

The cover features a central image of a city skyline with a green park in the foreground. This central image is framed by a circular lens effect. Above the lens, there are several overlapping, curved, semi-transparent bands in shades of orange, red, and yellow, creating a sense of motion and energy. Below the lens, there are similar curved bands in shades of green and blue. Three circular icons are overlaid on the central image: a handshake icon on the left, a bar chart with an upward arrow icon in the upper center, and a globe with a leaf icon on the lower left. The overall design is clean, modern, and visually appealing, emphasizing themes of growth, partnership, and environmental sustainability.

**AUO**

Sustainability  
Report

**2021**



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

# CONTENTS

## Foreword

About the Report	03
Awards and Recognition	04
Letter from the Chairman	05
Letter from the Chief Sustainability Officer	06

## Ch1 Business Operation

<b>1.1 Company Profile</b>	08
<b>1.2 Economic Performance</b>	12
1.2.1 Financial Performance	12
1.2.2 Tax Management	13
<b>1.3 Governance Organization</b>	14
1.3.1 Board of Directors	16
1.3.2 Audit Committee	17
1.3.3 Corporate Governance Committee	17
1.3.4 Compensation Committee	18
<b>1.4 Business Integrity</b>	19
1.4.1 Integrity Culture	19
1.4.2 Regulation Compliance	20
<b>1.5 Risk Management</b>	22
1.5.1 Risk Evaluation and Management	22
1.5.2 Water Resources Risk Management	24
1.5.3 Pandemic Risks Management	25
1.5.4 Information Security Risk Management	26

## Ch2 Sustainable Management

<b>2.1 ESG and Climate Committee</b>	30
<b>2.2 CSR EPS 2025 Goals</b>	32
<b>2.3 Stakeholder Management</b>	34
2.3.1 Responding to Material Issues	38
<b>2.4 Customer Relations</b>	46
2.4.1 Quality and Service	46
2.4.2 Hazardous Substance Management	48
2.4.3 Customer Privacy Protection	48
<b>2.5 Responsible Supply Chain</b>	49
2.5.1 Supply Chain Management Strategy	49
2.5.2 Supply Chain Risk Management	52
2.5.3 Supplier Sustainability Engagement	55

## Ch3 Environmental Sustainability

<b>3.1 Climate Change</b>	57
3.1.1 Governance Organization	57
3.1.2 Strategic Blueprint	58
3.1.3 Inventory Mitigation	60
3.1.4 Climate Adaptation	65
3.1.5 Other Carbon Management Operation	69
3.1.6 Life Cycle Energy Conservation and Carbon Reduction Project	70
<b>3.2 Water Resource Management</b>	73
3.2.1 Goals and Results	73
3.2.2 Water Management Project	74
<b>3.3 Circular and Clean Production</b>	76
3.3.1 Circular Management	76
3.3.2 Wastewater Management	79
3.3.3 Air Pollution Management	80
3.3.4 Reuse of Waste	82

## Ch4 Inclusive Growth

<b>4.1 Talent Attraction and Retention</b>	85
4.1.1 Talent Distribution	85
4.1.2 Diversity and Inclusion	87
4.1.3 Remuneration and Benefits	88
4.1.4 Enjoyable Workplace	90
<b>4.2 Talent Development</b>	95
4.2.1 AUO University	95
<b>4.3 Human Rights Protection</b>	98
<b>4.4 Health and Safety</b>	101
4.4.1 Health Care	101
4.4.2 Safe Workplace	102
<b>4.5 Social Engagement</b>	105
4.5.1 AUO Foundation	105
4.5.2 Charity care	106
4.5.3 Friendly Land	109
4.5.4 General Science Education	111
4.5.5 Cultural Preservation	113

## Ch5 Agile Innovation

<b>5.1 Intellectual Property Rights</b>	115
<b>5.2 Innovative Panel Technologies</b>	117
<b>5.3 Intelligent Life</b>	119
5.3.1 Smart Retail	119
5.3.2 Smart Healthcare	119
<b>5.4 Affordable and Clean Energy</b>	121
5.4.1 Energy Business Strategy	121
5.4.2 Green Energy Ecosystem	122
5.4.3 Quality Solutions and Services	123
<b>5.5 Smart Manufacturing</b>	125

## Data Overview

## Appendix

<b>Progress on 2020 Material Issue Management</b>	142
<b>GRI Standard Index</b>	145
<b>SASB Index</b>	156
<b>ISO 26000 Comparison Table</b>	157
<b>UN Global Compact</b>	158
<b>Abbreviations</b>	158
<b>ISO 14064 Verification Statement</b>	161
<b>Independent Assurance Statement</b>	163

# About the Report

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

## Scope and Basis of Calculations

The information disclosed in this report encompasses the sustainability performance of all AUO sites worldwide between the period January 2021 and December 2021. The reporting boundary encompasses all sites in Taiwan, China, other Asian countries, the Americas, and Europe. Key information from the subsidiary AUO Crystal and suppliers, as well as highlights of innovative product/service from the subsidiary AUO Display Plus are also included to disclose the Company's sense of responsibility and influence on the value chain.

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

- Financial data was audited by the KPMG accounting firm and the monetary unit is the New Taiwan Dollar (NTD).
- ISO 14064 GHG emissions were verified by DNV.
- ISO 14001, ISO 45001 and ISO 50001 management system certifications were verified by SGS Taiwan.
- ISAE 3000 and SASB was assured by KPMG.

## Reporting Standards and Guidelines

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

## Report Publication

The Sustainability Report is published annually by AUO.

Current version: Issued in June, 2022

Previous version: Issued in June, 2021

Next version: To be issued in June, 2023

## Feedback

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

AUO Corporation - Sustainable Development

Address: No.1, Li-Hsin Road 2, Hsinchu Science Park,  
Hsinchu City 300, Taiwan

Telephone: +886-3-500-8800

Email : CSR@auo.com

AUO's CSR official website: [csr.auo.com/en](http://csr.auo.com/en)



# Awards and Recognition

## Governance

- GCSA - Special Award for Pandemic Response and Sustainability
- World Economic Forum - Global Lighthouse Network
- AUO Chairman and CEO Paul SL Peng received Asia Responsible Enterprise Awards - Responsible Business Leadership
- AUO Chairman and CEO Paul SL Peng received Mr. Zhao Yaodong Memorial Medal
- Ranked among the top 5% in the TWSE corporate governance evaluation
- Ministry of Economic Affairs - International Trade Awards
- Ministry of Labor - National Occupational Safety & Health Award
- Honored with 12 awards in TCSA, includes Taiwan Top 10 Corporate Sustainability Award
- Jiangsu Province Export Trade Leading Enterprise Award

## Environment

- National Enterprise Environmental Protection Award - 2 Golden Awards
- Ministry of Economic Affairs Energy Saving Award - Silver Award
- Taiwan Sustainability Action Awards (Environment Aspect) - Golden Award

## Social

- The Small and Medium Enterprises Administration - Buying Power Award
- Ministry of Culture - Arts & Business Award
- CTSP Promoting Work Equal Rights in Workplace
- Taiwan Sustainability Action Awards (Social Aspect) - Golden Award
- PwC Impact Award - Bronze Award

## Innovation

- SID 2021-People's choice Award-Best New Display Component
- Ministry of Economic Affairs - 4 Taiwan Excellence Awards
- Top Solar Awards
- CTSP Innovation Contest - Innovative Product Award



8K zero bezel display



Curved design gaming display



Curved design car display



SunBello aesthetic building integrated PV solutions



4K high frame rate gaming display



DJSI World for 12 consecutive years  
S&P Global Sustainability



Included in the Bloomberg Gender  
Equality Index for 5 consecutive years



MSCI ESG Leaders Indexes  
MSCI ESG Rating A



FTSE4Good Emerging Index



2021 Climate Change -  
Leadership



ISS Oekom Sustainability  
Rating - Prime Status



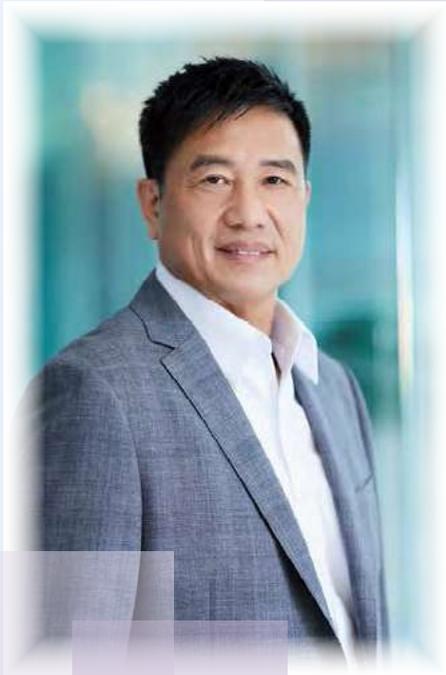
EcoVadis Sustainability  
Rating - Silver medal



Emerging markets - Top  
Performer



Filled out the CECP valuation voluntarily 4 years  
in a row to proactively disclose the performance  
of social care, volunteer activities, and charitable  
donations.



Paul Peng  
Chairman

A handwritten signature in black ink, appearing to read 'Paul Peng', written over a horizontal line.

## Letter from the Chairman



### To all partners with an interest in sustainability of AUO

Looking back on the past year, the environment has been full of many changes and challenges. Given a resurging pandemic, economic and trade fluctuations, port congestion and materials shortage, a range of uncertainties have tested the adaptability and operational resilience of businesses. Extreme weather effects due to climate change are also ubiquitous. For the survival of humanity, all countries have accelerated their efforts to take more aggressive action while thinking about solutions to live in harmony with nature.

Displays are the core business of AUO, and we have accumulated profound R&D and manufacturing strength as we constantly drive forward-looking display technology innovation and applications. Our exclusive A.R.T eye protection technology and Micro LED vehicle displays won the 2021 People's Choice Award of the Society for Information Display. Meanwhile, our 8K bezel-less TV panels, curved displays have also been recognized by the Taiwan Excellence Awards. Furthermore, to meet the demand in the post-pandemic era, AUO will continue to hold the leading position in high-end notebook panels and create differentiated brand value on green products.

AUO has actively promoted the value transformation of AUO Next over the past few years. With the concerted cooperation of the team, 2021 ushered in dazzling phased results, annual profits and revenues attain record highs. We will continue to focus on display technology, leveraging our Go Premium and Go Vertical strategies to meet the needs of changing display interfaces and create greater value and advantages.

Regarding digital transformation, AUO was selected as a Lighthouse Factory Network by the World Economic Forum (WEF), and this represents an important milestone for us in advancing the industry towards smart manufacturing.

As the world faces severe climate issues, We have made comprehensive arrangements in all respects, and set positive goals to drive ourselves as we commit to zero carbon emissions in our global offices by 2030 and RE100 (100% renewable energy use) and strive to reach net zero by 2050. The Company continues to focus on improving the efficiency of materials, water, and energy as well as the application of emerging carbon technologies and the development of new business opportunities, and encouraging the participation of suppliers to build a resilient value chain from the inside out. At the same time, AUO also assist in the industry energy transformation with our energy business to contribute to world climate action.

AUO has a co-creation and common good sustainable blueprint, keeping pace with the times and devoting attention to ESG issues. The Company also continues to enhance R&D energy, manufacturing, and management operations, driving improvements in overall productivity. Valuing the issue of supply and demand of industrial talent, we shall invest resources in industry-university cooperation to cultivate a new generation of technical talent. In terms of social participation, we will continue mustering the strength of our employees through volunteer systems and broaden our positive influence.

AUO marked the 25th anniversary of our establishment in 2021, and the tests of the past have solidified our confidence and strength in the face of challenges. Our investments in corporate sustainability over the years not only strengthened our resilience, competitiveness and relationships with stakeholders, also allowed us continually achieving favorable results in various sustainability evaluations; this has included our selection into the Dow Jones Sustainability World Index for 12 consecutive years as well as an MSCI ESG Rating of "A." Furthermore, we continue to place in the top 5% of corporate governance evaluations by the Taiwan Stock Exchange, and have additionally won numerous awards at the Taiwan and international levels. Thank you for your support and recognition of AUO. In the future, we will continue to work hard to create a new era together with our ecosystem partners in the future.



## Letter from the Chief Sustainability Officer



In the face of new changes that were introduced regarding sustainability in 2021, ESG has become the key for investors and all walks of life to examine whether a company is resilient and competitive. AUO has long attached great importance to sustainable development and we continue to exert our influence through diversified actions. And through this report, we share our diligent efforts in many respects and also look forward to receiving feedback from stakeholders so that we can continue to grow and improve together.

AUO's efforts of the past year have been recognized and affirmed by all walks of life. Aside from gaining Top 10 Taiwanese Companies Sustainability Model Award and other 13 awards, and the most prestigious Gold level honors from the National Enterprise Environmental Protection Award, we have named to DJSI for 12 consecutive years and recognized by Bloomberg Gender-Equality Index for five straight years. As we gradually ascend upon the global stage and win a variety of international awards, we will continue working hard to create more outstanding ESG results in all respects.

Facing the current wave of low-carbon transformation, AUO officially joined RE100 in early 2022 and became the first company in the global display manufacturing industry to commit to full use of renewable energy by 2050. In order to promote more aggressive carbon reduction actions, we transformed the CSR Committee into an ESG and Climate Committee, adding a focus on climate-related tasks in addition to its existing sustainability goals. By means of a cross-unit platform operation model, we have fostered a basic understanding among colleagues regarding carbon reduction. Meanwhile, we have strengthened the application of digital tools, developed low-carbon technologies in manufacturing and R&D, and deployed green business opportunities. In line with international initiatives and methodologies, we also passed the SBT review and introduced the new version of greenhouse gas verification (making us the first in the global panel industry). We thus systematically manage greenhouse gas emissions inside and outside the organization, working towards the 2050 net zero goal with lean operations.

In the process of promoting sustainability, AUO has successively connected many partners together sharing the same concepts to strengthen their operational profiles by coaching suppliers. In addition, we are cooperating with programs for energy conservation, water reduction, and waste reduction, and in 2021 we further set a carbon reduction target of 20% for key suppliers by 2030. In addition, AUO is also actively developing a circular economy. Working with the supply chain and with brand customers, we launched the world's first environmentally friendly laptop using recycled plastic, steel, and glass and that has a higher proportion of recycled materials. In terms of waste reduction, we adopt a box sharing approach in cooperation with suppliers to cut down on the generation of waste plastic packaging materials. On the issue of circular economy, we are constantly exploring new application possibilities.

As the pandemic continues to impact people's lives going into a third year, AUO provides our employees and society with various supports. We have created a safe working environment and provide colleagues with a complete physical, mental, and spiritual support system; and we have implemented a hybrid office model to create a resilient environment that is conducive to global employee collaboration. We have also gotten creative in using digital tools to allow events to take on a new look as we launched an online sports season to build connections between colleagues; and we have conveyed knowledge of art and culture through the podcast. In terms of social participation, we also continue to work in tandem with social innovation and social enterprises. We seek to help disadvantaged groups through the Wish Program and Scholarship and to promote programs such as the Science Education Program and the Atayal Tribe Children's Companionship Program, thereby injecting educational resources into rural areas. We welcome the prospect of greater involvement and being able to impart a warm influence on society.

