-based display panels	Align with customers' sustainability and low-carbon product labeling requirements	Collaborate with customers to promote carbon-neutral notebook products	Align with customers' sustainability and low-carbon product labeling requirements
Climate-related Opportunity	Carbon credit business opportunities	Support key suppliers in setting carbon reduction targets	1. Evaluate applications for Taiwan voluntary reduction project carbon credits 2. Obtain carbon credits upon validation and verification under applicable methodologies	Same as mitigation actions	Same as mitigation actions

4.4.1.4 Climate Transition Plan (including key assumptions, elements, and conditions)

To address the impacts and challenges posed by global climate change, the Company prioritizes climate change mitigation and adaptation as core elements of its climate governance transformation.

On the mitigation front, guided by the vision of a low-carbon transition toward net zero, the Company has established a roadmap and implementation blueprint for achieving net-zero emissions. Through alignment with internationally recognized initiatives, including the Science Based Targets initiative (SBTi), the Company has committed to achieving a 42% reduction in absolute greenhouse gas emissions by 2030 (Year 119 of the Republic of China), compared with the 2021 baseline year (Year 110 of the Republic of China), through proactive emissions management. The Company will continue to advance toward its long-term target of net-zero emissions by 2050 (Year 139 of the Republic of China).

On the adaptation front, in response to both physical climate-related hazards and the transition impacts arising from global decarbonization efforts, the Group is progressively transforming toward a more sustainable business model. This is achieved through strategies that enhance climate resilience while capturing potential opportunities arising from the transition.

In particular, key areas of focus include ensuring the continuity of manufacturing operations, securing low-carbon and stable energy supply, developing low-carbon products and technologies, strengthening climate-resilient supply chains, and proactively responding to evolving global regulations, carbon pricing mechanisms, and carbon market developments. These factors represent both challenges and strategic drivers shaping the Company's long-term operational and financial performance.

4.4.1.4-1 Core Strategies and Specific Actions

Core Strategy	Specific Actions
Mitigation: Low-carbon transition toward net zero	- Continuously enhance performance through the adoption of internationally recognized ISO standards - Deepen CDP carbon disclosure across the organization and value chain - Implement decarbonization management in line with Science Based Targets initiative (SBTi) pathways - Introduce internal carbon pricing mechanisms - Improve energy efficiency and reduce overall energy consumption - Enter into Corporate Power Purchase Agreements (CPPAs) to source diversified renewable energy - Drive decarbonization initiatives across internal and external value chains - Develop energy-efficient and recycled-material products - Continue carbon offset projects and collaborate with the value chain on voluntary reduction initiatives

Core Strategy	Specific Actions
Adaptation: Enhancing climate resilience and turning risks into opportunities	• Reduce electricity and water demand, lower reliance on infrastructure, and develop diversified alternative resource sources • Continue developing green energy businesses and expanding market opportunities • Develop renewable energy equipment and related products • Develop low-carbon products to meet international eco-label and product certification requirements • Participate in international initiatives and engage with customers on climate-related actions • Seek appropriate insurance mechanisms to transfer and manage risks • Participate in carbon markets to optimize and monetize carbon assets

4.4.1.5 Methods for Achieving Climate-Related Goals

To achieve the Company's aforementioned strategic climate mitigation and adaptation goals, the Company plans to address them in the following ways:

Table 4.4.1.5-1 Specific Targets Related to Core Strategies

Core Strategy	Specific Targets
Mitigation: Low-carbon transition toward net zero	Strategic focus: In alignment with global initiatives and through collaboration with stakeholders, the Company adopts a life cycle approach to products and services, aiming to mitigate environmental impacts and carbon footprints, and to promote environmental sustainability. 1. Absolute emissions reduction (SBT) • In response to international initiatives (SBTi), target a 42% absolute reduction in organizational greenhouse gas emissions (Scope 1 and Scope 2) by 2030, compared with the 2021 baseline year • Achieve a 25% reduction in value chain emissions (Scope 3) by 2030, including SBT commitments, employee commuting, decarbonization of key suppliers, product energy use, and downstream transportation (baseline year: 2021) 2. Energy transition • In alignment with international targets and to promote energy transition, achieve a 30% reduction in production energy consumption and 30% renewable energy adoption by 2030 (baseline year: 2021)

Core Strategy	Specific Targets
Adaptation: Enhancing climate resilience and turning risks into opportunities	Strategic focus: Strengthen climate governance capabilities to build an adaptive value chain ecosystem, mitigate financial impacts arising from diverse climate risks, and enhance organizational climate resilience. Water resources Protect water resources and reduce dependency; achieve a 95% process water recycling rate by 2030, and cumulative value chain water-saving projects reaching 25,000 tons per day Value chain adaptation Strengthen suppliers' capabilities in climate and ESG management and establish comprehensive assessment mechanisms; by 2030, achieve a 35% improvement rate in environmental performance and a 12% improvement rate in governance performance Financial monitoring Apply sustainability disclosure standards to monitor financial indicators; by 2030, ensure that annual financial impacts from climate-related risks are less than 3% of revenue, while climate-related opportunities contribute at least 2% of annual revenue

4.4.2 Methods of Providing and Planning to Provide Resources

To support the implementation of strategies addressing sustainability-related risks and opportunities, the Group allocates annual project budgets based on its transition plans and targets to ensure the effective execution of all initiatives. Funding sources include the Group's own funds as well as green credit lines and blue loan facilities totaling NT\$3 billion obtained from financial institutions, which serve as the primary strategic funding source for climate-related risks.

Details regarding the amounts allocated to initiatives this year are provided in "4.5.1 Impact of Sustainability-Related Risks and Opportunities on Financial Position, Financial Performance, and Cash Flows During the Reporting Period" and "5.2.5 Capital Allocation," while details regarding anticipated future initiatives are provided in "4.5.3 Expected Impact of Sustainability-Related Risks and Opportunities on Short-Term, Medium-Term, and Long-Term Financial Position, Financial Performance, and Cash Flows."

In addition, the Group's mainland China facilities have applied to the Suzhou government for an ultra-long-term government bond project. The total investment for the short-term (2025–2026) project is RMB 12,800,000, primarily for energy-saving retrofit projects involving high-efficiency heat pumps and electric motors. If the investment meets the requirements for subsidy disbursement, it is expected to receive a 20% subsidy from the Suzhou government.

4.4.3 Quantitative and Qualitative Information: Progress of Plans Disclosed During the Reporting Period

Organizational Carbon Reduction: AUO's Phase 1 SBTi carbon reduction target (a 25% absolute reduction by 2025, using 2018 as the baseline) was achieved ahead of schedule in 2022. Looking toward a more ambitious low-carbon transition vision, the Company continues to adopt the 1.5°C warming scenario, proposing a target of achieving a 42% absolute reduction in organizational carbon emissions (Scope 1 and Scope 2) by 2030, using 2021 as the base year

Table 4.4.3-1 Progress of Initiatives Disclosed During the Reporting Period

Item	Base Year	Baseline Emissions (tCO ₂ e)	Target	Management Approach	2025 Target Achievement Status
Organizational GHG Emissions (Scope 1 and Scope 2)	2021	2,920,400	2030 SBT target: 42% absolute reduction	- Enhance energy efficiency: improve energy performance through ISO 50001 initiatives, and promote automation, smart manufacturing, equipment upgrades, and asset-light transformation - Increase use of renewable energy: invest in power plants for direct supply to AUO, and continue entering into diversified renewable energy PPAs and overseas renewable energy certificates	Achieved a 31% absolute reduction in 2025 compared with the 2021 baseline

4.5 Impact of Sustainability-Related Risks and Opportunities on Financial Position, Financial Performance, and Cash Flows

For the identified material sustainability-related risks and opportunities, the Company actively promotes the achievement of its transformation goals through strategic planning and risk management, and continuously assesses their impact on the Company's financial position, financial performance, and cash flows. Financial position and performance include the income statement (revenue and expenses) and the balance sheet (assets and liabilities, equity and financing).