As we look forward to more topics and challenges in the future, we shall meet them with an open and positive attitude as we maintain engagement and communication with the outside world, continue to improve ESG development in all respects, and strive to meet stakeholders' expectations for AUO. In this way, we aspire to become a model enterprise.



Amy Ku  
Chief Sustainability Officer



# Ch1 Business Operation



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

# 1.1 Company Profile

## Smart Solutions Provider for Diverse Verticals

AUO Corporation (AUO) was founded in August 1996 under the name Acer Display Technology. In 2001, Acer Display Technology merged with Unipac Optoelectronics and changed its name to AUO. Quanta Display was later acquired in 2006. In addition to Taiwan, AUO also has display manufacturing sites in China, Singapore and Slovakia, as well as overseas subsidiaries and service locations to provide timely customer support.

To continue bolstering our capabilities as well as seeking self-improvement and raising our standards, AUO has extended the value chain from display panels to end users and implemented value up and transformation in a bid to become a smart solutions provider for diverse verticals



<b>Company Name</b>	AUO Corporation
<b>Number of employees</b>	Approx. 39,000 employees worldwide
<b>Capital</b>	NTD96.24 billion
<b>Date of Establishment</b>	August 12, 1996
<b>Main Products and Technologies</b>	<ul style="list-style-type: none"> <li>● Thin Film Transistor Liquid Crystal Displays (TFT-LCD)</li> <li>● Low Temperature Poly-Silicon (LTPS)</li> <li>● Active-Matrix Organic Light-Emitting Diode (AMOLED)</li> <li>● Integrated Touch Solutions</li> <li>● Solar Solutions</li> </ul>
<b>Chairman and CEO</b>	Paul SL Peng
<b>President and COO</b>	Frank Ko
<b>Head office</b>	No.1, Lixing 2nd Rd., Hsinchu Science Park, Hsinchu City 300, Taiwan
<b>TWSE-listed</b>	2000, Stock Code 2409
<b>2021 Annual Revenue</b>	<b>NTD370.69 billion</b>



In 2021, AUO launched the Go Premium and Go Vertical two-axis transformation strategy. Go Premium: on the strength of display technologies, AUO aims to create differentiation and develop towards high value-added products. Go Vertical: AUO connects AIoT applications and creates diverse and comprehensive solutions for five major domains including smart retailing, smart healthcare, smart education and entertainment, smart transportation, and smart manufacturing, an area that boasts of the biggest percentage of AUO’s manufacturing capacity. We extend from displays to end user value chain, forge ahead towards added value and continue to complementarity, collaboration, and co-creation with our clients, thereby expanding the ecosystem management.

In 2021, General Display and Public Information Display businesses were demerged to AUO Display Plus, the driving engine for the growth of Go Vertical. AUO Display Plus focuses on sales, R&D and customer service of universal and public displays, while integrating AIoT technologies to develop value-added products and solutions in various sectors to providing diversified solutions.

For details, please go to the AUO official website - About AUO

## Innovate Display Technologies

With solid display technologies at the core, AUO combines AIoT and commits to providing diversified solutions. With mighty R&D prowess, solid manufacturing technology advantages and complete product combinations and solutions, AUO has successfully obtained global clients' recognition which is simultaneously displayed in the excellent performance achieved in 2021.



## 2021 Highlights

- Launch the world's highest refresh rate 360Hz gaming notebook panel and ultra-high refresh rate 240Hz gaming monitor panel to display clear and smooth moving images; and combined with Mini LED backlight technology, it clearly shows all the details of the dark scenes, allowing players to master speed, the crux skill for victory in racing and shooting games.
- The first to launch an 85-inch 4K gaming TV panel with the highest 240Hz variable refresh rate in the world, using special processes and material for panel pixels combined with panel circuit design technology to create ultra-high screen refresh rates to effectively eliminate screen lag and image disruption. This makes animated images clearer and more realistic, presenting game visual effects in their entirety along with ultra-high image contrast to create a new game immersion experience.
- Hold the leading position in LTPS notebook panels. Brands favor the advantages of LTPS including low power consumption and a narrow bezel, and it can be widely used in high-end notebook products.

## Solutions as Gateway to Smart Living

In an age of digital transformation, displays are seen as a pivotal interface for communication and connection. With display technologies at its core, AUO integrates software, hardware, cloud and service platforms to enter the diverse markets of domain economy and to offer solutions in areas of retail, healthcare, transportation, education, enterprise, manufacturing and energy. We hope to provide one-stop services to satisfy the needs of multi-domain applications and jointly build an AIoT ecosphere with partners from various sectors to pioneer the implementation of a future smart life.

**Smart Retail**

AUO Display+ ComQI

SPACE<sup>M</sup> JohnRyan

創利空間

**Smart Medical**

AUO Display+ AUO Care

**Smart Transportation**

AUO Display+

**Smart Education & Entertainment**

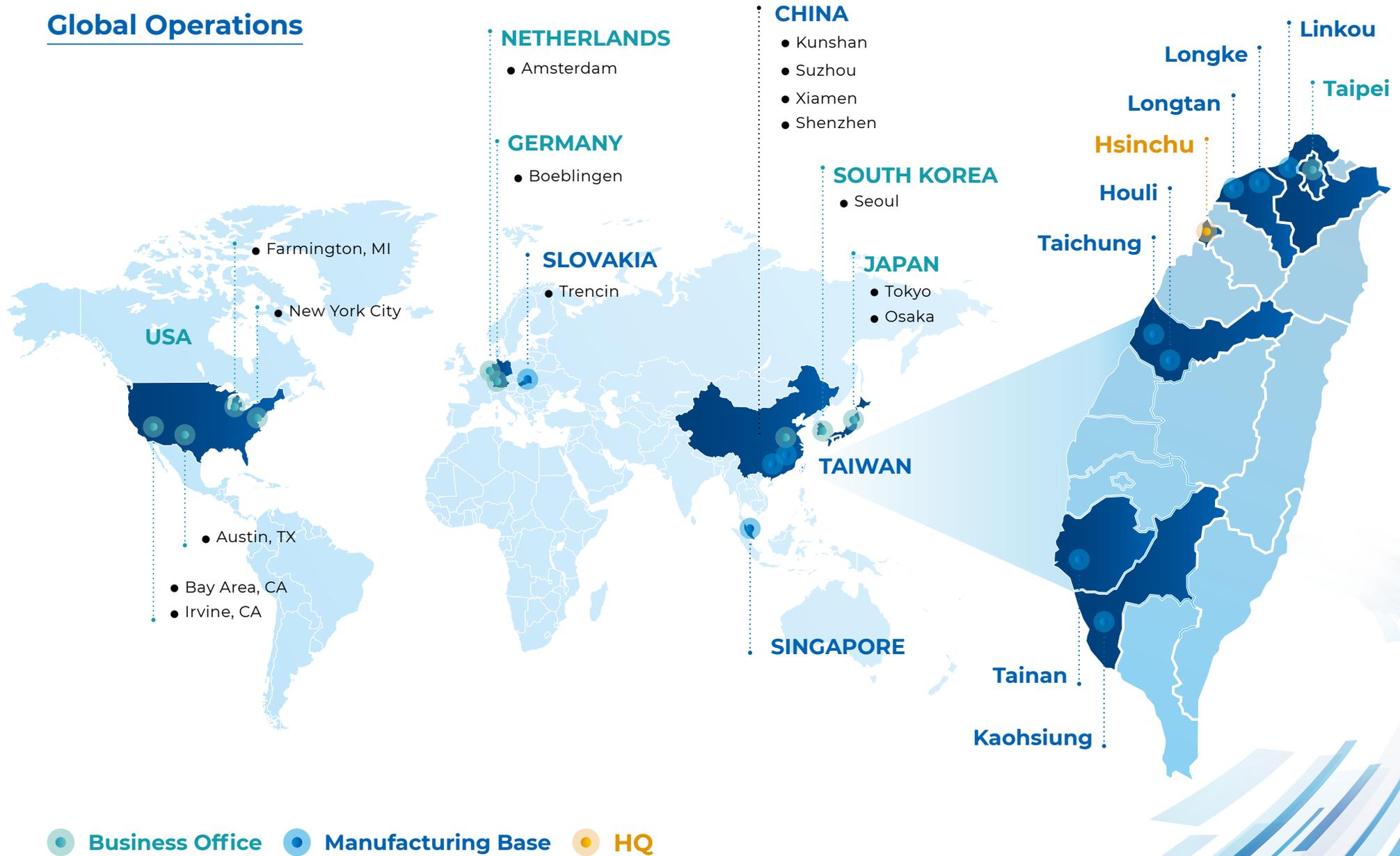
AUO Display+

**Smart Manufacturing**

AUO Digitech AUO Megalnsight

AUO Envirotech 艾聚達 Edgetech

## Global Operations



## Participate in Associations

AUO upholds the vision of contributing to the industry for shared prosperity, actively participates in public policies and applies our practical experience in industry to engage in public associations and government platforms, thereby creating an ecosystem through exchanges and sharing.

### Industry Exchange

Title	2021 Management Role	Project or Committee Participation	2021 Membership Fee
Taiwan Display Union Association (TDUA)	Chairman	■	0
Taipei Computer Association (TCA)	Chairman		15,000
The Society for Information Displays (SID)	Chairman	■	35,000
Taiwan Photovoltaic Industry Association (TPVIA)	Executive Director	■	30,000
Taiwan Advanced Automotive Technology Development Association (TADA)	Member	■	30,000
Taiwan Panel and Solution Association (TPSA)	Director	■	3,220,000
The Allied Association for Science Park Industries (ASIP)	Director	■	810,000
ROC Taiwan Liquid Crystal Society (ROC TLCS)	Director		0
Semiconductor Equipment and Materials International (SEMI Taiwan)	Member	■	52,222
Turnaround Management Association (TMA-Taiwan)	Member		0
Smart Mobility Association Taiwan (SMAT)	Member		0
Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	Member		42,000
Taiwan 3D Interactive Display Association (3DIDA)	Member		0
Photovoltaic Generation System Association (PVGSA)	Member		10,000
Video Electronics Standards Association (VESA)	Member		347,338
Autonomous Mobile Robot Alliance (AMRA)	Member	■	0
8K Association	Member	■	1,136,400

### Sustainable Development

Title	2021 Management Role	Project or Committee Participation	2021 Membership Fee
Taiwan Climate Partnership (TCP)	Member	■	1,000,000
Taiwan Alliance for Net Zero Emission (TANZE)	Director	■	0
Center for Corporate Sustainability (CCS)	Director	■	280,000
Global Corporate Sustainability Forum (GCSF) sponsorship	-	■	300,000

Note: The sponsorship or membership fees paid to associations/organizations in the past three years amount to NTD7,457,960 in 2021, NTD6,587,794 in 2020 and NTD5,668,664 in 2019, respectively.

## AUO Crystal

The consolidated financial statements comprise AUO and its subsidiaries that has a manufacturing base with AUO holding over 50% of the shares, in addition to AUO's factories in China and Singapore. AUO Crystal is also included.

 For more info on AUO Crystal's ESG, please refer to Data Overview.

<b>Company Name</b>	AUO Crystal Corp
<b>Date of Establishment</b>	May 22, 2009
<b>Chairman</b>	Shikun Chen
<b>Headquarters</b>	No. 335, Sec. 2, Houke Rd., Houli Dist., Taichung City 421, Taiwan
<b>Main Products and Technologies</b>	<ul style="list-style-type: none"> <li>Solar monocrystalline silicon chips and wafers</li> </ul>
<b>Regions of Operations</b>	Taiwan (Taichung), Japan (Tokyo, Kochi)
<b>Website</b>	<a href="https://www.auocrystal.com/index.php">https://www.auocrystal.com/index.php</a>
<b>Annual Revenue (Unit: NTD1,000)</b>	4,839,955
<b>Profit (Loss) after tax (Unit: NTD1,000)</b>	1,051,352



# 1.2 Economic Performance

## 1.2.1 Financial Performance

AUO is committed to enterprise management transparency. Besides the monthly publication of revenue reports, AUO also holds quarterly investor conferences and annual general meetings. Included in the company website is the “Investor Relations” with regularly updated financial information and investor conference briefings. AUO also discloses major company news on the TWSE Market Observation Post System (MOPS) to keep shareholders and investors simultaneously updated on company operation status by providing real-time information.

For the Group’s operation performance, please refer to AUO’s annual report 2021

### Financial Strategies

With sustainable management as our core vision, AUO boasts a stable financial structure and solid R&D capacity, able to distribute resources most effectively and elevate the value of our core business. The future industry competition will gradually shift from competing as individual companies to competing among ecology chains. As such, our strategies will focus on complementing, cooperation, and cocreation and integrate upstream and downstream value chains to construct a competitive ecosystem. AUO extends the existing core businesses and implement strategies in smart retail, smart medical, smart education and entertainment, smart transportation and smart manufacturing to actively create smart field applications and value-added innovations.

Meanwhile, AUO strengthens the operation and resources for global deployment, implements localized management and combines niches and talents of local ecospheres across the globe to provide clients with comprehensive solutions. We aim to serve as a smart AIoT solution provider for various applications with display technologies at the core, while innovating, co-creating and collaborating with partners in all fields and sharing operating results with all stakeholders, e.g., shareholders, investors, employees, clients, suppliers, the government and society.

### Annual Revenue and Shipments

	2019	2020	2021
Annual Revenue (NTD100 million)	2,687.9	2,709.6	3,709.6
Shipment of Panels (10,000 square meters)	0	0	2,571.2
Operating costs and expenses (NTD100 million)	2,892.6	2,688.7	3,076.1
Taxes (NTD100 million)	17.6	(1.2)	29.5
Tax Relief/Tax Credit (NTD100 million)	2.2	0.1	0 (Note 2)

Note1: Since 2021 shipment unit change into square meters, which used to piece in the past

Note2: The amount is under NTD100 million

### Business Operation Proportion

Regarding display manufacturing, AUO provides a complete product line of display panels for LCD TVs, monitors, notebook, tablet and car displays. Possessing diverse and industry-leading technologies, AUO’s services extend across the world. Looking back on 2021, during the first half of the year, the stay-at home economy brought by the pandemic carried on with a strong demand for consumer goods. The second half of the year saw the pandemic gradually lessening and the display demand switched to business models and commercial applications, energizing the annual revenue to exceed NTD370 billion, marking a drastic increase of nearly NTD100 billion compared with the previous year. Revenue for all major applications has spiked compared with the same period of the previous year, most notably for information communication products and commercial products for the retail, industry control and healthcare sectors.