The Company incorporates strategies for addressing sustainability-related risks and opportunities, along with their financial implications, into its overall financial planning to ensure the Company's ability to utilize funds, manage risks, and achieve long-term sustainable development. At the same time, the Company discloses information regarding the current and anticipated financial impacts of sustainability-related risks and opportunities, enabling key users to fully understand the extent of such impacts on financial performance and the Company's considerations in financial planning and management.

4.5.1 Impact of Sustainability-Related Risks and Opportunities on Financial Position, Financial Performance, and Cash Flows for the Reporting Period

Table 4.5.1-1 Financial Impact of Sustainability Risks During the Reporting Period

Risk Category	Risk Description	Financial Effects during the Reporting Period
Climate-related Physical Risk	Power supply constraints	- The Company actively implemented the “3030 Energy Efficiency Project.” During the reporting period, capital expenditures of NT\$147,994 thousand were incurred for the procurement of high-efficiency energy-saving equipment and machinery upgrades, resulting in cash outflows from investing activities of NT\$145,588 thousand and related depreciation expenses of NT\$10,166 thousand. In addition, to further enhance energy-saving performance, equipment maintenance and improvements resulted in expenses and cash outflows of NT\$90,468 thousand. - Replacement of backup power systems and electromechanical engineering works resulted in capital expenditures and investing cash outflows of NT\$139,293 thousand, with associated depreciation expenses of NT\$5,030 thousand. Adjustments to generator operating modes and maintenance activities reduced electricity load and maintained power supply quality, resulting in expenses and cash outflows of NT\$71,530 thousand. - Participation in Taipower’s Virtual Power Plant (VPP) program supported demand response dispatch, reduced grid burden, and generated non-operating income and operating cash inflows of NT\$2,823 thousand through government subsidies.
	Water resource management	- Expansion and improvement of water treatment facilities during the reporting period resulted in capital expenditures and investing cash outflows of NT\$12,474 thousand, with related depreciation expenses of NT\$1,510 thousand. - Maintenance of water treatment equipment and piping systems, along with replacement of consumables, resulted in expenses and cash outflows totaling NT\$91,150 thousand.
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	- During the reporting period, the Company recognized carbon fee expenses for the first time in accordance with the Ministry of Environment’s carbon fee regulations and recorded a provision liability of NT\$16,843 thousand, which will be declared and paid in accordance with regulations by May 2026. - The Company continues to implement its decarbonization pathway through energy-saving initiatives (“3030 Project”) and renewable energy deployment. Related financial effects are disclosed under “Power supply constraints” and “Renewable energy demand trends.”

Risk Category	Risk Description	Financial Effects during the Reporting Period
Climate-related Transition Risk	Renewable energy demand trends	The Company entered into Corporate Power Purchase Agreements (CPPAs) for renewable energy. During the reporting period, renewable energy expenses amounted to approximately NT\$2.2 billion, with corresponding cash outflows of approximately NT\$2.1 billion. Compared with the cost of equivalent electricity calculated based on Taiwan Power Company's 2025 average tariff for conventional electricity, this represents an incremental increase of approximately NT\$712 million.
Other Sustainability-related Risks	Information security	The Company continued to strengthen its cybersecurity framework in accordance with the ISO/IEC 27001 standard, enhancing resilience in information security protection. Measures include protection of critical assets, antivirus systems, real-time threat monitoring services, annual internal and external penetration testing, and employee awareness training to ensure effective response capabilities. In addition, the Company has introduced cybersecurity insurance to transfer and mitigate risks associated with potential cybersecurity incidents. These measures resulted in expenses and cash outflows of approximately NT\$150–200 million during the reporting period.
	Tightening human rights regulations	Labor advisory fees and training program expenses totaled NT\$1,795 thousand during the reporting period, resulting in corresponding cash outflows.

Table 4.5.1-2 Financial Impact of Sustainability Opportunities on the Reporting Period

Opportunity Category	Opportunity Description	Financial Effects during the Reporting Period
Climate-related Opportunity	Carbon credit business opportunities	- During the reporting period, partial sales of offset carbon credits generated non-operating income and cash inflows of NT\$90 thousand. - The Company incurred certification fees related to the validation and verification of offset carbon credits, resulting in expenses and cash outflows of NT\$584 thousand.

4.5.2 Sustainability-Related Risks and Opportunities Significant Adjustments to Financial Position for the Next Reporting Period

Based on our assessment, the Company does not anticipate any significant risk that any of the sustainability-related risks and opportunities listed in the table above will result in a material adjustment to the carrying amounts of assets and liabilities in the next annual financial report.

4.5.3 Expected impact of sustainability-related risks and opportunities on short-term, medium-term, and long-term financial position, financial performance, and cash flows

Table 4.5.3-1 Expected Financial Impact of Sustainability Risks

Risk Category	Risk Description	Expected Financial Effects
Climate-related Physical Risk	Power supply constraints	- The Company will continue to advance the “3030 Energy Efficiency Project,” accelerating energy-saving initiatives and increasing investment in the replacement and upgrade of high energy-consuming equipment. In the short term, capital expenditures and cash outflows are expected to amount to approximately NT\$607,328 thousand. In addition, expenditures and cash outflows of approximately NT\$210,232 thousand are expected in the short term for maintenance and improvement activities to enhance energy efficiency. In the medium to long term, due to uncertainties such as future capacity expansion and market conditions, no quantitative information is disclosed. - In the short term, maintenance and repair of generators and backup power systems to maintain electricity supply quality are expected to result in expenses and cash outflows of approximately NT\$78,162 thousand. - In the short, medium, and long term, participation in Taipower’s Virtual Power Plant (VPP) program is expected to support demand response and reduce grid burden, while generating government subsidies; however, due to the high uncertainty of future subsidy amounts, no quantitative information is disclosed. - Long-term plans include diversified energy deployment to reduce reliance on a single electricity source (Taipower), such as introducing small-scale gas generators, diesel parallel systems, and energy storage applications to mitigate peak demand impacts. However, due to high uncertainty and limited data reliability, quantitative estimates are not currently available.
	Water resource management	- The Company will continue to pursue the objective of “water conservation and water creation.” In the short term, efforts will focus on developing alternative water sources and advanced water recycling technologies, with expected expenditures and cash outflows of approximately NT\$77,367 thousand to increase reclaimed water utilization. - In the medium to long term, the Company will continue to monitor the development of reclaimed water plants and assess their feasibility to enhance external water supply. As these plans remain under evaluation, quantitative estimates are not currently available.

Risk Category	Risk Description	Expected Financial Effects
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	- Carbon fees are expected to increase in response to evolving policies. The Company plans to achieve preferential rates through emissions reduction performance to reduce overall carbon fee expenses. In the short term, carbon fee expenses are estimated at NT\$14,650 thousand. In the medium to long term, as low-carbon processes mature and stabilize, emissions are expected to decrease annually, thereby reducing operating costs and affecting operating profit and net income. However, due to uncertainties in future regulatory developments, including stricter requirements, broader coverage, and higher carbon pricing, quantitative estimates are not disclosed. - In the medium to long term, the Company plans to introduce offshore wind power and continue monitoring carbon capture, utilization, and storage (CCUS) technologies. These initiatives are expected to reduce carbon emission factors and associated carbon costs, but may also increase expenses, thereby affecting operating profit and net income. As these plans remain under evaluation, quantitative estimates are not currently available.
	Renewable energy demand trends	The Company has entered into renewable energy power purchase agreements (CPPAs). In the short term, renewable energy expenses and cash outflows are expected to amount to approximately NT\$3.6 billion. In the medium to long term, continued expansion of such agreements and diversified renewable energy investments are expected to increase operating costs and expenses, thereby impacting operating profit and net income. However, due to uncertainties in future market demand for renewable energy and potential changes in government subsidy policies, quantitative estimates are not disclosed.
Other Sustainability-related Risks	Information security	In line with the Group's transformation, the Company will continue strengthening its cybersecurity architecture and enhancing resilience, while maintaining cybersecurity insurance to mitigate potential operational impacts. Future annual cybersecurity budgets are expected to account for approximately 0.5%–0.7% of operating expenses, leading to increased operating expenses and potential impacts on operating profit and net income.
	Tightening human rights regulations	In the short, medium, and long term, the Company expects to incur annual expenses and cash outflows of approximately NT\$341 thousand for engaging external professional consultants and participating in external training and expert advisory programs.