## Capital Expenditure and R&D Expenditure

In line with the principle of Smart Investment, AUO adheres to prudent investment in capital expenditure and increase premium production capacity when appropriate. With the two-axis transformation strategy at the core, AUO focuses on medium-to-high end products and industry-leading technologies, instead of simply expanding the production capacity. Maintaining our technology leading position is our indispensable niche to stay competitive. In terms of R&D expenditure, AUO has stable annual investment in this area, however the industry development changes and evolves. In 2021, AUO had a consolidated R&D expenditure of NTD13.07 billion. In addition to strengthening our advanced technologies, e.g., Mini LED and Micro LED and optimizing the efficiency of our manufacturing process, AUO has a comprehensive deployment in mapping patents. By enhancing the value-added products and production capacity to consolidate the leading position in technology, we are able to fortify our competitiveness and offer adamant support to our brand clients in their global market expansion.



## Sustainability-linked loans

Sustainability-linked loans are based on the assessment of sustainability performance issued by fair third-party institutions (e.g., ESG rating agencies, consultation firms), which regularly assess loan applicants' performance in economic development, environmental protection, social impact and other aspects. When the enterprise reaches a certain growth range for the above relevant indicators, the bank could take the initiative to lower the loan interest rate, so that enterprises that have achieved sustainable goals will receive more friendly and flexible financial concessions.

Following the signing of the first sustainability-linked loan in Taiwan with DBS Bank in 2019, we have since signed the sustainability-linked loan contracts with Mega Bank, Bank of Taiwan and First Bank in 2021. The loans with Bank of Taiwan and First Bank are not only unprecedented in Taiwan's display panel industry but also marked by its largest loan amount in all of Asia's sustainability-linked loans.

During the loan period, the partnering banks will regularly evaluate AUO's sustainability performance in indicators such as the Dow Jones World Sustainable Development Index every year. If AUO meets the agreed performance conditions, the banks will take the initiative to reduce the loan interest rate, so that AUO can spend the loans on sustainability development and enjoy financial incentives while achieving sustainable value.

## 1.2.2 Tax Management

### Taxation Governance

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

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

### Tax Policy

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



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

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

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

# 1.3 Governance Organization

## AUO's Corporate Governance Blueprint

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



## Enhance the Structure and Operations of the Board

Since 2013, the number of AUO's independent directors has been more than half of the entire board directors and over half of the independent directors have served no more than three consecutive terms. To strengthen corporate governance and enhance the effectiveness of the Board, AUO has appointed Mr. Benjamin Tseng, currently AUO's Chief Financial Officer and Spokesperson, as head of Corporate Governance and established a Corporate Governance Committee in 2019 to stipulate the Corporate Governance Principles, study and review of the succession plan for directors, evaluate the development of the board, the performance and independence of directors, and search, review and nomination of director candidates. In 2017, the board of AUO directors passed the Board Performance Appraisal Guidelines, which stipulates that board of directors shall perform internal performance appraisal at least once a year and at least once every three years by an external independent organization or a team of external specialists and scholars.

## Increase Information Transparency

AUO has completed the declaration and payment of consolidated and individual financial reports 75 days before the fiscal year-end of 2021. Since 2016, we have been autonomously conducting the ISAE 3000 accounting system for assurance in a bid to enhance the financial report transparency and internal operation precision.



For consolidated and individual financial reports of 2021, please go to AUO website under Investor Relations.

## Protect the Shareholders' Rights

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

## Equal Treatment of Shareholders

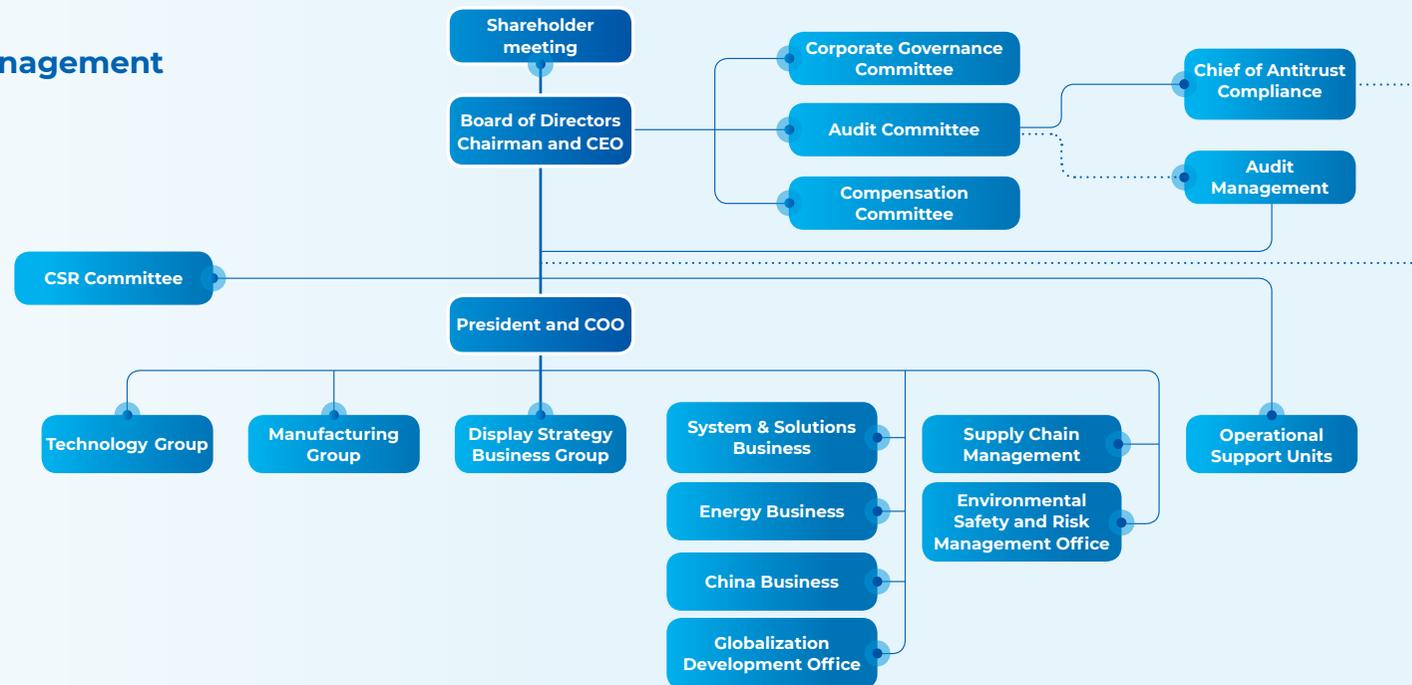
AUO has stipulated the Management Procedures to Prevent Insider Trading, prohibiting internal personnel from buying or selling securities by using undisclosed information to the market. The Management Procedures also serve as a reference for the Company's handling and disclosure mechanism of major information.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

AUO has arranged for new directors and managers to complete training courses for insider trading prevention within one month of his/her appointment. As for the new hires of 2021, the attendance rate of the corporate integrity training course and the signing rate for integrity declaration have both reached 100%. Before the quarterly operating results are published, the Company would also remind internal personnel, relevant managements, and colleagues of the regulations governed by the provisions of Article 157-1 of the Securities Exchange Act, in order to concretely publicize the prevention of insider trading.

## Fulfill Corporate Sustainable Responsibilities

In order to improve the management efficiency of corporate sustainable responsibilities and meet stakeholders' expectations for corporate governance, environmental sustainability and social engagement, AUO has set up a designated department unit for sustainable development for full-scale plan implementation, horizontal integration of resources and active connection with international communities, leading the company towards excellence with sustainable management. In 2021, AUO has been selected as a constituent enterprise of the Dow Jones World Sustainable Development Index for 12 consecutive years, remained in the top 5% of the Taiwan Stock Exchange (TWSE) Corporate Governance Evaluation, also achieved outstanding results in ESG evaluation at home and abroad and received much recognition in the form of Asia Responsible Enterprise Award, Global Corporate Sustainability Award and more.

## Corporate Governance and Management



Division Name	Management
ESG & Climate Committee	Establish a strategic corporate sustainable development plan that is in line with international trends. With net-zero carbon emissions as our core goal, we will develop proactive mitigation and adaptation actions to meet stakeholders' expectations for corporate governance, environmental protection and social care.
Chief of Antitrust Compliance	The management and supervision of internal audit and operating procedures.
Technology Group	The R&D of advanced display technologies, design, and development of new products.
Manufacturing Group	The planning and management of display manufacturing process, raw materials and finished products
Display Strategy Business Group	The management of TV, information, mobile devices, automotive and other display business
System & Solutions Business	departments, including product planning, marketing, businesses and customer service, and provision of a full range of smart solutions.
Energy Business	The provision of high-efficiency solar modules, all-round solar power plant service, and highly integrated service platform concerning energy management & service.
China Business	The management of the regional market development, customer development and technical services of and for the display business in mainland China.
Globalization Development Office	The management of the regional market development, customer development and technical services of and for the display business of overseas companies in Japan, the United States, South Korea, and Europe, etc.
Supply Chain Management	The management of procurement, export and import affairs.
Operational Support Units	Finance, Legal, Sustainability Development, Human Resource, Digital Technology, Corporate Strategic Planning, New Business Investment, etc
Audit Management	The management and supervision of internal audit and operating procedures.



# 1.3.1 Board of Directors

## Board Operation

The AUO Board of Directors is responsible for advising company strategies, supervising the managements and overseeing all operation and arrangement of corporate governance systems. The Board reports to the Company and shareholders and exercises its powers under the law, the Articles of Incorporation and resolutions passed by the shareholders meetings. More than half of the Board of Directors has been made up of independent directors since 2013. To implement gender equality, there have been 2 female directors for the past 15 consecutive years since 2007.

The election of the 9th AUO Board of Directors was held at the Annual General Shareholders' Meeting in 2019. The 9 directors (including 5 independent directors) were elected using a nomination system where shareholders vote from a list of nominated candidates during the meeting. The directors on the current Board of Directors have extensive and diverse industry experience in commerce, finance, accounting, law and business administration, as well as corporate social responsibilities. The AUO Board of Directors meets at least once every quarter and 6 meetings were convened in 2021.

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

## Implement Board Diversification

The 9 directors on the current Board of Directors all have extensive and diverse industry and academic backgrounds. The AUO "Corporate Governance Principles" call for diversity in the composition of the Board of Directors. In addition to capping the number of directors that are also company managers to no more than one-third of the Board, suitable diversification guidelines were also drawn up for Board operations, business models, and development requirements. These include but are not limited to the 2 key standards below: 1. Basic criteria and values including gender and age 2. Professional knowledge and skills, such as professional background, professional skills and industry experience

### Management objectives and progress of Board diversification policies

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

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

## Implement Board Member Diversification

Name	Position	Independent Director Tenure			Gender	Professional Knowledge and Skills		Experience			Age			Employee Status
		Under 3 years	3-9 years	Over 9 years		Industry or Technology	Law, Finance or Accounting	Technology Industry	Finance Investments	Technology Research	55 years and below	56 ~ 65 years	66 ~ 75 Years	
Shuang-Lang (Paul) Peng	Chairman				Male	✓		✓				✓		✓
Kuen-Yao Lee	Director				Male	✓		✓					✓	
Frank Ko	Director				Male	✓		✓			✓			✓
Peter Chen	Director				Male	✓		✓				✓		
Chin-Bing (Philip) Peng	Independent Director		✓		Male	✓	✓	✓						✓
Mei-Yueh Ho	Independent Director			✓	Female	✓		✓	✓					✓
Yen-Shiang Shih	Independent Director		✓		Male	✓		✓						✓
Yen-Hsueh Su	Independent Director	✓			Female	✓	✓	✓	✓		✓			
Jang-Lin (John) Chen	Independent Director	✓			Male	✓		✓			✓			✓

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

## Board of Directors Performance Evaluation

In accordance with the Board of Directors Performance Appraisal Guidelines, AUO conducts the internal performance appraisal on the Board of Directors and functional committees in the fourth quarter of each year regarding aspects such as level of operational participation, quality of decision-making, composition and structure, director selection and continuing education, and internal control. The appraisal includes social and corporate governance. The evaluation results are divided into three levels, namely, exceeding standards, meeting standards and pending improvement. The Board of Directors' self-appraisal results are reported to exceed standards. In 2021, AUO has commissioned the Taiwan Corporate Governance Association to carry out an external assessment of its Board's efficacy, especially with regards to eight aspects of the Board: composition, consultation, authorization, supervision, communication, internal control and risk management, self-discipline, and support systems. The assessment is conducted through an online questionnaire and site visits. In February 2022, AUO has submitted the evaluation results to the Board of Directors. The results will serve as a reference for the Board performance improvement based on the advice of the Taiwan Corporate Governance Association.

## Director Liability Insurance

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

### 1.3.2 Audit Committee

The Audit Committee is responsible for helping the Board of Directors supervise the Company's operations and exercise authorities vested in it by the Securities and Exchange Act, the Company Act and other relevant laws. The Audit Committee communicates with the Company's financial statement auditors on a regular basis and is responsible for the appointment of financial statement auditors as well as conducting independence and performance reviews. Meanwhile, the Company's internal auditors will regularly submit audit summary reports to the Audit Committee in accordance with the annual audit plan, together with the Audit Committee's mailbox submission report. The Audit Committee will also regularly evaluate the Company's internal control system, internal auditors, and their performance.

The Company's entire Audit Committee comprises independent directors (including 2 financial specialists), and all 5 independent directors meet the criteria as stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding profession, work experience, independence and the number of independent director positions held concurrently.

For details of the Audit Committee duties and meeting attendance, please refer to Chapter 3: Corporate Governance in the 2021 Annual Report.

## Mechanism to Prevent Conflicts of Interest

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

For implementation details of directors' recusal practice in avoiding a conflict of interest, please refer to Chapter 3: Corporate Governance in the 2021 Annual Report.

### 1.3.3 Corporate Governance Committee

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

**A**

Stipulate the criteria for the background diversity and independence of Board directors, such as expertise, skills, experience, and gender and seek, review and nominate the board director candidates, accordingly.

**B**

Establish and develop the organization structure of the Board of Directors and all committees, conduct performance appraisal on the Board of Director, committees and board directors.

**C**

Stipulate and regularly review the Board directors' continuing education and succession plan.

**D**

Stipulate AUO's "Practical Corporate Governance Guidelines".w

## Corporate Governance Manager

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

## Implement Governance

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

### 1.3.4 Remuneration Committee

AUO in 2011 set up the Remuneration Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, with the appointment of its committee members determined by the Board of Directors. After the re-election of the Committee members in 2019, the independent directors, Yen-Shiang Shih, Yen-Hsueh Su and Dr. Bing-he Yang served as the committee members and the independent director, Yen-Shiang Shih served as the remuneration committee convener. A total of 3 regular meetings were held in 2021.

#### Primary Duties and Power

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



## Remuneration Policy of the Board of Directors and Senior Management

AUO Board of Directors remuneration policy is handled in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, proposed by the Remuneration Committee and executed upon the decision of the board of the directors. AUO prescribes in the Company's articles of the incorporation that should the Company reap profits for the year, it shall allocate no more than one percent for the directors' remuneration and should the Company have accumulated losses, it shall reserve a certain amount for the remuneration.

AUO's senior management remuneration is linked to the Company operation performance. To strengthen the senior management's responsibility for creating long-term shareholder value and achieve ESG goals, the performance appraisal of the senior management should also be included in the CSR EPS 2025 sustainable development goals in addition to the financial indicators (Please see Chapter 2.2 for details). The senior management's remuneration consists of salary, variable bonus and employee dividends distributed by surplus profit. The variable remuneration is determined according to the Company's operating performance of the year and accounts for 70% to 90% of the overall remuneration depending on the position held and performance achieved. The idea is to have the senior management's remuneration closely linked to the Company's operating performance and sustainable development goals actualized.

The senior management's annual remuneration, in addition to being approved by the Remuneration Committee in accordance with the law, is also appropriately disclosed in the Company's Annual Report in order to fully inform all stakeholders. When approving the senior management's remuneration, the Remuneration Committee works simultaneously with external professional salary consultants to ensure that the senior management's remuneration is sufficiently competitive in order to improve the link between salary policies and the market trends.

# 1.4 Business Integrity

## 1.4.1 Integrity Culture

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



### Prevention

#### Build Integrity Policies and Guidelines

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

- |   |   |  |
|---|---|--|
| <p><b>1 Corporate Integrity Principles</b><br/>Print English-Chinese bilingual posters and post them in all managers' offices to remind them to lead by example, adhere to integrity principles of corporate management and give employees guidance on ethical conduct.</p> | <p><b>2 Intellectual Property Protection Measures</b><br/>Carry out intellectual property management training, partner with employees to advocate duties and obligations to protect intellectual property and protect intellectual property through confidentiality agreements.</p> | <p><b>3 Information Security Management Measures</b><br/>Ensure the security of the Company's information system and available software/hardware warranties.</p> |
| <p><b>4 Compliance with Insider Trading Laws</b><br/>Uphold fair trade and prohibit insider trading that gives certain investors an unethical and illegal advantage.</p>  | <p><b>5 Antitrust Compliance Principles</b><br/>The Company is committed to ensuring that all business activities comply with antitrust regulations.</p>  | <p><b>6 Code of Ethical Conduct for Employees</b><br/>Establish the Company's internal ethical guidelines to reduce risks of unethical behavior occurrences.</p> |

### Detection

Each year, a designated department will be in charge of conducting conflicts of interest declaration and internal audit, as well as external audit for suppliers to examine possible integrity risks. In 2021, besides requiring colleagues holding integrity-related positions to make declarations, AUO opened up the requirement to the company management and all colleagues who can make their own declarations. A total of 2,786 people completed the declaration. Regarding suppliers, we advocate a commitment to fair trade with integrity at the annual supplier conference (which was not held in 2021 due to the pandemic) and comply with the external audit system of Responsible Business Alliance (RBA) to affirm that our key manufacturers adhere to the guidelines. In 2021, we conducted 8 sessions of internal RBA audits and a total of external RBA audits on 30 suppliers.

## Containment

Apart from the internal and external whistle-blowing systems, AUO regularly inspects the integrity department and defines the list of integrity positions for the departments with decisive influence on the import/export, product prices, investment targets and departments with frequent contact with suppliers, customers and contractors. AUO implements regular job rotation and business substitution through systematic management to prevent corruption. In 2021, we inspected 310 people (219 people in Taiwan, 83 people in China, 8 people in Singapore, and with 100% completion rate) holding integrity positions and conducted two trainings for colleagues holding integrity positions, including training for seven major prevention behaviors (online courses) and case studies and prevention advice programs (physical courses) to strengthen the concept of integrity. There were 33 people on the rotation list, and the rotation implementation rate in 2022 is expected to reach 100%. Additionally, regarding the whistle-blowing system, should any personnel in any capacity discover any violations of integrity while they are performing their duties, they can report to the internal or external whistle-blowing systems.

### Internal

Direct supervisor, mailbox of general manager, and mailbox of the Audit Committee

### External

Employee Ethics Violations Reporting System



Once the violation is reported, the investigation procedure will be activated. The designated personnel including the audit department will set up an investigation committee in accordance with the Guidelines for Managing Investigation Committee for Major Disciplinary Cases. Included in the Guidelines are “Procedures for Handling Complaints Regarding Accounting, Internal Control and Audit” and “Complaints Processing Procedure” which prescribe the departments responsible for the processing procedures. Personal data will remain confidential and retaliation against colleagues is strictly prohibited.

All new hires are required to complete integrity courses. In 2021, a total of 1,633 employees completed the training with a completion rate of 100% and all of them completed the signing of integrity declaration.

## Tracking

In 2021, AUO received a total of 6 whistle-blowing cases. We establish an internal control mechanism in accordance with the law. The audit department regularly evaluates the risks to the Company and formulate audit plans accordingly. It also performs relevant audits following the audit plan and regularly reports the audit results to the Audit Committee and the Board of Directors, so that the management will be kept informed in order to achieving its management goals. AUO continues to uphold the Company's principles, maintain decent business integrity and prevent the occurrence of corruption.

Year	2019	2020	2021
Audit Committee Mailbox	3	0	2
Anonymous Whistle-Blowing Mailbox	1	3	0
Employee Ethics Violations Reporting System	5	6	4
Investigated Cases of ethical Conduct Violation	0	0	0



### Response to Major Incidents

Regarding the incident where AUO's former employees were prosecuted by the Hsinchu District Prosecutors Office in December 2021 for dishonest behaviors during their AUO employment, we have since reviewed and stipulated improvement measures, including improving authorized control, regular rotation of integrity positions, continuous advocacy and implementation of investigation and preventive measures, while adhering to ethical integrity governance.



For our response to the incident, please go to AUO official website - Governance

## 1.4.2 Regulation Compliance

### Fair Competition

AUO is rooted in a culture of integrity and sets out to maintain self-discipline and accountability, commit to follow the laws and regulations of the countries where we conduct business, stipulate a corporate integrity manual to serve as a basic code of conduct for our colleagues and formulate policies to comply with various laws in order to fulfill the goal of effectively managing legal risks and actualizing social responsibilities.

### Antitrust Litigation

AUO's pending antitrust litigation in 2021 include a civil litigation case with LG Electronics and its affiliates and a civil litigation case with the Government of Puerto Rico. The litigation details are disclosed in AUO's Annual Report.



For the investigation details, please refer to AUO's 2021 Annual Report.

## Policy Definition and Update

Regarding antitrust laws and regulations, AUO has had a compliance policy and a compliance manual in place since 2015, which were updated with new editions in 2016 and 2020, respectively. Further, AUO has strengthened compliance measures on other legal issues by stipulating the following policies and manuals in 2017: the Export Compliance Policy, the Anti-Corruption Law Compliance Manual, the Copyright and Anti-Piracy Software Policy, the Anti-Economic Espionage and Trade Secret Theft Policy, the Conflict Minerals Policy and the Anti-Dumping Policy in mid-2017, as well as updating the Data Protection and Personal Data Privacy Policy. Responding to the EU General Data Protection Regulation that came into effect on 25 May 2018, we formulated the "Data Protection Regulation Policy" also in 2018, including the General Data Protection Policy, the Data Leakage Management Policy, the Data Protection and Impact Assessment Policy and the Personal Data Inventory Implementation Policy and so on. AUO has also formulated the applicable Privacy Statement Notice for wide-ranging operating conditions. In mid-2019, we continued to update the Anti-Corruption Law Compliance Manual. Responding to China's Personal Information Protection Law implemented on November 1, 2021, AUO has also amended its Privacy Notice and Data Processing Consent form at the end of 2021. The above documents are all published on the Company's website in the Legal Compliance section for colleagues to follow.

## Establish Management, Supervision and Prevention Systems

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

In 2021, AUO conducted the Antitrust Law Declaration signing within the Company. All worldwide employees (except production line workers), namely, 11,175 people in total, completed the signing, with a 100% signing rate (note).

Note: All worldwide employees incumbent on June 22 were included in the signing. The signing period is from March 4 to June 22, 2021.

## Education and Training

AUO has established a multi-tier law compliance education and training system to actively facilitate law compliance education with a mix of online exams, classroom courses and cross-departmental large-scale training, plus advanced bespoke courses for certain departments. The education and training courses held in 2021 are as follows.

### • Antitrust Compliance training for new hires

All new worldwide recruits, except production line workers, are required to undergo antitrust compliance training within 30 days of commencing their employment.

### • Online course and exam

1. Anti-corruption and bribery online training courses target all of AUO employees worldwide (except production line workers). They are required to take the online course and complete the post-courses exam. The standard score for passing the exam is 100 points. A total of 10,963 colleagues took the course, with a completion rate of 90.9% (Note 1).
2. The online training course for export administration regulations targets our colleagues from AUO headquarters' financial and R&D departments. A total of 1,858 people underwent the training with a 95.4% completion rate (Note 2).

### • Advanced workshop

2 sessions of advanced workshop for the newly established business departments, covering antitrust laws, trade secrets and the EU General Data Protection Regulation. Lead our colleagues to think about possible occurrences on the job and discuss response strategies. The number of people required for training was 95, with 92 completing the training. The completion rate was 96.8%.

Note 1: Due to the pandemic, the online course was postponed and would run after September 2021 in batches. Colleagues were reminded to complete the training before the first quarter of 2022.

Note 2: Due to the pandemic, the online course was postponed to August 2021. Colleagues were reminded to complete the training before the first quarter of 2022.

## Antitrust Compliance Guidelines

### Law Compliance Committee

Composed of relevant departments. Defines the framework and execution process to ensure effectiveness and efficiency.

### Establish Incentives and System

Establish incentives and punishments through company regulations to maintain the base line of corporate compliance with antitrust laws.

### Education and Verification

1. Establish content and routes for corporate education and training
2. Conduct interviews and case studies targeting high-risk colleagues

### Awareness

1. Thoroughly and unequivocally advocate to AUO employees and stakeholders, from top to bottom, our position in antitrust law compliance
2. AUO continues to publicly advocate the importance and action of global law compliance through the CEO

### Risk Assessment Mechanism

1. Detection of external environments
2. Inventory of internal procedures

### Timely Response and Investigation

1. Establish guidelines for dubious case investigation and analysis
2. Set up single contact with notification telephone and mailbox

# 1.5 Risk Management

Faced with global political, economic, climate and environmental changes alongside operational challenges caused by the ravaging pandemic, AUO has laid out an all-round risk governance organization and management mechanism to keep abreast of international trends and issues, spot business opportunities, and minimize potential risks that may impair the Company's sustainable development.



## 1.5.1 Risk Evaluation and Management

### Risk Governance Policy and Operation

AUO's Board of Directors acts as the top management and decision-making body for the Risk Governance Organization and passed the Risk Management Policy in 2020 as its top guiding principle. The Risk Governance Team under the ESG and Climate Committee is in charge of implementing risk management policies approved by the Board of Directors. The risk management policy complies with the ISO 31000 risk management guidelines to establish response measures and processes. Its strategic framework encompasses external politics and economy, climate and environmental protection and law compliance, in addition to internal risk management, namely, operations and manufacturing, R&D, information security and finance.

### Risk Evaluation Procedures and Management

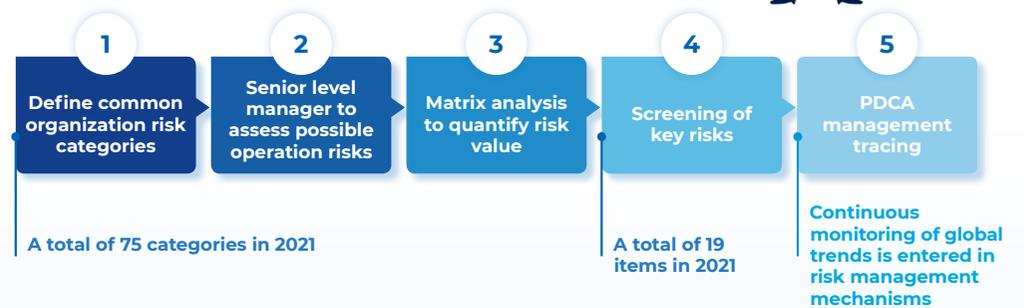
Every year, AUO conducts risk identification meticulously and systematically. AUO's factory-level supervisors are required to assess the Company's operation risks from the perspective of business management, based on 75 common risks in aspects of finance, strategies, operation and hazards, while considering their frequency of occurrence and degrees of impact. Responding to the climate crisis and green transition that are in the international spotlight, the carbon management issues in climate change were added to the assessment this year.

After senior level manager complete the quantitative, systematic compilation of the preliminary risk identification that is integrated into a matrix map followed by further analysis and sorting to come up with items that are high in risk value, high in impact level and high uncertainty of control. The results are entered into the ESG and Climate Committee for decision making. A total of 18 high risk items were listed in 2021. Extra-organizational risks are predominately from the persist threat of the COVID-19 variant virus, supply disruptions, and energy price fluctuations due to the global low-carbon transition. In-organizational risks are mainly of the product technology research and development and water resources scarcity. Overall, strategy and operation aspects of all 18 key risks are the primary concern.

In terms of strategy, faced with limited production capacity of uneven components supply chain in the global market and the net-zero consensus given the global low-carbon transformation, AUO responds with positive, all-out actions and commitments. In terms of operation, the worsening pandemic in Taiwan this year and a phase-II water restriction in Central Taiwan have both caused an impact on the supply chain, factory operations and logistics, an impact that cannot be overlooked.

Besides risk identification operations, the governance team continues to monitor external trends development to ensure a thorough and timely review of any risks to the Company operation. In 2021, we entered all key issues into the management mechanism, such as supply chain disruption, the pandemic impact, the operation resilience under climate change, talent competition and manpower shortage. AUO's advance deployment included the following: connect relevant departments to rapidly build operational response procedures, improve the flexibility of process improvement, upgrade handling capabilities for crisis response, continuously amend risk management frameworks, and minimize the operational impact caused by risks.