Table 4.5.3-2 Expected Financial Impact of Sustainability Opportunities

Opportunity Category	Opportunity Description	Expected Financial Effects
Climate-related Opportunity	Carbon credit business opportunities	- In the short to medium term, sales of early-stage carbon credits and offset carbon credits are expected to result in increased non-operating income and cash inflows. However, carbon credit transactions are subject to uncertainties related to sales strategies, pricing strategies, and market demand, which is influenced by carbon pricing mechanisms. As such information is highly uncertain and commercially sensitive, no quantitative disclosure is provided. - The Company possesses internally generated carbon credits and carbon asset management capabilities. In the medium to long term, the Company may generate additional non-operating income and cash inflows by supporting key suppliers or entities with voluntary reduction project needs in obtaining emissions reductions. Given that these business models involve commercially sensitive information, quantitative estimates are not disclosed.

4.6 Disclosure Requirements When Quantitative Information on Sustainability-related Risks or Opportunities Is Not Provided

4.6.1 Reasons for Not Providing Quantitative Information on Sustainability-related Risks or Opportunities

The Group has assessed that the measurement of such impacts involves a high degree of uncertainty, such that the resulting quantitative information would not be useful. Accordingly, qualitative explanations are provided in lieu of quantitative disclosures. Please refer to “4.5 Impacts of Sustainability-related Risks and Opportunities on Financial Position, Financial Performance, and Cash Flows” for further details.

4.6.2 Requirement to Provide Qualitative Information When Quantitative Financial Effects Are Not Disclosed

In the disclosure of sustainability-related financial information, where the Group is unable to provide quantitative information, relevant qualitative information will be provided to ensure the completeness of the report and to enable stakeholders to fully understand the disclosures.

Such information includes the identification of line items, subtotals, and totals in the financial statements that are, or may be, affected by sustainability-related risks or opportunities, together with clear explanations of the relevant impacts.

In preparing sustainability-related financial disclosures, the Group adopts a comprehensive and responsible approach to ensure that stakeholders are provided with sufficient information to understand the Group’s strategies in managing risks and responding to opportunities. Please refer to “4.5 Impacts of Sustainability-related Risks and Opportunities on Financial Position, Financial Performance, and Cash Flows” for further details.

4.6.3 Quantitative Information on the Combined Financial Effects of Sustainability-related Risks or Opportunities with Other

Based on the Group's assessment, no specific quantitative information is provided regarding the financial effects of certain sustainability-related risks or opportunities, nor regarding their combined financial effects with other sustainability-related risks, opportunities, or factors. This is primarily because such combined quantitative information would not be useful.

Please refer to "4.5 Impacts of Sustainability-related Risks and Opportunities on Financial Position, Financial Performance, and Cash Flows" for further details.

4.7 Climate Resilience: Climate-related Scenario Analysis and Assessment

The Company discloses its assessment of climate resilience as of the reporting date, enabling primary users of general purpose financial statements to understand the resilience of its strategy and business model to climate-related changes, developments, and uncertainties. In conducting climate-related scenario analysis, the Company applies approaches that are commensurate with its circumstances to assess its climate resilience.

4.7.1 Scenario Analysis and Assessment of Strategies and Business Models

Table 4.7.1-1 Summary Table of Climate Resilience Assessments

Risk Category	Risk Description	Key Assumptions	Scenario Applied	Time Horizon	Scope of Analysis	Impact Assessment and Resilience
Climate-related Physical Risk	Power supply constraints	Key assumptions include: 1. Reference to IPCC AR6 SSP5-8.5 high-emissions climate scenario and data from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) 2. Based on historical high-frequency voltage drop events affecting the Company	IPCC high-emissions scenario (SSP5-8.5)	2025 (ROC Year 114) to 2030 (ROC Year 119)	AUO Taiwan operations, facilities, and suppliers	Impact: 1. Under low-emissions (SSP1-RCP2.6) and high-emissions (SSP5-RCP8.5) scenarios, factory air-conditioning electricity consumption is projected to increase by 4% and 8%, respectively, by 2060 (ROC Year 149) 2. Increased burden on the Taipower grid may lead to power rationing policies Resilience: 1. Installation of DUPS systems and diesel generators to ensure stable power supply 2. Implementation of energy management systems to optimize air-conditioning operations
Climate-related Physical Risk	Water resource management	Key assumptions include: 1. Use of TCCIP meteorological simulations to estimate water shortages based on changes in consecutive dry days 2. Based on the most severe historical drought impacts on the Company	IPCC high-emissions scenario (SSP5-8.5)	2025 (ROC Year 114) to 2030 (ROC Year 119)	AUO Taiwan operations, facilities, and suppliers	Impact: Under scenario analysis, water shortages are projected to increase by 12% (SSP1-RCP2.6) and 16% (SSP5-RCP8.5) by 2030 (ROC Year 119) Resilience: 1. Installation of water storage facilities at drought-affected sites to mitigate shortages 2. Emergency response plans established for suppliers to prevent supply disruptions

Risk Category	Risk Description	Key Assumptions	Scenario Applied	Time Horizon	Scope of Analysis	Impact Assessment and Resilience
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	Key assumptions include: 1. Carbon fee estimates based on Taiwan's Climate Change Response Act and related regulations 2. Carbon pricing assumed at NT\$300–1,500 per ton	IEA Net Zero Emissions by 2050 Scenario (NZE)	2025 (ROC Year 114) to 2030 (ROC Year 119)	AUO Taiwan operations and facilities	Impact: 1. Seven Company facilities are subject to carbon fees; operating costs are estimated to increase by 0.14% (SSP1-RCP2.6) and 0.56% (SSP5-RCP8.5) by 2030 2. Suppliers may pass through increased costs due to carbon fees Resilience: The Company has submitted and obtained approval for voluntary reduction plans and is expected to meet annual targets, qualifying for preferential carbon pricing (NT\$50 per ton CO ₂ e). As the Company is classified as a carbon leakage industry, a further 0.2 coefficient applies, resulting in limited overall financial impact
Climate-related Transition Risk	Renewable energy demand trends	Key assumptions include: Based on SSP1-1.9 and IEA 1.5°C scenarios, reflecting increasing global demand for low-carbon energy	IEA Net Zero Emissions by 2050 Scenario (NZE)	2027 (ROC Year 116) to 2030 (ROC Year 119)	AUO Taiwan operations, facilities, and branded customers	Impact: 1. Under RE100 commitments, global brand customers may require renewable energy usage exceeding the Company's current targets 2. Renewable electricity tariffs in Taiwan may be higher than in other regions due to policy and environmental factors Resilience: The Company leverages its energy business expertise and renewable energy portfolio to support demand and enhance resilience

4.7.2 Key areas of uncertainty considered when assessing climate resilience

Regarding areas of significant uncertainty, the Company has considered the following items:

1. **Policy Changes:** Governments in Taiwan and other countries may introduce new environmental policies and regulatory regulations.
2. **Technological Advancements:** With rapid technological development, new environmental technologies and solutions are constantly emerging, driving innovative business opportunities with commercial value.
3. **Changes in Market Demand:** Market demand for low-carbon products and services may become more pronounced over time. The Company must anticipate and adapt to these changes in market demand and ensure that its products and services meet customer needs.
4. **Natural Disasters:** Climate change may lead to more frequent and severe extreme weather events, such as heatwaves, alternating floods and droughts, and typhoons. These environmental changes could have a significant impact on the Company's supply chain and production operations.
5. **Economic Factors:** Global economic uncertainty may affect investment and capital flows; the Company must consider the impact of changing economic conditions on its long-term financial position and operations.