### Risks Screening Process



### 2021 Risk Identification Matrix Results



## Strategic and Operational Risk Management Strategies

Risk Type		Key Focuses	Response Strategy
Strategies	Climate Change/Carbon Management	<ol style="list-style-type: none"> <li>The stable electricity supply of Taiwan's energy transition as a response reduces production risks.</li> <li>Climate change has caused long-term unstable water supply resulting in unstable factory production.</li> <li>Drastic climate change has caused ravaging disasters and impacted the order of shipments in global supply chains.</li> <li>Energy price fluctuation and carbon emission reduction implemented in various countries have impacted the coast of supply chains.</li> <li>Customer demands for carbon reduction/renewable energy and international initiatives as a response.</li> </ol>	<ul style="list-style-type: none"> <li>Continue to develop smart grids, increase response capabilities and continue to implement energy-saving solutions.</li> <li>Designated departments regularly monitor climate change and water supply, plans water conservation and water supply diversification and seeks risk transfer via insurance.</li> <li>Pro-actively collect disaster events, circle the areas on a visual map and determine where to start the BCP through classified management.</li> <li>Examine the financial impact of climate change through TCFD recommendations and formulate strategies and measures for shock alleviation.</li> <li>Actively proceed with the signing of international initiatives and take part in climate engagement with clients.</li> </ul>
	Market Product Competition	<ol style="list-style-type: none"> <li>New rivals join the competition with production capacity advantages. Old rivals exit the market leaving their clients/markets to be redistributed.</li> <li>Diversify business models, strategies and sales channels to reduce the loss of principal and new clients.</li> <li>The pandemic has changed consumer behaviors resulting in drastic changes in product portfolios. Keep track of systematic risks of the market and respond in a timely manner to avoid restrictions in business management.</li> </ol>	<ul style="list-style-type: none"> <li>Develop high-end products and add value with integrated product solutions. Develop next-generation technologies with clients to maintain our leading position.</li> <li>Adjust business models, enhance the market acceptance of multi-valued solutions, continue to build a market analysis and development capability mechanism, make precision investments and make deep alliances with business partners.</li> <li>Keep track of market trends, make dynamic adjustments for the best fitting shipment scale and at the same time, develop towards product differentiation.</li> </ul>
	Research and Develop Innovative Technologies	<ol style="list-style-type: none"> <li>Develop new products and avoid stifling innovative thinking, failing to meet business needs, delaying new technology investments and good timing for product launches.</li> <li>Work with technology partners to reduce new technology, new generation material introduction, application and R&amp;D personnel capabilities.</li> <li>Brand new display technology might have an impact on the Company's competitiveness.</li> </ol>	<ul style="list-style-type: none"> <li>Examine and optimize the new technology R&amp;D and product development mechanism on a regular basis. Enhance the R&amp;D capabilities to upgrade and expand existing technologies.</li> <li>Seek active industry-academia collaboration, improve the R&amp;D training blueprint, deepen and expand partnership with new and old suppliers.</li> <li>Introduce systematic full-procedure development to reduce the impact of new display technologies.</li> </ul>
Operations	Law Compliance	<ol style="list-style-type: none"> <li>Have a full grasp, understanding and execution of laws and regulations, reduce risks of violating the laws such as: competition regulations, privacy and security laws, intellectual property laws, trademarks, trade secrets, environmental protection/health and safety, labor and employment and finance and accounting.</li> <li>New transaction types comply with worldwide regulations to reduce risks in investment and financial operations.</li> </ol>	<ul style="list-style-type: none"> <li>Collect and analyze laws and regulations in various sectors on a regular basis, gauge degrees of risk exposure through risk evaluation and propose response plans.</li> <li>Enhance colleagues' competence through sharing and training.</li> </ul>
	Continued Operations	<ol style="list-style-type: none"> <li>Production plan is affected by lack of personnel, materials, instruments and equipment resulting in disrupted shipment schedules.</li> <li>Materials supply disruption due to natural disasters or calamities (e.g., factory explosion and equipment damage).</li> <li>Handling of defective products reduces operation resources and costs.</li> </ol>	<ul style="list-style-type: none"> <li>Advance confirmation of the demand as a response plan, with inter-factory support and flexible outsourcing set-up.</li> <li>Modify the BCP management mechanism to counter the risk of disrupted materials supply on production lines including advance materials preparation and off-site production.</li> <li>Optimize product quality control and refund/exchange mechanism.</li> </ul>



### Disasters Map Data Visualizations

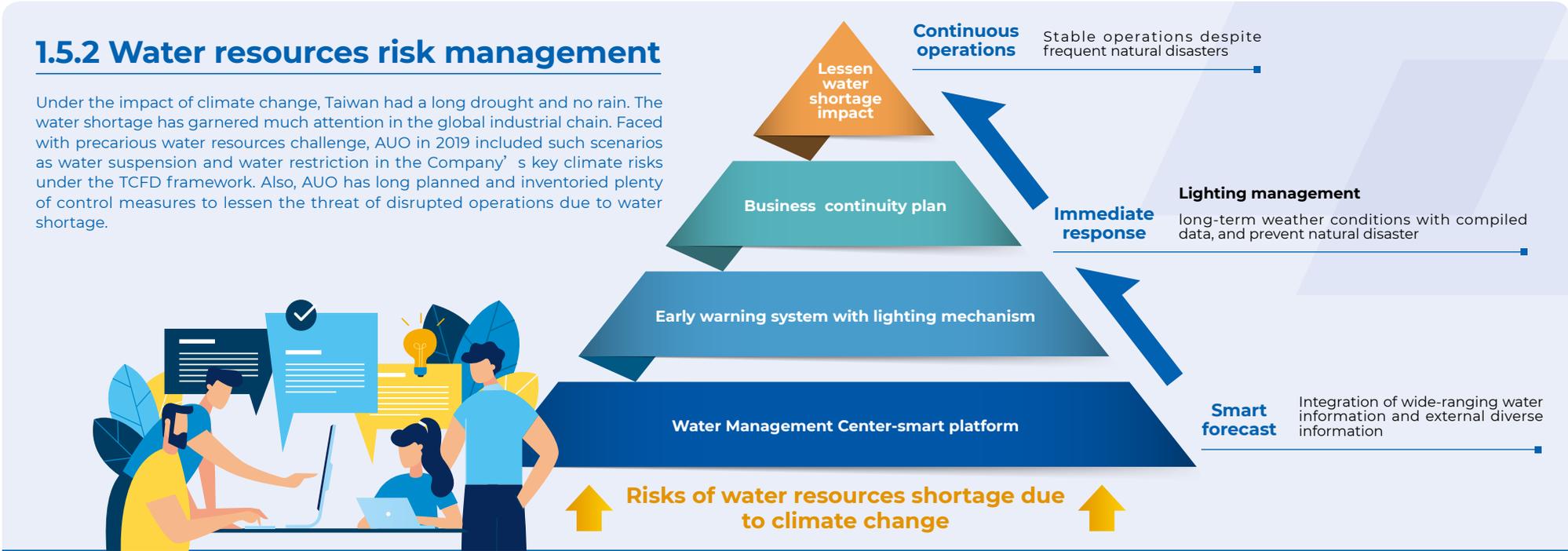
Considering that we used to rely on news release or manufacturers' self-initiated notification to learn of for such man-made incidents as water shortages, strikes and power rationing, AUO has developed web crawlers to actively collect risk events and visualize and circle the scope of their impact on a map so that personnel in charge can decide whether to activate BCP. Marking the earthquakes and global disasters on the map with the longitude and latitude of the accident site in real-time, and the system will automatically notify, at the earliest possible time, the departments involved.



Visually differentiate severity	
Earthquake Notification	Disaster Notification
Minor (Green)	Minor (Green)
! Medium (Orange)	! Medium (Orange)
! Serious (Red)	! Serious (Red)

## 1.5.2 Water resources risk management

Under the impact of climate change, Taiwan had a long drought and no rain. The water shortage has garnered much attention in the global industrial chain. Faced with precarious water resources challenge, AUO in 2019 included such scenarios as water suspension and water restriction in the Company's key climate risks under the TCFD framework. Also, AUO has long planned and inventoried plenty of control measures to lessen the threat of disrupted operations due to water shortage.

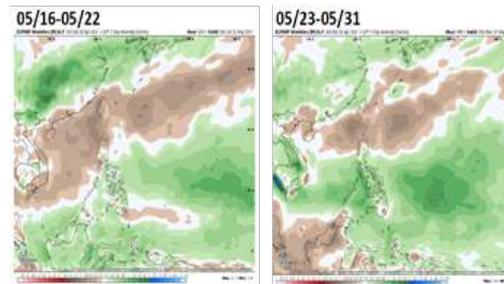


### Water Management Center – Smart Forecast for Disaster Prevention

Based on previous experience in water resources management experience, AUO has collected water use data from manufacturing and factory departments and integrated it with external diversified information to develop a smart management platform as a water news center. The platform provides real-time, complete and consistent information regarding AUO's factories in Taiwan, including local weather forecasts, water news, reservoir inlet and outlet volume, storage level estimates, factory water use monitoring, water saving schemes and water-saving indicators, water tanker and well information, water conditions on the supply chain. The platform is able to effectively keep track of the water conditions connected to each department, and also helps manage the progress of various water-saving programs incorporation as well as continuing to improve the efficiency of water resources.

### Early Warning System with Lighting Mechanism

We have established an early warning system with instinctive red/green lighting as a way to manage and monitor water conditions in local factories and stipulate the BCP plan for each condition. Further, to keep track of external intelligence information in real-time, AUO works with weather risk management development companies to develop forecast models, where meteorological experts are on hand to provide short-term, mid-term and long-term climate analysis and rainfall forecasts, so that our water conditions department can plan accordingly and prepare in advance.



Weather forecast model

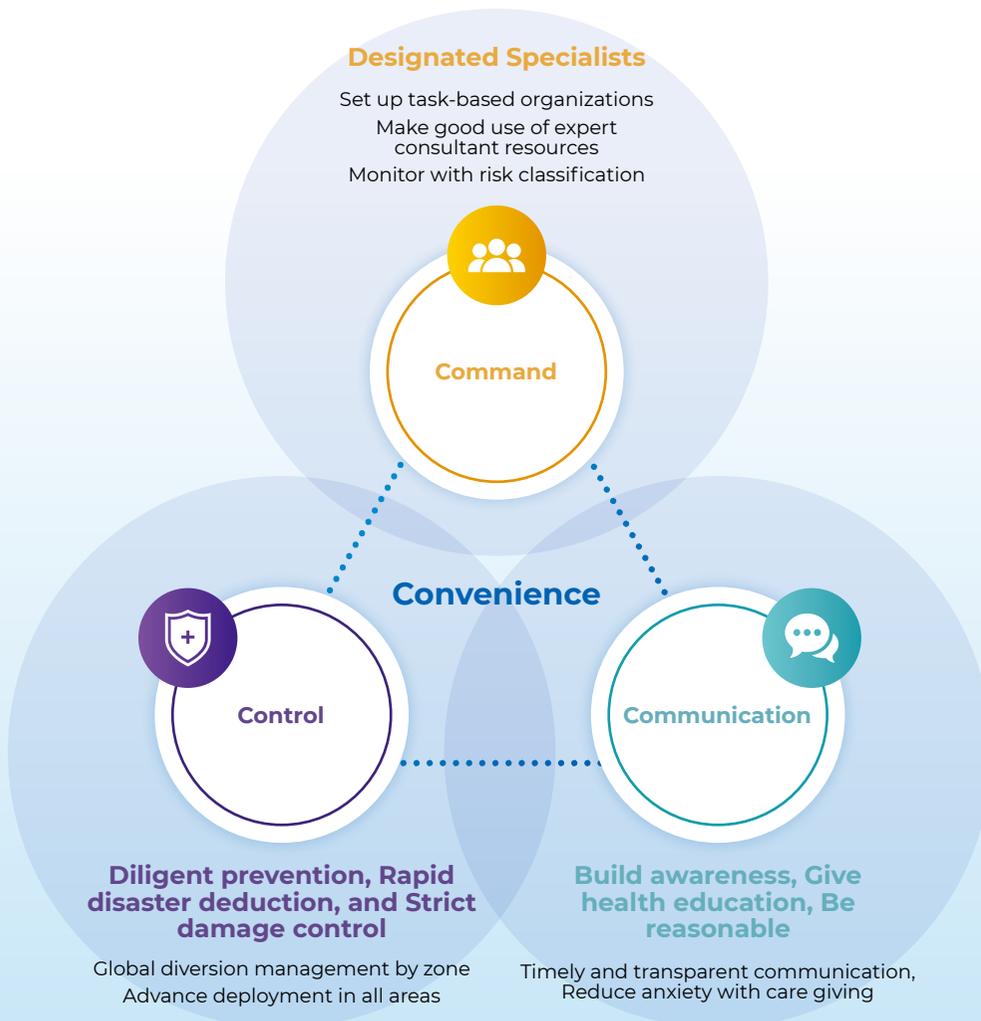


Judging water conditions in our factories

## 1.5.3 Pandemic Risks Management

### 4C Strategic Deployment for a Safe and Happy Workplace Deployment 4C

Since the outbreak of the COVID 19 pandemic in early 2020, AUO has been watching the pandemic development and launched various epidemic prevention and response measures in line with the Company's continuous operation management structure. AUO has also rolled out 4C strategies to create a safe and happy workplace for epidemic prevention and worked together with colleagues, suppliers, contractors, customers and partners from the industry/government/academe to set a benchmark for corporate epidemic prevention.



#### Command : Command System

Responding to the rapid spread of the Covid-19, AUO immediately set up a business continuity plan response organization, chaired by the CEO as a central commander in charge of the manufacturing factories and offices in 11 countries across the globe to ensure that the Company's operations would not be affected by the pandemic.

#### Control : Classified Risk Control

Each country responds to the pandemic with different response strategies. AUO has proposed three-stage management: Diligent prevention, Rapid disaster deduction, and Strict damage control and conducted management with classification according to the pandemic situation and government regulations in countries where our factories are located to activate the pandemic prevention and response measures in advance.

- **Active prevention:** Reducing crowding on factory premises is the frontline control measure. Targeting colleagues, contractors and visitors, formulate pandemic prevention management and factory entry control measures to keep risks out of the factories.
- **Rapid disaster mitigation, strict control of losses:** Formulate management measures for factory activity areas to reduce the risk of clustering, such as routes of movement for foot traffic, division of business teams, factory space zoning. Strengthen on-site personnel's familiarity with pandemic prevention through multiple situational drills ensure effective implementation of epidemic prevention management.

#### Communication : Comprehensive Communication

AUO values communication with stakeholders and conducts friendly gentle advocacy (through the Company's internal website, App, carry-on cards and the CEO podcast). Our colleagues have access to the required information anytime anywhere, to establish pandemic prevention awareness and educational health knowledge. AUO also helps supplier partners quickly formulate strategies and practices in response to the changing pandemic outbreak and carry out epidemic prevention knowledge system management, in order to rapidly organize teams to respond to various pandemic situations in the future.

#### Convenience : Intelligent and Convenient System

Build an intelligent and convenient system for epidemic prevention. Horizontally connect management departments and risk control targets on the central control platform. Strengthen the efficiency and accuracy of on-site pandemic prevention management through AIoT-related technologies, equipment, domain services and employee activity data collection.

- **Build an intelligent management platform:** Set up a command information center and get hold of global colleagues' health, work-from-home situations and pandemic conditions in various countries through the big data dashboard.
- **Develop AIoT equipment:** Utilize smart AIoT technologies to record colleagues' temperatures, body temperature and movement trajectory in real-time when entering the factory. Compile such information and forward it to the Command Center for possible emergency response operations such as contact tracing and potential contact identification.
- **Optimize all food/accommodation services:** Develop a meal ordering system so that colleagues can eat in their seats. Optimize the dormitory management system to divert colleagues' pick-up and laundry services. Keep track of our colleagues' activity trajectory by recording their driving routes and seat images via the shuttle bus App.
- **Innovate the digital process of talent selection, training, employment and retention:** Actively facilitate the digital transformation of HR management, create an online recruitment system, draft a new colleague care process and online training courses, and promote online activities to keep HR-related tasks going.

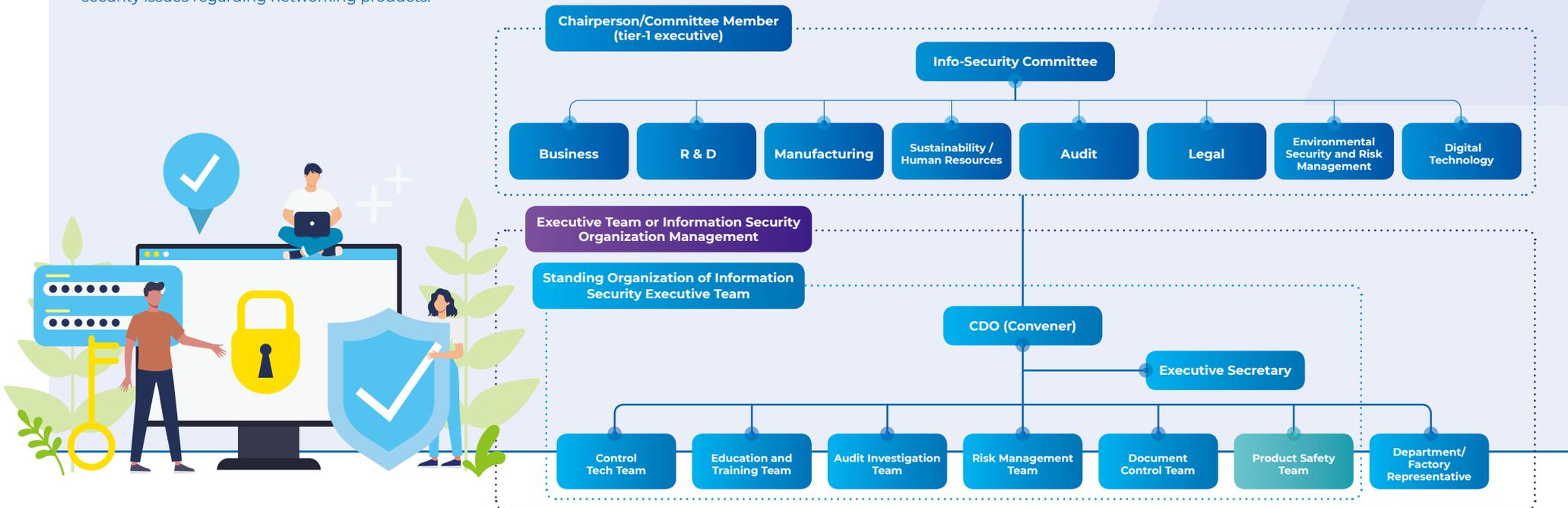
## Response to the Pandemic's Impact on Port Congestion and Rises in Shipping Cost

The pandemic has impacted the global supply chains resulting in endless land/sea/air transportation challenges. Insufficient labor, cabins and port congestion have caused an increase in global transportation days and a drastic rise in enterprises' logistic costs. AUO instantly integrates software/hardware resources and resorts to big data forecast and analysis to mitigate the impact of abnormal logistics on our operations. Key practices include stable supply, big data utilization and system platform integration. With flexible response and management measures, have shipment completion rates return to normal and the rise in transportation and miscellaneous fees lower than the market trend to reduce the impact on the supply chain

- **Stable supply of hardware resources:** Consolidate the relationship with key logistics suppliers, sign short/mid/long-term contracts to ensure the stable supply of logistics resources and connect the logistics resources of upstream and downstream manufacturers to increase vehicles and containers' turnover rate.
- **Big data analysis for flexible adjustment of transportation routes:** In line with the Company's two-axis transformation, build a diversified production and processing model, design multiple combinations of transportation routes (sea-sea/sea-rail/sea-air combined transport). Detect congestion on the way by way of big data analysis. Adjust transportation routes in time to keep transportation challenges under control and reduce their impact on the Company's inventory in transit.
- **System integration for budget control:** Develop cross-system information platform. Have external logistics operators' transportation timelines, freight rate information and the Company's internal production schedule, sales orders and other data integrated in real-time through B2B models. Facilitate rapid decision making for the most suitable mode of transportation to effectively control the increase in transportation and miscellaneous fees.

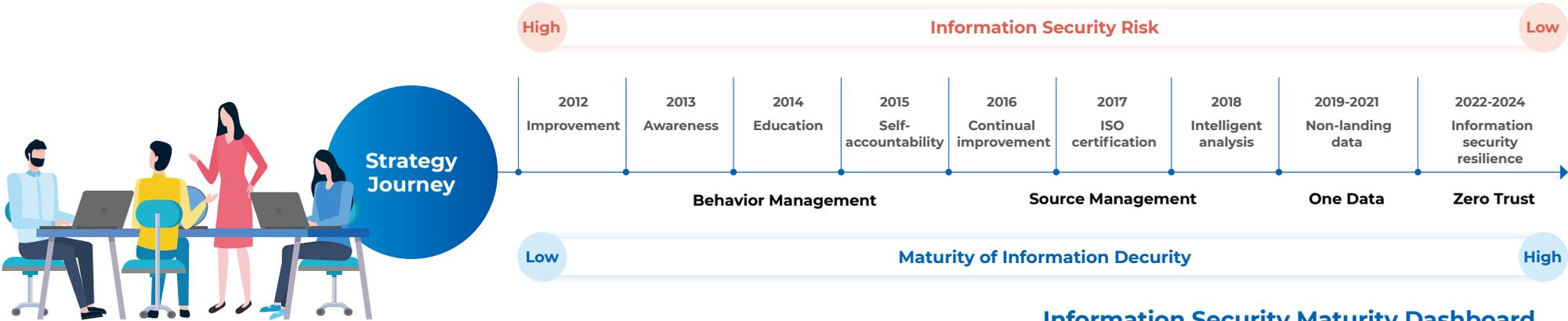
### 1.5.4 Information Security and Risk Management

AUO conducts various information security activities through the Information Security Committee, regularly reviews the targets implementation of the year, and conducts risk improvements to protect the Company's intellectual property, customer data and enhance employees' info-security awareness. The Company's Chairman of the Board serves as the information security committee chairman, and the general manager, the vice chairman. The committee members consist of tier-1 executives, and the Company's Chief Digital Officer acts as the info-security convener for the task execution team. In response to the Company's business development needs, we added a product security team under the task execution section in 2021 to deal with the information security issues regarding networking products.



## Information Security Management Process

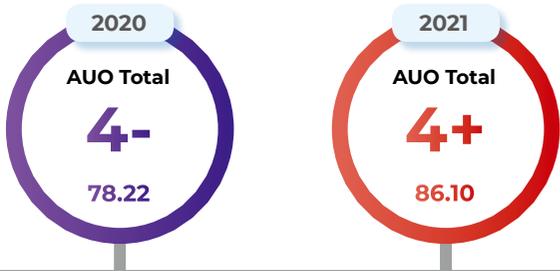
In accordance with the objectives of the information security policy, every year we stipulate the implementation strategies and action plan, continue with the non-landing data policy from 2021 and the primary implementation for the next three years is "Zero trust structure to strengthen the info-security resilience" and to reduce info-security risks and enhance info-security maturity by the year.



## Maturity of Information Security

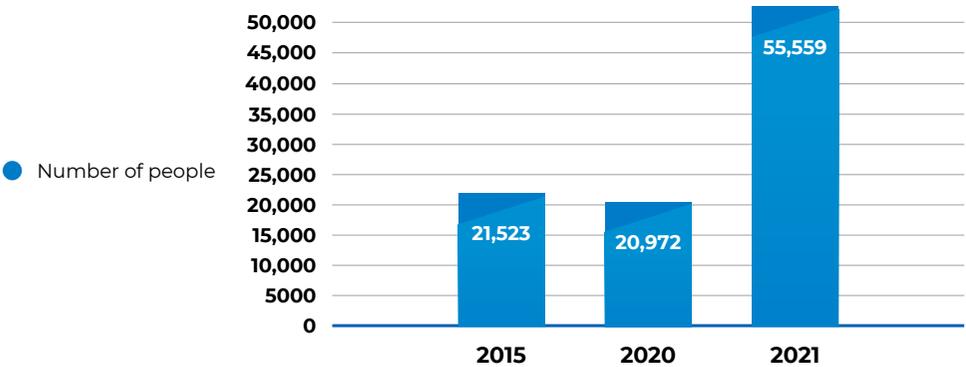
AUO has been promoting a culture of shared accountability for info-security for years. To support each department in their control of the departmental info-security situations, we have turned the indicators and figures such as security control measures implementation, social engineering exercises, security education and training and security violations into visual presentations and regularly hand over monthly security maturity scores to department supervisors as a basis for measuring the security management improvement.

### Information Security Maturity Dashboard



## Social Engineering Exercises

AUO conducts annual social engineering exercises and training to prevent email scams. In 2021, we activated the drill platform that allows for company-wide drills and supports each department to conduct modified independent training. A total of 55,559 people took part in the drills.



## Information Security Incidents Notification and Handling

We have a notification mechanism on the info-security platform, where colleagues can feed back any info-security-related incidents they come across or encounter and the security technical team will handle them in accordance with the incident classification. The number of information security incidents reported by our colleagues in 2021 is 0.



## Innovative Action for Info-Security

### Device Security

- Automatically detect and scan the procedures for virus before activating new equipment, computers and networks, to curb the risks of computer virus infection and outbreak.
- Incorporate Endpoint Detection and Response (EDR) measures and modify detection of malicious attacks.

### Network Security

- Strengthen firewall surveillance and analysis for real-time monitoring of anomalies and potential risks.
- Install firewall inspection mechanism to ensure the firewall settings in all areas comply with security guidelines.

### Program Security

- Conduct infiltration tests on key service stations to locate potential risks and make amends.
- Incorporate black-box, open-source security detection to enhance program security and regulation compliance.

### Data Protection

- Implement non-landing of data to strengthen data security and storage.
- Incorporate full-process backup systems on equipment computers.

### Education and Training

- We develop our own interactive webpage game, "Info-security Investigation Bureau," where our colleagues play the role of info-security investigators and learn common hacking methods in a fun, relaxing manner, as well as applying what they learn in their everyday work.
- Implement an independent social engineering exercise platform with procedures that allow for company-wide independent drills, while each department can increase the number of drills to raise security awareness.

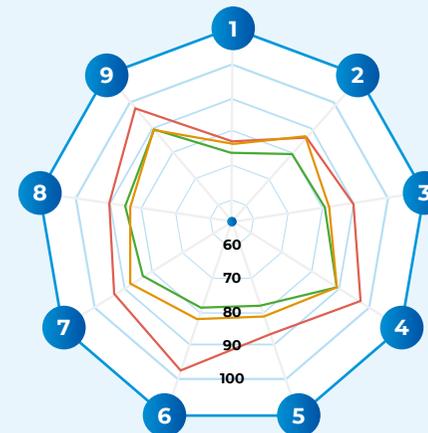
## Info-Security Exchange and Self-Assessment of Suppliers

Supply chain information security is one of the key issues that customers are concerned of. In 2020, AUO launched info-security exchange events among suppliers. In 2021, in accordance with the questionnaires conducted in 2020, we selected 5 suppliers for on-site exchange. The exchange direction includes info-security management organization, info-security incident handling, protection from external network attacks, trade secrets protection, e-mail scams prevention, EOS (End of Support) operating system management and FAB security management. Both parties have gained excellent practical experience and ideas for info-security improvement.

In 2021, we recovered a total of 83 questionnaires from the Supplier Security Self-Assessment Initiative with a slight increase in overall info-security confidence compared with the 2020 survey. Our statistics show that supplier partners who have set up info-security organizations have increased proportionally by about 11% compared with the 2020 survey. The number of supplier partners with high confidence in the "Information Security Policy and Organization" has also increased significantly. This shows that the management in more and more supplier partners are more willing to invest resources in information security management, and that is positive feedback for this info-security exchange and self-assessment project.

We continue to interact with our supplier partners in a way that they will become more willing to invest in information security, while responding to the Government's policy that will require listed/OTC companies to set up designated info-security organizations in 2022.

— 2019 — 2020 — 2021



### Average scores of info-security self-assessment

- 1 Info-Security Policy and Organization
- 2 Confidentiality Requirements
- 3 HR Security
- 4 Entity and Environmental Security
- 5 Telecommunication and Operational Security
- 6 Documents Control
- 7 Info-security Incidents Management
- 8 Operational Continuity Planning
- 9 Regulation Compliance

# Ch2

# Sustainable Management



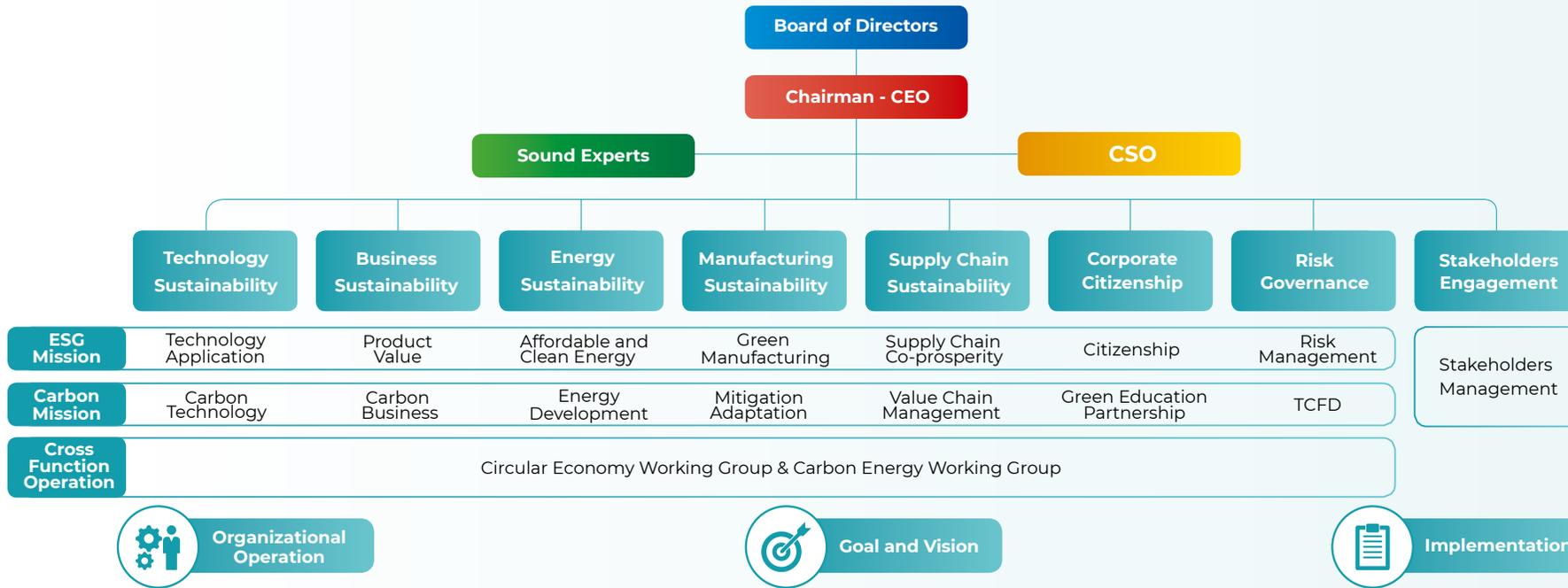
- 2.1** ESG and Climate Committee
- 2.2** CSR EPS 2025 Goals
- 2.3** Stakeholder Management
- 2.4** Customer Relations
- 2.5** Responsible Supply Chain

# 2.1 ESG and Climate Committee

## The History and Operation

AUO has unveiled AUO Green Solutions since 2008, taking the lead in the industry to use a systematic strategy to reduce the impact of product life cycle on the environment, and established the CSR Committee at the end of 2013, which is the highest governance body for the Company’s sustainable development operations. In 2018, based on the solid foundation built in ten years, the Sustainable Development Department was further established to coordinate the sustainable development policy, and integrate with the United Nations Sustainable Development Goals (SDGs). With the vision of “Go Beyond CSR, Create Shared Values,” we set the 2025 CSR EPS Goals, taking the balanced development of ESG into account.