4.7.3 Short-, Medium-, and Long-Term Climate Change Strategies and Adaptability of Business Models

4.7.3.1 Availability and Flexibility of Financial Resources

Regarding the Group's financial ratios over the past three years, the EBITDA margin was 4.3%, 9.1%, and 10.2%, respectively, while the current ratio was 1.52, 1.26, and 1.12, respectively. This indicates that the availability and flexibility of the Group's existing financial resources are secure, and that the Group possesses the ability to adjust and adapt its strategies and business models in the short, medium, and long term by formulating specific and effective plans to address sustainability-related risks and opportunities.

4.7.3.2 Capacity for Asset Reallocation and Upgrading

The Group supports its transition pathways and strategies for sustainability-related risks and opportunities through internal funding, green credit facilities, and blue loans. The Group also allocates annual project budgets in alignment with its transition plans and targets.

There are no material constraints affecting the Group's ability to reallocate capital, upgrade existing assets, or decommission assets as part of its transition. For further details, please refer to "4.4.2 Methods of Providing and Planning to Provide Resources."

4.7.3.3 Impact of Investments on Climate-Related Mitigation, Adaptation, and Climate Resilience Opportunities

See "4.4.1.1 Addressing Sustainability-related Risks and Opportunities: Current and Expected Changes in the Business Model and Resource Allocation."

4.7.4 Timing and Methodology of Climate-Related Scenario Analysis

In 2025, the Company conducted a climate-related scenario analysis, primarily referencing international scientific reports and domestic policy reports, to assess the impact of climate transition risks and opportunities on the Company. Additionally, using simulation data models from international official knowledge platforms and the Taiwan Climate Change Impacts and Information Platform (TCCIP) project, we conducted physical impact analyses of climate change on our operational sites and outsourced manufacturing facilities, including scenario analyses for major disaster types such as heat waves, droughts, and flooding.

The analysis results are used to formulate short-, medium-, and long-term mitigation and adaptation strategies. The Company provides this quantitative and qualitative information and is gradually establishing relevant internal data collection and analysis systems to enhance the accuracy and completeness of future sustainability information.

4.7.4.1 Disclosure of Input Data

The Company discloses the input values and parameters used in conducting climate scenario analyses; this information helps to make the analysis process transparent and provides decision-makers with a reliable data foundation. The Company should strengthen its internal data collection and analysis processes to ensure that all relevant data and assumptions are fully documented and disclosed, thereby increasing transparency and credibility. The sources of input data include: the scientific assessment reports of the United Nations Intergovernmental Panel on Climate Change (IPCC), Taiwan's Nationally Determined Contribution (NDC) targets, the Taiwan Climate Change Projections and Adaptation Knowledge Platform, the National Center for Disaster Prevention and Mitigation, and data from Taiwan's 2050 Net-Zero Transition Key Strategies.

4.7.4.1.1 Climate-Related Scenario Analysis and Disclosure of Sources

The Intergovernmental Panel on Climate Change (IPCC) is used as the basis for physical climate scenarios.

In 2021, the IPCC published its Sixth Assessment Report (AR6), which integrates Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs), presenting five greenhouse gas emission scenarios. These scenarios provide plausible and robust pathways through 2100.

Taking into consideration potential physical impacts, the severity of such physical risks, and their likely timing, location, and affected parties, the Company adopts both a low-emissions scenario (SSP1-2.6) and a very high-emissions scenario (SSP5-8.5) for its physical climate scenario analysis.

In addition, the Company references data from the Taiwan Climate Change Projection and Information Platform (TCCIP) and downscaled simulation outputs from the Coupled Model Intercomparison Project Phase 6 (CMIP6) to enhance the robustness of its analysis.

The International Energy Agency (IEA), in its 2023 "Global Energy and Climate Model" report, outlines three climate scenarios: the Net Zero Emissions by 2050 Scenario (NZE), the Announced Pledges Scenario (APS), and the Stated Policies Scenario (STEPS). These scenarios provide credible pathways through 2050.

In alignment with Taiwan's "2050 Net Zero Emissions Pathway and Strategy" and the Company's own strategic objective of achieving net-zero emissions by 2050, the Company adopts the NZE and STEPS scenarios for its climate-related transition risk analysis.

4.7.4.1.2 Breadth of Climate-related Scenario Analysis

In conducting climate-related scenario analysis, the Company adopts a range of scenarios, including the low-emissions scenario (SSP1-2.6) and the very high-emissions scenario (SSP5-8.5) from the IPCC Sixth Assessment Report (AR6), as well as the International Energy Agency (IEA) Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 Scenario (NZE).

4.7.4.1.3 Climate-related Scenario Analysis for Physical and Transition Risks

The Company uses the IPCC very high-emissions scenario (SSP5-8.5) to analyze climate-related physical risks, and adopts the IEA STEPS and NZE scenarios to assess climate-related transition risks.

4.7.4.1.4 Use of Climate-related Scenarios Consistent with Latest International Climate Agreements

The Company adopts the IEA Net Zero Emissions by 2050 Scenario (NZE), which is aligned with the latest international climate agreements, including the Paris Agreement.

4.7.4.1.5 Rationale for Selecting Climate-related Scenarios and Their Implications for Climate Resilience

The selected climate-related scenarios are based on authoritative scientific reports and policy references. The Company also considers its industry characteristics and operational profile to ensure that the analysis is reliable and decision-useful. These scenarios are relevant to assessing the Company's resilience to climate-related changes, developments, and uncertainties.

4.7.4.1.6 Time Horizons Used in Climate-related Scenario Analysis

The time horizons applied in the Company's climate-related scenario analysis are based on downscaled simulation results from the Taiwan Climate Change Projection and Information Platform (TCCIP). Using the baseline climate period of 1995–2014, the Company evaluates future climate conditions across successive 20-year periods.

These time horizons support the Company in assessing different climate risks and formulating appropriate strategies and responses. The time horizons adopted for physical risk analysis are as follows:

Short term: 2021–2040, Medium term: 2041–2060, Long term: 2081–2100

4.7.4.1.7 Operational Scope Used in Climate-related Scenario Analysis

The operational scope of the Company's climate-related scenario analysis includes its Taiwan-based operations and facilities, as well as its suppliers. This scope enables a comprehensive assessment of climate-related risks and supports the development of appropriate strategies and response measures.

4.7.4.2 Key Assumptions Used in Climate-related Scenario Analysis

In conducting climate-related scenario analysis, the Company applies the following key assumptions:

4.7.4.2.1 Climate-related Policies in the Jurisdictions of Operation

The Company references Taiwan's "2050 Net Zero Emissions Pathway and Strategy" and Nationally Determined Contributions (NDCs), including:

1. Greenhouse gas reduction targets: Based on a 2005 baseline, Taiwan targets net-zero emissions by 2050, with interim targets of 28%±2% reduction by 2030, 32%±2% by 2032, and 38%±2% by 2035.
2. Key net-zero transition strategies: Taiwan targets renewable energy to account for 20% of electricity generation by 2025, approximately 30% by 2030, and 60%–70% by 2050.

4.7.4.2.2 Macroeconomic Trends

Macroeconomic trends are not considered a primary parameter in the Company's climate-related scenario analysis.

4.7.4.2.3 National and Regional Variables

The Company references policy reports issued by the National Development Council of Taiwan, as well as analyses from TCCIP and the National Science and Technology Center for Disaster Reduction, to ensure comprehensive consideration of national and regional variables.

4.7.4.2.4 Assumptions on Energy Use and Energy Mix

The Company assumes achievement of RE100 by 2050 (Year 139 of the Republic of China) and models the corresponding renewable energy mix across different phases.