In response to global climate issues and net-zero trends, the CSR Committee transformed and upgraded to the “ESG and Climate Committee” at the end of 2021. With net zero emissions by 2050 as the core objective to build the strategic climate blueprint and plan forward active mitigation and adaptation actions. In addition to fulfilling the 2025 CSR EPS Goals, the ESG and Climate Committee also takes on the carbon tasks of environment, society and corporate governance, and will take the cross-unit operation platform as the framework in the future to develop low-carbon technologies, promote carbon data applications, expand new businesses niches and deepen sustainable DNA efforts, and continue to cooperate with value chain partners in the spirit of “Gung ho” to create a sustainable ecosystem.



- The performance of the operation is supervised by the Board of Directors, and reports to the Board of Directors at least once every six months.
- The Chairman serves as the Chairperson, and the first-level Managers serve as the Chairperson of each Sub-committee to integrate the strategy and resources across departments, and the CSO leads the Secretariat to coordinate the implementation.
- Set up a Circular Economy Working Group and a Carbon Energy Working Group to operate across units to implement life cycle carbon reduction effectiveness and circular value.
- Practicing the 2025 CSR EPS Goals aligned with the SDGs.
- Monitor and govern operational risks, gain insight into business opportunities, and accelerate two-axis transformation.
- Invest in climate adaptation and mitigation actions, build a low-carbon value chain, and move towards net zero emissions.
- The ESG and Climate Committee convenes quarterly meetings to discuss the long-term vision and policy, review the progress of the goals, promote and implement the Company’s sustainable development.
- Monthly dialogue between sub-committees to discuss all ESG program plans, establish short- and medium-term goals, and regularly track implementation results.

For the tasks of ESG and Climate Committee, please go to AUO CSR official website – CSR at AUO

For documents related to AUO’s sustainability policy, please go to the AUO CSR official website – CSR at AUO



**Chairman**

**Paul SL Peng**  
Chairman and CEO

AUO upholds the spirit of breakthrough and innovation on our path toward value transformation. Facing with fluctuations in the economic and trade trends and the net-zero, we will remain positive and pro-active by upholding the philosophy of the Gung- ho to create a sustainable ecosystem with our partners in the value chain.



**Stakeholders sub-committee**

**Frank Ko**  
President

AUO values our stakeholders' expectations. Amid the increasingly complex and diverse climate issue, we will continue to engage in positive communication, minimize risks and explore opportunities to pursue a low carbon, sustainable business through the spirit of complementarity, collaboration, and co-creation.



**Sustainability Development Dept.**

**Amy Ku**  
Chief Sustainability Officer

Sustainability has become the key of company's competitiveness. AUO connects various units and builds consensus through platforms. In response to climate risk issues, we join global initiatives- RE100 and net zero, hoping to lead the industry and become a role model.



**Technology sustainability sub-committee & Circular economy working group**

**Wei-Lung Liao**  
Chief Technology Officer

AUO continues to advance our products and processes, striving to develop more innovative technologies. Besides R&D collaborations concerning the value chain of the circular economy, we have also responded to the global low carbon appeal to explore the possibility of new green technologies from the perspective of life cycles.



**Manufacturing sustainability sub-committee & Carbon energy working group**

**Ting-Li Lin**  
Senior Vice President

AUO upholds the philosophy of cherishing resources. We have been dedicated to green production and smart manufacturing for several years. Facing with climate change, we are committed to enforcing more rigorous reduction/mitigation goals and elevating the operating resilience of our plants to achieve a balance between environmental sustainability and economic.



**Sustainable business sub-committee**

**James Chen**  
Senior Vice President

AUO's business philosophy is to create high-value-added products; apart from performance advantages, we also emphasize the low carbon appeal to develop green solutions, create a niche and introduce diverse values for our clients and society. We can engender more green momentum during the process of low carbon transition.



**Sustainable energy sub-committee**

**TY Lin**  
Vice President

AUO has over a decade of experience in the energy business, accumulating sound technical know-how and creating a comprehensive ecosystem. We have always focused on the goal of inclusive energy by providing dependable renewable energy solutions, thereby playing a crucial role in promoting energy transition.



**Sustainable supply chain sub-committee**

**Tina Wu**  
Vice President

The pandemic, geopolitics and green inflation have presented challenges to the supply chain management. Facing with a volatile environment, we have implemented responsible purchasing, a comprehensive carbon management system and appealed to our suppliers to join the climate action, to create a highly resilient value chain.



**Corporate citizen sub-committee**

**Bryan Guo**  
Associate Vice President

AUO has a people-oriented culture. We continue to make sustainability a part of employees' DNA and cultivate talents, support the underprivileged groups and promote popular science education through AUO Foundation. As a corporate citizen, we are going to contribute more energy to the society.



**Risk governance sub-committee**

**Benjamin Tseng**  
Chief Financial Officer

To monitor dynamic risk patterns, we employs a macroscopic mechanism so so that we can make rapid adjustments and responses, prepare resources in a prudent manner. Facing with future challenges, we must prepare in advance in the hope of turning risks into opportunities to ensure sustainable operation.

# 2.2 CSR EPS 2025 Goals

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

🔍 For CSR 2025 EPS Goals, please go to the AUO CSR official website – CSR at AUO

## Achievements and Development

### Environmental Sustainability

Implement low-carbon production and resource recycling in the value chain to achieve the goal of environmental sustainability



#### Energy Optimization

##### 2025 Goals

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

##### 2021 Achievements

In 2021, AUO became the first display panel manufacturer to obtain the ISO14064:2018 GHG inventory certification in the world. We continue to focus on the 4 major dimensions where improved technology and digital management are applied to gradually decrease carbon emissions every year by following the SBT path.

##### Cumulative Achievement Rate

60%

##### Corresponding Chapter

3.1 Climate Change

#### Water Optimization

##### 2025 Goals

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

##### 2021 Achievements

AUO has expedited numerous internal water-saving measures including the development of diverse water sources, the introduction of smart management, and the implementation of the ISO46001. In 2021, AUO's process water recycling was increased to 94.5%, while tap water withdrawal and production water use intensity were both decreased by 9%.

##### Cumulative Achievement Rate

Over 100%

##### Corresponding Chapter

3.2 Water Resource Management

#### Circular Production

##### 2025 Goals

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

##### 2021 Achievements

After successfully developing the world's first display product using renewable plastics, AUO expanded the application of renewable plastics to laptops and achieved a greater circularity. We have constantly improved our technology to reduce raw materials consumption and waste generation.

##### Cumulative Achievement Rate

77%

##### Corresponding Chapter

3.3 Circular and Clean Production

#### Climate Adaptation

##### 2025 Goals

Increase the resilience of climate adaptation and continue to reduce the risk of financial impact from climate change issues.

##### 2021 Achievements

AUO carefully considers the potential impact on company's operations. We have integrated TCFD framework with company's annual risk identification for the first time, summarized them and formed projects for management purposes. Tfinancial impact was also analyzed and monitored on an ongoing basis.

##### Cumulative Achievement Rate

Continue to manage the financial risks

##### Corresponding Chapter

3.1 Climate Change



**Inclusive Growth**

Corporate growth should take into account the diverse development of key stakeholders in order to achieve the influence of common inclusive growth



**Quality Education**

**2025 Goals**

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

**2021 Achievements**

AUO applies our core business to promote optoelectronics and environmental education. In 2021, we updated the "DADA's Magic Land" exhibit by applying digital experiences to increase the public's interest in science. Moreover, we collaborated with NGOs to expand the resources to remote schools. In light of the pandemic, we developed digital courses for promoting science education.

**Cumulative Achievement Rate**  
48%

**Corresponding Chapter**  
4.2 Talent Development

**Inclusive Growth**

**2025 Goals**

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

**2021 Achievements**

As one of the founders of the Gap of Learning and Field (GOLF) Alliance, AUO is expected to nurture more talents for industries in Taiwan. GOLF has developed more than 200 courses that saw the participation of over 5,000 students. We have also expanded the benefits of the "Honesty-Intelligence Scholarship" by collaborating with NGOs to inspire more students from remote townships.

**Cumulative Achievement Rate**  
70%

**Corresponding Chapter**  
4.5 Social Engagement

**Enjoyable Workplace**

**2025 Goals**

Become the preferred enterprise and reach 80% in employee identification with the four dimensions in Primary demand, Management support, Team work and Learning and growth. (Note 1)

**2021 Achievements**

Inspired by the people-orientated spirit, AUO continues to promote "LOHAS " and "I Care Program," as well as employee engagement surveys and the creation of positive, open channels. Despite the pandemic, we have still managed to launch diverse activities including AUO Life, Online Sports Day, and Volunteer to create a happy workplace for our employees.

**Cumulative Achievement Rate**  
86%

**Corresponding Chapter**  
4.1 Talent Attraction and Retention

**Agile Innovation**

Continue to apply core technologies to enhance the resilience of human life style and promote agile innovation



**Affordable and Clean Energy**

**2025 Goals**

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

**2021 Achievements**

Green energy plays a vital role in low carbon transition. In 2021, AUO received the Top Solar Awards with an reliable solar power solution. We also launched a solar power e-commerce platform and lighter, more efficient, and aesthetic products to accommodate the market needs. Additionally, AUO has collaborated with the government and NGOs to promote green energy.

**Cumulative Achievement Rate**  
42%

**Corresponding Chapter**  
5.4 Affordable and Clean Energy

**Smart Manufacturing**

**2025 Goals**

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

**2021 Achievements**

In 2021, AUO was selected as a Global Lighthouse Network, which embodies our years of accomplishments in promoting smart manufacturing. We have constructed a smart control center that is connected to smart applications all over the plants. AUO also continues to cultivate our employees, host smart manufacturing exhibitions and learn from external experts to facilitate the company's digital transformation.

**Cumulative Achievement Rate**  
88%

**Corresponding Chapter**  
5.5 Smart Manufacturing

**Intelligent Life**

**2025 Goals**

Development products and integrated services to expand the cumulative reach of education, health, finance, shopping, lifestyle, transport and other smart city applications to a one billion people.

**2021 Achievements**

AUO have fortified our futuristic display technology to unveil the gaming display with the highest frame rate in the world, high-end notebook displays, as well as developed display applications in the field of retail, transport, car, healthcare, thereby progressively demonstrating AUO's achievements in two-axis transformation.

**Cumulative Achievement Rate**  
41%

**Corresponding Chapter**  
5.2 Innovative Panel Technologies  
5.3 Intelligent Life

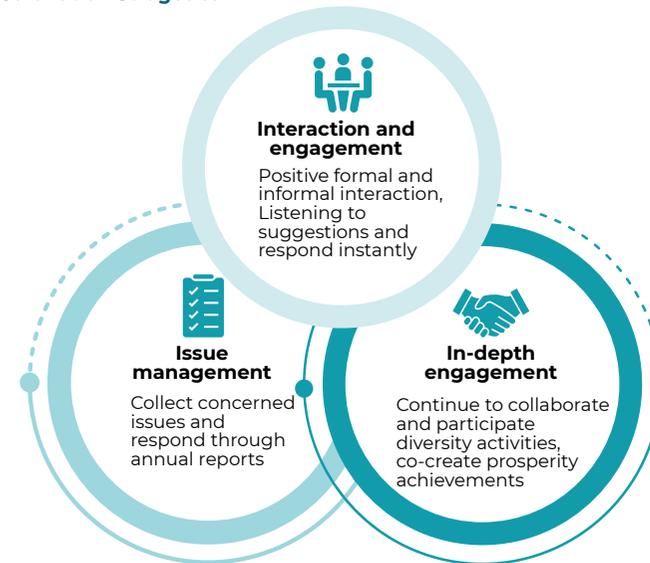
Note 1: The scope of the approval survey is indirect employees

## 2.3 Stakeholder Management

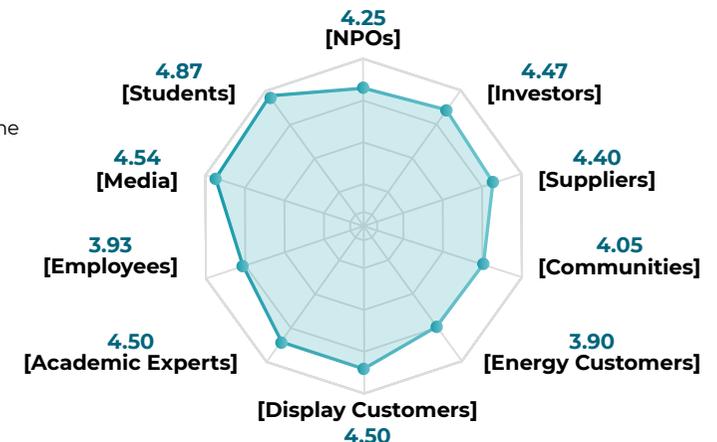
AUO defines nine major stakeholders in reference to the AA1000 SES and GRI Standards. Through the stakeholder group under the ESG and Climate Committee, the President leads the six functional teams, continuously promotes the stakeholder in-depth cultivation plan, and communicates across departments on a regular basis. We review the status of engagement with stakeholders in real time, quickly integrate internal resources for accurate responses, and dynamically review the implementation of annual material issues, sustainable goals and policies, and strive to achieve the expectations of stakeholders.

Since 2019, we have promoted the customized in-depth cultivation plan for stakeholders based on the three principles of complementarity, collaboration and co-creation, continued to cultivate sustainability front-line spokespersons internally, and deliver AUO key messages through the ESG and Climate Committee and spokesperson to maintain a good two-way interaction with stakeholders, listen to external voices and turn them into the driving force for our continuous progress.