4.7.4.2.5 Assumptions on Technological Development

The Company adopts the following key assumptions regarding technological development:

1. Pace of technological advancement: Demand for AI-related semiconductor applications is expected to increase significantly, leading to higher electricity consumption.
2. Technology adoption rates: Market penetration and application of low-carbon and net-zero technologies are expected to continue expanding.
3. R&D investment: Future budgets and resources are expected to focus on low-energy-consumption products, recycled materials, and carbon removal technologies.
4. Technological breakthroughs: Potential breakthroughs may significantly impact operations and market dynamics.
5. Policy support: Government policies and subsidies supporting emerging technologies, including renewable energy and carbon pricing mechanisms (e.g., cap-and-trade systems).
6. Technology substitution risk: The risk of existing technologies being replaced by new technologies and the associated impacts.

4.7.4.2.6 Reporting Frequency of Climate-related Scenario Analysis

The Company conducts climate-related scenario analysis annually to assess the impacts of climate-related risks and opportunities. The results are used to guide the development of operational strategies and enhance resilience.

Scenario analysis also supports the identification of climate-related risks and opportunities

and enables the Company to dynamically adjust its strategies over time.

5. Metrics and Targets

5.1 Purpose of Sustainability-Related Financial Information Disclosures

In terms of sustainability-related financial disclosures, the Company aims to enable the primary users of general-purpose financial reports to understand the Company's performance regarding sustainability-related risks and opportunities, the sustainability-related targets set, and the progress toward achieving various targets required by laws and regulations.

5.2 Disclosure of Information Related to Cross-Sectoral Indicator Categories (Climate-Related Indicators)

The Company discloses material information related to cross-sectoral indicators in accordance with IFRS S2. Specifically, this covers seven categories: greenhouse gas (GHG) emissions, climate-related transition risks, climate-related operational risks, climate-related opportunities, capital allocation, internal carbon pricing, and compensation. Details are as follows:

5.2.1 Climate-related indicators related to greenhouse gases

5.2.1.1 Total Absolute Greenhouse Gas Emissions for the Reporting Period

The Company's total absolute greenhouse gas emissions (expressed in metric tons of carbon dioxide equivalent) for Scope 1 and Scope 2 during the reporting period of 2025 are presented as follows:

Table 5.2.1.1-1 Total Absolute Greenhouse Gas Emissions

Emissions Category	Emissions Item	Subtotal	Total Emissions by Scope
Scope 1	Stationary	61,963.11	75,702.54
	Mobile	544.15	
	Fugitive	13,195.29	
Scope 2	Purchased Electricity	1,823,546.28	1,827,093.13
	Purchased Steam	3,546.85	

In response to global climate change trends and in alignment with the Paris Agreement’s call for climate action, Taiwan enacted the “Greenhouse Gas Reduction and Management Act” in 2015 (Year 104 of the Republic of China), which was further strengthened and amended in 2023 (Year 112) into the “Climate Change Response Act.” This legislation formally establishes the national long-term target of achieving net-zero greenhouse gas emissions by 2050 (Year 139).

In light of this, AUO has established its own “2050 Net Zero Emissions” vision and developed corresponding greenhouse gas reduction pathways. These pathways have also been integrated into the time horizon considerations of the Company’s climate-related risk assessment processes. In 2022, AUO officially joined the RE100 global renewable energy initiative, becoming the first display manufacturer worldwide to commit to using 100% renewable energy by 2050.

With respect to decarbonization targets, AUO has adopted a more ambitious low-carbon transition vision. Using 2021 as the baseline year, the Company targets a 42% reduction in absolute greenhouse gas emissions for Scope 1 and Scope 2 by 2030. For indirect emissions (Scope 3), the Company has set a 25% absolute reduction target aligned with the “well-below 2°C (WB2C)” scenario.

Detailed quantitative metrics and targets are presented in the table below.

Table 5.2.1.1-2 Greenhouse Gas-Related Strategic Goals, and Corresponding Metrics and Targets

SBTi 1.5°C Pathway Target									
Indicator				Base Year (2023)	Target				
Indicator Name	Reporting Unit	Indicator Type	Current Amount		Objective	Scope	Type	Period	Milestones /Interim Targets
Scope 1 and Scope 2 Total Emissions (aggregate)	metric tons of CO ₂ e (tCO ₂ e)	Quantitative	2,012,318.77	2,970,203.07	Greenhouse gas emissions reduction	AUO	Absolute	By 2030	SBTi 1.5°C pathway target

5.2.1.2 Methods, Input Values, and Assumptions for Measuring Greenhouse Gas Emissions

The Company adheres to the Guidelines for Greenhouse Gas Emission Inventory Preparation issued by the Ministry of the Environment, as well as relevant standards such as CNS 14064-1, ISO 14064-1, ISO 14064-3, and the GHG Protocol. We conduct annual greenhouse gas emission inventories and verification to ensure the accuracy and reliability of the data. Regarding measurement methods, the Company adopts the emission factor method, using the “Greenhouse Gas Emission Factors” announced by the Ministry of the Environment as the basis for local emission factors. Global Warming Potential (GWP) values are derived from the IPCC Fifth Assessment Report, while emissions from purchased or used utility electricity are calculated based on the latest electricity emission factors announced by the Ministry of Economic Affairs. To enhance comparability with international companies, the Company specifically references and adheres to the greenhouse gas measurement requirements of IFRS S2, using the GHG Protocol as the primary presentation standard. The Group adopts the operational control method for calculating emissions to ensure data consistency and accuracy, facilitate cross-company comparisons for key stakeholders, and provide an effective basis for planning future carbon reduction strategies. By adopting appropriate measurement standards, we are able to effectively manage and transparently report greenhouse gas emissions, meeting regulatory and international standards.

5.2.1.3 Scope 1 and Scope 2 Greenhouse Gas Emissions

The Company calculates greenhouse gas emissions using the operational control method. Based on this approach, entities within the consolidated financial statements in which the Company holds less than a 50% equity interest are excluded as the Company does not have operational control over them. The Company discloses greenhouse gas emissions for both the consolidated accounting group and associated investees under Scope 1 (direct emissions) and Scope 2 (indirect emissions), as detailed below.

Table 5.2.1.3-1 Scope 1 and Scope 2 Greenhouse Gas Emissions

Unit: metric tons of carbon dioxide equivalent (tCO ₂ e)	Scope 1	Scope 2	Total Emissions
Consolidated Accounting Group	63,079.22	1,949,239.55	2,012,318.77
Other investees (associated companies)	0	0	0
Total Disclosure (Operational Control Method)	63,079.22	1,949,239.55	2,012,318.77

5.2.1.4 Scope 3 Greenhouse Gas Emissions

This report is a trial implementation of the IFRS Sustainability Disclosure Standards. In accordance with the transition relief set out in paragraph C4(b) of IFRS S2, the Company has elected not to disclose information related to Scope 3 greenhouse gas emissions.

5.2.1.5 Use of Information from Reporting Periods Different from the Reporting Period

under Specific Circumstances

The Company has not used information from reporting periods different from the current reporting period during the year. However, the data disclosed herein is currently undergoing third-party verification and may therefore differ from the final verified results. For the final figures, please refer to the Company's annual Sustainability Report to be published on July 31, 2026.

5.2.2 Climate-related transition risks

The Company has established relevant indicators and targets for assets or business activities vulnerable to climate-related transition risks, as detailed in Table 5.2.2-1 below:

Table 5.2.2-1 Assets or Business Activities Vulnerable to Climate-Related Transition Risks, and Corresponding Indicators and

Risk Type	Risk Description	Indicator				Base Year (2023)	Target				
		Indicator Name	Measurement Unit	Indicator Type	Current Amount		Objective	Scope	Type	Period	Milestones / Interim Targets
Climate-related Transition Risk	Carbon fees, carbon tariffs, and related regulations	Carbon fees imposed on greenhouse gas emissions and proportion of Group revenue	Percentage	Quantitative	0.006%	0%	Ensure achievement of voluntary emissions reduction plan	AUO (Taiwan)	Absolute emissions reduction	By 2030	Achieve 42% emissions reduction compared with the base year
Climate-related Transition Risk	Renewable energy demand trends	Proportion of renewable energy procurement to annual Group revenue	Percentage	Quantitative	0.82%	0%	Ensure achievement of renewable energy initiative targets	AUO (Taiwan, China, Vietnam)	Renewable energy target	By 2030	Achieve 30% renewable energy usage by the target year

The Company calculates the information for the above metrics based on internally developed definitions, using current-period amounts from financial statements or relevant internal details. These metrics have not been verified by a third party; verification is expected to be conducted next year. The carbon fee is calculated based on the collection rate published by the Climate Change Bureau of the Ministry of the Environment. Regarding the estimation of the carbon levy, the Company submitted a voluntary emission reduction plan in 2025, which was reviewed and approved by the Ministry of the Environment. Key assumptions include that annual progress will achieve reduction targets in accordance with the pathway set forth in the voluntary emission reduction plan. Relevant parameters include the Company's estimated annual greenhouse gas emissions and assumptions regarding future carbon fees to be announced by the competent authority (which are expected to be increased in phases based on international carbon pricing experience and

international assessment reports). Changes in the aforementioned assumptions and estimation bases may result in significant adjustments to the estimated carbon fee amounts.

5.2.3 Climate-Related Physical Risks

The Company has established relevant indicators and targets for assets or business activities susceptible to climate-related physical risks, as detailed in Table 5.2.3-1 below:

Table 5.2.3-1 Assets or Business Activities Vulnerable to Climate-Related Physical Risks and Corresponding Indicators and Targets

Risk Category	Risk Description	Indicator Name	Indicator		Current Amount	Base Year (2021)	Objective	Scope	Target		
			Measurement Unit	Indicator Type					Type	Period	Milestones / Interim Targets
Climate-related Physical Risk	Power supply constraints	Proportion of external electricity consumption of high energy-consuming manufacturing sites compared to the base year	Electricity consumption (100 million kWh); Percentage	Quantitative	4.113 billion kWh; 81%	5.08 billion kWh; -	Achieve 30% reduction in electricity consumption through implementation of voluntary energy-saving programs	AUO (Taiwan, China)	Absolute reduction in electricity consumption compared with the base year	By 2030	30% absolute reduction in electricity consumption compared with the base year
Climate-related Physical Risk	Water resource management	Proportion of third-party freshwater withdrawal	Metric tons (t); Percentage	Quantitative	17,001 t; 72.9%	22,463 t; 89.9%	Achieve EPS 2030 water resource targets	AUO (Taiwan, China)	Process water recycling rate; Reclaimed water usage	By 2030	Process water recycling rate: 95%; Reclaimed water usage: 16,500 CMD

The Company calculates the above metrics based on internally developed definitions, using current-period amounts from financial statements or relevant internal details. These metrics have not been verified by a third party; verification is planned for the next fiscal year.

- Indicator “Proportion of external electricity consumption of high energy-consuming manufacturing sites (%)”:
This indicator reflects risks arising from increased overall electricity demand and unstable power supply due to extreme weather

events. If government electricity policies are adjusted under such conditions, and in the absence of alternative power sources, the Company may face instability or shortages in electricity supply. This could result in temporary production disruptions or require adjustments to production scheduling.

2. Indicator “Proportion of third-party freshwater withdrawal (%)”:

This indicator reflects risks associated with global warming, which has intensified the frequency and severity of alternating heatwaves and heavy rainfall, thereby increasing the occurrence of floods and droughts. These changes may adversely affect freshwater conservation and supply. In addition, rapid industrial development has driven significant increases in water demand. If government measures for water conservation and purification are insufficient during drought periods, the Company may face instability or shortages in water supply, potentially requiring adjustments to production schedules or leading to temporary production disruptions.

5.2.4 Climate-Related Opportunities

The Company has established relevant indicators and targets for assets or business activities susceptible to climate-related opportunities, as detailed in Table 5.2.4-1 below:

Table 5.2.4-1 Assets or Business Activities Susceptible to Climate-Related Opportunities and Corresponding Metrics and Targets

Opportunity Category	Opportunity Description	Indicator					Target				
		Indicator Name	Measurement Unit	Indicator Type	Current Amount	Base Year (2023)	Objective	Scope	Type	Period	Milestones / Interim Targets
Climate-related Opportunity	Low-carbon products or services	Proportion of revenue generated from carbon credit opportunities to total annual Group revenue	Amount; Percentage	Quantitative	95,000; 0.000034%	0; 0%	Increase revenue through participation in the Taiwan carbon market, with proceeds to be allocated to green technology R&D	AUO (Taiwan)	Carbon credit management	By 2030	Flexible utilization of the Company's carbon credit assets

In response to the advent of the carbon market era in Taiwan, the Company is entering emerging markets to increase revenue by selling pre-acquired carbon credits to potential buyers and collaborating with subsidiaries to create a business model for generating voluntary emission reduction project credits.

5.2.5 Capital Allocation

The Group's capital expenditures, fundraising, or investments allocated to sustainability-related risks and opportunities primarily involve energy conservation and carbon reduction initiatives, water resource management, and the signing of long-term renewable energy power purchase agreements. The relevant capital allocation disclosures are as follows:

Table 5.2.5-1 Capital Allocation for Sustainability-Related Risks and Opportunities

Item	Description	Relevant Financial Statement Notes
Energy conservation and carbon reduction plan	- Acquisition of high-efficiency energy-saving equipment and equipment upgrades during the year, resulting in capital expenditures of 147,994 thousand NTD - Replacement of backup power systems and related electromechanical works during the year, resulting in capital expenditures of 139,293 thousand NTD - As of the end of the year, contracted but unpaid amounts for significant energy-saving projects and equipment procurement totaled approximately 46,055 thousand NTD	- Note 6(IX), Property, Plant and Equipment - Note 9, Significant contingent liabilities and unrecognized contractual commitments
Water resource management	- Expansion and improvement of water treatment facilities during the year, resulting in capital expenditures of 12,474 thousand NTD - As of the end of the year, contracted but unpaid amounts for significant water treatment projects and equipment procurement totaled approximately 11,078 thousand NTD	- Note 6(IX), Property, Plant and Equipment - Note 9, Significant contingent liabilities and unrecognized contractual commitments
Long-term renewable energy power purchase agreements	To achieve the Company's renewable energy pathway and targets, memoranda of understanding were signed with multiple energy companies for green power procurement, under which renewable electricity will be purchased at agreed prices over the contract period	Note 9, Significant contingent liabilities and unrecognized contractual commitments

5.2.6 Internal Carbon Pricing

5.2.6.1 Decision-Making and Methodology for Carbon Pricing

The Company has been implementing an internal carbon pricing mechanism since the Paris Agreement took effect in 2016, monetizing the carbon costs derived from external climate regulation policies into an internal carbon price. To better align with future carbon reduction pathways in the manufacturing sector, AUO adjusted its internal carbon pricing methodology in 2023 to incorporate energy market costs and the impact of government policies as estimation factors, thereby reflecting Scope 2 reduction costs. The Company applies this shadow pricing to evaluate the benefits of green manufacturing energy-saving

investment initiatives and the procurement of renewable energy. Furthermore, it serves as a reference for the Company's strategic and financial planning, enabling a more realistic assessment of the carbon reduction costs associated with manufacturing activities under future net-zero pathways and accelerating carbon reduction investments.

5.2.6.2 Price per ton of greenhouse gas emissions

In 2025, the Company announced an internal carbon price of NT\$8,318 per ton, while the external carbon emission cost per kilowatt-hour was NT\$4 per kilowatt-hour.

5.2.7 Compensation

The Company links the compensation of senior executives (managers) to performance against climate (sustainability) targets. Managers' annual performance evaluations will serve as a reference for salary adjustments and bonus distributions, and the results, along with compensation proposals, will be submitted to the Compensation Committee for review and to the Board of Directors for resolution.

The Group links the compensation of senior executives (managers) to performance against climate (sustainability) targets. Managers' annual performance will serve as a reference for salary adjustments and bonus distributions, and the results, along with the compensation proposals, will be submitted to the Compensation Committee for review and to the Board of Directors for resolution.

For the senior management team (including the Chairman, CEO, Chief Sustainability Officer, and C-level executives), a long-term incentive bonus plan is in place. Performance metrics include (1) operational performance targets and (2) ESG sustainability performance and material topic management targets, with 20% of the bonus linked to sustainability (environmental) performance. Additionally, the specific weighting of the link between compensation and ESG sustainability performance is designed based on each executive's functions and responsibilities, ranging from 10% to 70%. This aims to closely align the company's climate (sustainability) transition strategy with compensation, ensuring that the senior management team remains focused on and strengthens the various management objectives they are responsible for in advancing sustainability initiatives.

5.3 Disclosure of Industry-Specific Metrics

The Company follows the SASB industry classification principles, mapping each operating business to relevant industry-specific indicators based on product characteristics and business models to enhance the comparability of sustainability information. To enable key users to fully understand the differences in sustainability disclosure topics across operational segments, the Company reviews the applicable SASB topics and indicators for each business unit based on the Group's operational framework of the "Three Pillars—Display Technology, Smart Mobility, and Vertical Markets." It also assesses the degree of alignment with climate-related risks and opportunities to determine the applicability of the industry-specific implementation guidance in IFRS S2:Volume 44 (Solar Technology and Project Developers,) Volume 58 (Software and Information Technology Services), and Volume 62 (Automotive Components), as well as the industry-specific indicators (as described in Table 5.3.1-1).

5.3.1 Sustainability Disclosure Themes and Indicators

Table 5.3.1-1 IFRS S2 Sustainability Disclosure Topics and Indicators in the IFRS S2 Sector-Specific Implementation Guidance

Industry	Disclosure Topic	Indicator Name	Indicator Type	Measurement Unit	Code	Amount / Description
Hardware	Product Lifecycle Management	Percentage of product revenue containing substances on the IEC 62474 declarable substance list	Quantitative	Percentage	TC-HW-410a.1	The Company periodically updates its “Green Product Hazardous Substance Management Policy” in response to domestic and international environmental regulations and restricted substance requirements. This policy incorporates the IEC 62474 declarable substance list. Revenue from products containing IEC 62474 declarable substances accounted for 100%. Although certain materials cannot currently be replaced due to technological limitations or may remain in trace amounts, the concentration of all such substances in products does not exceed regulatory reporting thresholds.
Hardware	Product Lifecycle Management	Percentage of product revenue compliant with Electronic Product Environmental Assessment Tool (EPEAT) registration or equivalent standards	Quantitative	Percentage	TC-HW-410a.2	The Company’s primary products are not end-user products and therefore cannot directly obtain EPEAT certification for end electronic products. The Company continues to develop and supply products that meet label specifications or equivalent requirements, including fluorinated gas equipment and destruction efficiency aligned with EPEAT criteria. It also promotes sustainable product development through hazardous substance management, recycled material usage, packaging reduction, and low-energy design.

Industry	Disclosure Topic	Indicator Name	Indicator Type	Measurement Unit	Code	Amount / Description
Hardware	Product Lifecycle Management	Percentage of product revenue from products with energy efficiency certifications	Quantitative	Percentage	TC-HW-410a.3	The Company's primary products are not end-user products and therefore cannot directly obtain ENERGY STAR certification. However, the Company continues to develop and supply products that comply with certification standards. In 2025, desktop monitor modules supporting customers in meeting label or equivalent requirements accounted for 67.07% of product revenue.
Hardware	Product Lifecycle Management	Weight of end-of-life products and e-waste recovered; percentage recycled	Quantitative	Metric tons (t); Percentage	TC-HW-410a.4	As the Company's primary products are not end-user products, recycling data is difficult to collect. During the product warranty period, repair services were provided, with 139,236 units processed in 2025: 36% restored to original function and 64% reused for other purposes. Total internal e-waste recycled and sold amounted to 26.57 metric tons in 2025.
Solar Technology & Project Developers	Energy Management in Manufacturing	(1) Total energy consumption (2) Percentage of grid electricity (3) Percentage of renewable energy	Quantitative	GJ; Percentage	RR-ST-130a.1	(1) 16,615,401.671 (2) 95% (3) 12.7% Note: Data scope covers AUO. Energy operations share manufacturing sites with AUO, and subsidiary ADQ leases offices from AUO, resulting in a relatively low proportion of energy usage. BHTC operates independently and is disclosed separately: (1) 116,088; (2) 96; (3) 94.
Software & IT Services	Environmental Footprint of Hardware Infrastructure				TC-SI-130a.1	
Auto Parts	Energy Management				TR-AP-130a.1	

Industry	Disclosure Topic	Indicator Name	Indicator Type	Measurement Unit	Code	Amount / Description
Solar Technology & Project Developers	Water Management in Manufacturing	(1) Total water withdrawal (2) Percentage from high or extremely high water stress areas	Quantitative	Thousand cubic meters; Percentage	RR-ST-140a.1	(1) 23,334 thousand m ³ (2) 71% (3) 5,871 thousand m ³ (4) 50%
Software & IT Services	Environmental Footprint of Hardware Infrastructure	(3) Total water consumption (4) Percentage from high or extremely high water stress areas			TC-SI-130a.2	Note: Data scope covers AUO. Energy operations share facilities and account for a low proportion. ADQ mainly uses domestic water.
Solar Technology & Project Developers	Water Management in Manufacturing	Description of water management risks and strategies	Discussion and Analysis	Not applicable	RR-ST-140a.2	The Company identifies water risks in accordance with the TCFD framework and incorporates water management into sustainability targets. Process optimization has increased recycling rates to approximately 95%. ISO 46001 water management systems and value chain collaboration enhance resilience to climate change.
Solar Technology & Project Developers	Energy Infrastructure Integration and Related Regulation Management	Description of risks and management efforts associated with integrating solar energy into infrastructure	Discussion and Analysis	Not applicable	RR-ST-410a.1	Risks include intermittency, grid integration challenges, insufficient storage and backup capacity, regulatory and market uncertainties, and cybersecurity vulnerabilities. Management measures include energy storage services, microgrid systems, and integrated energy solutions. AUO operates power plants with comprehensive disaster prevention mechanisms, including inspections, drainage maintenance, 24-hour monitoring, emergency response, and post-event review processes to strengthen resilience.

Industry	Disclosure Topic	Indicator Name	Indicator Type	Measurement Unit	Code	Amount / Description
Solar Technology & Project Developers	Energy Infrastructure Integration and Related Regulation Management	Description of risks and opportunities related to energy policy	Discussion and Analysis	Not applicable	RR-ST-410a.2	Policy uncertainty and regulatory changes increase investment and project risks across technical, economic, environmental, and social dimensions. However, carbon policies and international pressure accelerate low-carbon transition and create opportunities. Through international collaboration and innovation, the Company enhances system resilience and delivers energy solutions.
Software & IT Services	Environmental Footprint of Hardware Infrastructure	Strategy for integrating environmental considerations into data center planning	Discussion and Analysis	Not applicable	TC-SI-130a.3	ADQ leases offices from AUO. The Company incorporates sustainability-related risks and opportunities into operational decision-making with balancing mechanisms.
Software & IT Services	Managing Technological Disruptions	(1) Performance issues (2) Service disruption frequency and downtime	Quantitative	Percentage	TC-SI-550a.1	Data has not yet been compiled by ADQ and is expected to be disclosed in 2027 upon full adoption of IFRS Sustainability Disclosure Standards.
Software & IT Services	Managing Technological Disruptions	Description of business continuity risks	Discussion and Analysis	Not applicable	TC-SI-550a.2	Identified risks include service interruptions due to cloud/network failure, system errors, misconfiguration, or cybersecurity incidents. Key measures include monitoring systems, security scans, data backups, incident response procedures, software updates, and pre-launch quality testing.

Industry	Disclosure Topic	Indicator Name	Indicator Type	Measurement Unit	Code	Amount / Description
Auto Parts	Fuel Efficiency Design	Revenue from products designed to improve fuel efficiency or reduce emissions	Quantitative	Percentage	TR-AP-410a.1	BHTC products do not significantly contribute to vehicle energy efficiency. However, improvements are being incorporated into system design to reduce weight and energy consumption, thereby helping reduce overall vehicle energy demand and GHG emissions.

5.3.2 Activity Indicators

Table 5.3.2 Activity Indicators from the IFRS S2 Industry-Specific Implementation Guidance

Industry	Activity Metric	Type	Measurement Unit	Code	Amount / Description
Hardware	Number of units produced, by product category	Quantitative	Number	TC-HW-000.A	Total panel shipments in 2025 amounted to 130,561 thousand units, including 101,750 thousand units of 10 inches and above, and 28,811 thousand units below 10 inches
Hardware	Floor area of manufacturing facilities	Quantitative	Square meters	TC-HW-000.B	Total gross floor area of manufacturing facilities amounted to 4.7142 million square meters
Hardware	Percentage of production from owned facilities	Quantitative	Percentage	TC-HW-000.C	In 2025, 94.86% of panel production was manufactured in the Company's owned facilities (calculated based on site input cost method, excluding outsourced manufacturing)
Solar Technology & Project Developers	Total capacity of photovoltaic (PV) modules produced	Quantitative	MW	RR-ST-000.A	129 MW/year
Solar Technology & Project Developers	Total capacity of completed solar systems	Quantitative	MW	RR-ST-000.B	554 MW (cumulative installed capacity of grid-connected projects from 2011 to 2025)
Solar Technology	Total project development assets	Quantitative	NTD	RR-ST-000.C	15.1 million NTD (including modules and non-module components)

& Project Developers					
Software & IT Services	(1) Number of licenses or subscriptions (2) Percentage cloud-based	Quantitative	Number; Percentage	TC-SI-000.A	(1) Number of customers: 60; total number of service endpoints: 14,384 (2) 100%
Software & IT Services	(1) Data processing capacity (2) Percentage outsourced	Quantitative	Nodes	TC-SI-000.B	(1) A single cloud environment can support 9,797 endpoints, scalable based on service requirements (2) No outsourced data processing
Software & IT Services	(1) Data storage capacity (2) Percentage outsourced	Quantitative	GB; Percentage	TC-SI-000.C	(1) Storage capacity of a single cloud environment: 2,438 GB, scalable based on service requirements (2) No outsourced data processing
Auto Parts	Number of components produced	Quantitative	Number	TR-AP-000.A	BHTC (subsidiary of AUO): 26,346,034
Auto Parts	Weight of components produced	Quantitative	Metric tons	TR-AP-000.B	BHTC (subsidiary of AUO): 5,125
Auto Parts	Floor area of manufacturing facilities	Quantitative	Square meters	TR-AP-000.C	BHTC (subsidiary of AUO): 114,473

5.4 Other self-defined indicator

In addition to “5.2 Disclosure of Information Related to Cross-Sectoral Indicator Categories (Climate-Related Indicators)” and “5.3 Disclosure of Information on Sector-Specific Indicators,” AUO has established the following indicators to assist in evaluating the effectiveness of managing sustainability-related risks and opportunities.

Risk / Opportunity	Strategic Objective	Indicator Category	Description	Indicator Definition	Measurement Unit	Indicator Type	Amount / Description		
Risk	Human rights regulatory tightening	Business continuity objective	(1) Senior management (2) Non-senior management (3) Technical employees (4) Percentage of representation by (a) gender and (b) diverse groups for all other employees (5) Total monetary losses resulting from legal proceedings associated with violations of labor laws	Percentage of representation and monetary losses from labor law violations	Percentage; NTD	Absolute	(1)–(4): see breakdown below		
							Category	Male	Female
							Senior Management (%)	89.83%	10.17%
							Management (%)	70.70%	29.30%
							Professional /Technical (%)	62.87%	37.13%
							General Staff (%)	72.62%	27.38%
							Total Workforce (%)	65.77%	34.23%
							(5) Total fines from legal proceedings related to labor law violations: NTD 550,000		
Risk	Information security	Business continuity objective	(1) Number of data breach incidents (2) Percentage of incidents involving personal data breaches (3) Number of customers affected by data breaches	Data breach incidents and impact on customers	Cases; Percentage; Number	Absolute	(1) 0 cases		
							(2) 0%		
							(3) 0		

Note 1: "Total monetary losses resulting from legal proceedings associated with violations of labor laws" refer to penalties imposed for non-compliance with applicable regulations, including the Labor Standards Act, Labor Union Act, Minimum Wage Act, and Act of Gender Equality in Employment. The Company reports such amounts based on fines and penalties assessed.

Note 2: All of the above indicators have been verified by an independent third-party assurance provider.

5.5 Information on sustainability-related risk or opportunity targets (climate-related targets)

With a long-term vision of low-carbon transition and moving toward net-zero, the Company has established the “EPS 2030 Sustainability Goals.” The Sustainability Headquarters and the relevant management levels within the Sustainability and Enterprise Risk Executive Committee assess the progress of actions regarding various sustainability-related risks and opportunities, and formulate phased qualitative and quantitative targets to gradually achieve the aforementioned goals.

5.5.1 Analysis of Performance, Trends, and Changes for Climate-Related Targets

The analysis of trends or changes in performance for each climate-related target is detailed below:

5.5.1.1 Greenhouse Gas Management

The Company continues to utilize international standards to establish a comprehensive carbon emissions inventory and management system. Since 2003, we have conducted systematic inventories of carbon emissions across our global operations and obtained verification in accordance with the ISO 14064 greenhouse gas inventory standard. Each year, the Company engages a professional third-party verification body to comprehensively verify carbon emission data for Scope 1 (direct emissions), Scope 2 (energy-related indirect emissions), and Scope 3 (other indirect emissions), and uses a digital management platform to integrate and accurately analyze the data.

5.5.1.2 Reducing Greenhouse Gas Emissions (Scopes 1 and 2)

The Company has established clear carbon reduction targets, setting a goal to achieve a 42% absolute reduction in Scope 1 and 2 emissions and a 25% absolute reduction in Scope 3 emissions by 2030 in accordance with Science-Based Targets (SBT), keeping pace with international standards. We are continuously reducing Scope 2 carbon emissions by optimizing our energy mix, promoting the use of renewable energy (such as solar power and renewable energy purchase agreements, with the RE100 achievement rate increasing year by year), and implementing high-efficiency energy-saving equipment and smart energy management systems. In addition, the Company actively implements energy-saving measures such as improving electricity efficiency, wastewater recycling, water conservation, and management of greenhouse gas emission hotspots, and uses carbon emission data as a key basis for corporate decision-making and reporting to ensure transparency and compliance.

Carbon emissions management is not only a key component of external disclosure but also a core driver of continuous improvement within the Company. We continue to follow global best practices to advance carbon management strategies and technological innovation, and through international cooperation and project implementation, we ensure that we continuously reduce our carbon footprint and move toward net-zero goals amid global energy transition and climate control trends.

5.5.2 Performance, Trends, and Analysis of Changes in Self-Set Targets

In 2025, AUO disclosed self-set targets for the first time in this section, including “Stricter

Human Rights Regulations” and “Information Security. “The year 2025 was designated as the baseline year; future figures will be compared against the 2025 figures to illustrate the progress of relevant initiatives and analyze changes.

6. Significant Subsequent Events

From the end of the reporting period to the date of this section's implementation, AUO has no material information that could reasonably be expected to influence the decisions of primary users of general-purpose financial reports.

AUO