### Partnership Cultivation Strategies



In 2021, we reached an agreement 10 of categories (customers are divided into display and energy business) among 9 major stakeholders, for a total of 131 in-depth cultivation targets. We produce a dialogue temperature radar chart. The overall temperature in 2021 is 4.36 points, which is situated in the friendly to positive range. We will base on this result to develop an optimization mechanism for future communication programs with stakeholders.



## Stakeholders In-depth Cultivation Results

 <p><b>Academic Experts</b></p>	<p><b>Topic of Communication</b></p> <ul style="list-style-type: none"> <li>Technology R&amp;D</li> <li>Product health and safety</li> <li>Environmental safety and health practice</li> <li>Industry-academia cooperation</li> <li>Talent development</li> <li>Regulatory consulting</li> <li>Brand image</li> <li>Climate change</li> </ul>	<p><b>Communication Channel</b></p> <ul style="list-style-type: none"> <li>Expert meeting</li> <li>Conferences</li> <li>Mailbox</li> </ul>	<p><b>Engagement Focus</b></p> <p>Inject R&amp;D energy through exchanges between industry, government and academia. When dealing with all kinds of issues, the expert opinions are actively consulted, and relying on the external professional viewpoints to quickly grasp the trend of the topic, and accurately respond to external needs.</p>	<p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>Consult experts on environmental impact assessment issues in Houli to reduce the impact on neighborhoods</li> <li>Consult experts on cultural preservation issues to reduce the risk of project site development</li> <li>Actively participate in the policy meetings and provide business practices of optoelectronics industry, power plant construction, and climate change issues</li> <li>Establish a joint Research &amp; Development Center with National Taiwan University and Taipei University of Technology</li> <li>In response to the government's new agricultural innovation promotion program, the Sustainable Agriculture Alliance was established to promote the Group Purchasing project</li> <li>The Green Party program is cooperating with the Forestry Bureau continually</li> </ul>
 <p><b>Suppliers</b></p>	<p><b>Topic of Communication</b></p> <ul style="list-style-type: none"> <li>Circular economy</li> <li>Net zero carbon emissions</li> <li>Operating risk</li> <li>Stable supply chain</li> </ul>	<p><b>Communication Channel</b></p> <ul style="list-style-type: none"> <li>Project meeting</li> <li>On site exchange</li> <li>Co-prosperity course</li> <li>Supplier audits</li> <li>Supplier ESG platform</li> <li>Complaint mailbox</li> </ul>	<p><b>Engagement Focus</b></p> <p>Uphold the spirit of growing together with suppliers, promote several cooperation projects, and share AUO experience through audits and group learning courses; grasp the states of suppliers with platforms and create a stable supply chain.</p>	<p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>Promote circular economy, successfully develop recycled packaging materials with suppliers, and obtain relevant certifications (paper, plastic, foam materials)</li> <li>Organized 4 co-prosperity courses, with a satisfaction score of 8.5</li> <li>Build the Supplier Platform to track supply chain operations and risk information in real time, and collaborate with each other to achieve sustainable goals</li> <li>On-site exchanges with several upstream suppliers of power plant construction materials to stabilize the solar energy supply chain</li> </ul>
 <p><b>Customers</b></p>	<p><b>Topic of Communication</b></p> <ul style="list-style-type: none"> <li>Sustainable product</li> <li>Circular economy</li> <li>Renewable energy business opportunities</li> </ul>	<p><b>Communication Channel</b></p> <ul style="list-style-type: none"> <li>Project meeting</li> <li>Customer satisfaction survey</li> <li>Customer service website system</li> </ul>	<p><b>Engagement Focus</b></p> <p>In response to the operation strategy of two-axis transformation, cooperate with customers on recycling product projects, and form alliances with social enterprises to provide complete renewable energy solutions.</p>	<p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>In terms of the circular economy topic, cooperated with Fairphone on the project that products can be disassembled for repair and maintenance</li> <li>Cooperate with customers to introduce UL3600 certified products</li> <li>Cooperate with Sunny Founder to grasp the renewable energy needs of Taiwan's major electricity consumers and some retail customers, and provide complete solutions</li> </ul>
 <p><b>NGOs</b></p>	<p><b>Topic of Communication</b></p> <ul style="list-style-type: none"> <li>Environmental education promotion</li> <li>General science education promotion</li> <li>Social welfare practice</li> </ul>	<p><b>Communication Channel</b></p> <ul style="list-style-type: none"> <li>Project meeting</li> <li>External seminar</li> <li>AUO Foundation</li> <li>Mailbox</li> </ul>	<p><b>Engagement Focus</b></p> <p>AUO has been deeply cultivating in the topics of environmental education, general science education and social welfare for many years. In recent years, AUO has cooperated with NPO to promote several projects, combined our professionalism and enthusiasm, to expand social influence.</p>	<p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>Cooperate with Teach for Taiwan (TFT) to promote the campus general science environmental education programs</li> <li>Cooperate with Ruro Platform to complete 5 rural education projects</li> <li>Cooperate with Yuan T. Lee Foundation to promote the DADA's Magic Science Camp</li> </ul>
 <p><b>Media</b></p>	<p><b>Topic of Communication</b></p> <ul style="list-style-type: none"> <li>Operating performance</li> <li>Two-axis transformation strategy</li> <li>ESG Brand</li> </ul>	<p><b>Communication Channel</b></p> <ul style="list-style-type: none"> <li>Exhibitions</li> <li>Press conference</li> <li>Press release</li> <li>Social media</li> </ul>	<p><b>Engagement Focus</b></p> <p>Actively communicate the Two-axis transformation and the progress of sustainable development with relevant stakeholders through multiple social media channels</p>	<p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>About 50 ESG themed reports</li> <li>85 articles on FB throughout the year, with the click through rate of 100,000+</li> <li>68 articles on LinkedIn throughout the year, with the exposure rate of 280,000+</li> </ul>

 <b>Employees</b>	<b>Topic of Communication</b> <ul style="list-style-type: none"> <li>Business operations</li> <li>Epidemic protection</li> <li>Charitable activities</li> </ul>	<b>Communication Channel</b> <ul style="list-style-type: none"> <li>Club activities</li> <li>Labor-management conference</li> <li>Questionnaire survey</li> <li>Secretary meeting</li> <li>Welfare committee</li> <li>Internal mailbox</li> <li>Complaints and consultation hotlines</li> <li>Business briefings</li> </ul>	<b>Engagement Focus</b> <p>As the epidemic intensified in 2021, AUO quickly launched epidemic prevention measures, with multi-channel notification of epidemic prevention policies, to provide employees with epidemic prevention advice and care; in addition, AUO also announced the Company transformation related explanations through internal announcements.</p>	<b>Key Achievements</b> <ul style="list-style-type: none"> <li>Labor-management relations conferences – 4 sessions</li> <li>Business Briefing - 4 Sessions</li> <li>Welfare Committee Meetings - 12 Sessions</li> </ul>
---	---	---	--	---

 <b>Investors</b>	<b>Topic of Communication</b> <ul style="list-style-type: none"> <li>Two-axis transformation strategy</li> <li>ESG strategy and achievements</li> <li>Energy business strategy</li> <li>Risk issues communication</li> </ul>	<b>Communication Channel</b> <ul style="list-style-type: none"> <li>AUO website</li> <li>Annual shareholders' meeting</li> <li>Quarterly investor briefings</li> <li>Investor relations department</li> <li>Mailbox</li> <li>Financial report</li> </ul>	<b>Engagement Focus</b> <p>Actively communicate with investors in the principle of openness and transparency to demonstrate transformation capacity and sustainable performance; proactively communicate with investors to update the operating conditions closely to reduce doubts.</p>	<b>Key Achievements</b> <ul style="list-style-type: none"> <li>Signed a sustainability index syndicated loan with Bank of Taiwan and First Commercial Bank, as the largest sustainability syndicated loan in Asia</li> <li>Ranked among the top 5% in the corporate governance evaluation</li> <li>MSCI ESG Rating improved to A</li> <li>Power plant development actively cultivates local areas in depth, and actively updates information to reduce investors' doubts</li> <li>Uphold the principles of integrity and transparency to explain the response actions on negative events to investors</li> </ul>
---	--	--	--	--

 <b>Students</b>	<b>Topic of Communication</b> <ul style="list-style-type: none"> <li>Industrial Internship</li> <li>Recruitment and welfare</li> <li>Brand Image</li> </ul>	<b>Communication Channel</b> <ul style="list-style-type: none"> <li>A+ Summer Internship Program</li> <li>GOLF Platform</li> <li>Campus Recruitment</li> <li>Mailbox</li> <li>Job Search Page</li> </ul>	<b>Engagement Focus</b> <p>Help students experience the workplace early through the GOLF Alliance and Summer Internship Program; actively recruit outstanding talents through campus recruitment.</p>	<b>Key Achievements</b> <ul style="list-style-type: none"> <li>Organized 4 GOLF campus lectures and 3 online live chats</li> <li>The A+ Seed Summer Internship has entered its 18th year, and has cumulatively cultivated more than 1,100 outstanding students</li> <li>Organized nearly 30 physical campus talent recruitment activities</li> </ul>
--	---	--	---	--

 <b>Communities</b>	<b>Topic of Communication</b> <ul style="list-style-type: none"> <li>Cultural Education Promotion</li> <li>General Science Education Promotion</li> <li>Optronics Project Site Communication</li> </ul>	<b>Communication Channel</b> <ul style="list-style-type: none"> <li>Regular on-site visits and care</li> <li>Factory venue</li> <li>Project meeting</li> <li>Irregular good-neighbor activities</li> <li>Factory complaints hotline</li> <li>Mailbox</li> </ul>	<b>Engagement Focus</b> <p>Actively communicate with neighbors in the community, shorten the distance, and visit community representatives regularly; and build an educational field within the factory area to promote environmental and cultural learning in cooperation with neighboring campuses.</p>	<b>Key Achievements</b> <ul style="list-style-type: none"> <li>DADA's Magic Land reopens to provide excellent quality education field to the local area</li> <li>Green Ark Water Resources Education Gallery collaborates with neighboring campuses on water education courses</li> <li>Sidadun Cultural Museum continues to cooperate with neighboring junior high schools in walk study activities</li> <li>Actively participate in 9 local neighborhood events</li> </ul>
---	---	---	---	--



## Diversified ESG Communication and Interaction

AUO established a dedicated sustainability unit in 2018 to re-examine the ESG strategy and plan for 2025 mid- and long-term sustainability goals. Among them, we actively build consensus internally, establish a sustainable atmosphere, hold regular ESG vision and goal focus meetings, plan training courses and activities, comprehensively promote the sustainable DNA of AUO people, and deploy diversified ESG communication platforms and mechanisms. Externally, we uphold the spirit of sharing and strive to create greater positive influence, participate in training activities in many ways to absorb new insights from the outside world, share and exchange ESG promotion experience, actively participate in domestic and foreign initiatives, and build a better future together with ecosystem partners.

### Build Consensus and Create Atmosphere Internally

#### Vision and Goals

ESG internal focus meeting 143 sessions



The chairman talks about AUO's sustainable vision

#### ESG Training

##### Internal

general knowledge training 31,593 person-times

Topical Training about 230 people/590 hours

##### External

Participation 34 Sessions about 85 people/500 hours or more



CSO shares AUO's achievements in promoting circular economy

#### Exchange and Consultation

ESG Topic Experts Exchange 33 Sessions



CFO participates in Taiwan ESG & Responsible Investment Program

### Willing to Share and Create Influence Externally

#### ESG Sharing

ESG sharing activities 29 sessions



The chairman serves as the industry representative and communicates with the U.S. EPA administrator

#### Sustainable Brand Communication

17 sessions of ESG media exclusive interviews 4 exhibitions



Respond to Green Living 21-day Initiative

#### Sustainability Initiative

E.SUN commercial bank ESG initiative  
 Founding member of Taiwan Climate Alliance  
 Join Taiwan Alliance for Net Zero Emission  
 Other 9 ESG project implementation cooperation

### CSR News Platform

In order to let AUO people keep abreast of the global ESG pulse, we developed the CSR News Platform in 2019, which collects news from important domestic ESG media platforms. In the past two years of implementation, we have continued to observe and analyze the usage of different job groups to further understand their ESG information needs, and to continuously improve the interactive form.

In 2021, with the global net zero carbon emissions occupying a high volume of media, the information on carbon energy and climate issues has received great attention from employees, and the Research & Development Dept. also made good use of CSR News information broadcast, for the energy of innovation and development can keep pace with the times with pioneers.

### CSR Mailbox

AUO attaches great importance to the feedback of stakeholders, and has set up CSR mailboxes and managed by special personnel. In 2021, a total of 139 requests were processed. As an important bridge for communication and interaction with the outside world, the mailbox has a high value of internal and external two-way matching. In 2021, several good things were facilitated, including the cooperation with Zen Zhou Social Enterprise and the Energy Business Group participation in the Taichung smart city development project. In the future, we will continue to use this mailbox as a smooth communication channel with stakeholders and partners, and take the valuable external opinions as our reference for improvement.



#### Cooperate with Zen Zhou social enterprise on "water source treasure conservation tree pot"

AUO Foundation cooperates with Zen Zhou Social Enterprise to introduce the "Water Source Treasure Conservation Tree Pot" with water storage function and capable of natural decomposition, so that the seedlings that need the most water in the early stage of tree planting can receive stable drip irrigation water supply, to solve the most difficult problems of water irrigation and wind sand cover in coastal afforestation, and also in compliance with the spirit of environmental friendliness.

#### Energy business group participated in the Taichung smart city development project

AUO Energy Business Group participated in the Taichung Smart City Development Project to help promote energy recycling and smart electricity conservation in the community, and built solar power generation systems in the demonstration communities to help Shei-Ho Daxing and Kunyue Junpin achieve electricity conservation results.

## 2.3.1 Responding to Material Issues

### Material Issues Analysis

AUO implements online questionnaires every year to understand the concerns of internal/external stakeholders for the Company in depth and follow the GRI Standards to review the appropriateness of issues. We invite key internal groups to evaluate the impact of society, environment, and corporate governance on the company, and invite them to provide two-axis feedback on the concern and impact. About 426 questionnaires were completed in 2021, with a total of 9 items that were defined as material topics of the year, and related goal setting and implementation results will be reported to the Board of Directors.

 Please visit the AUO CSR website – CSR at AUO

### Improvement of Material Issues Survey in 2021

#### Convergence of Issues

- Converge ESG issues and clearly provide the sub-issues of concern under this issue with the questionnaire
- Establish a benchmark for issue replacement and respond quickly to stakeholders in response to the changes in sustainability trends

#### Increase the Breadth

- Add questionnaire link to the CSR website to increase the diversity of stakeholders in questionnaire collection

#### Goal Setting

- Extend the review period of the analysis results of material issues, and put forward three-year goals for the material issues of the year, expecting to completely review and respond to the expectations of stakeholders

### Material Issues Matrix



Environmental	Social	Corporate Governance
★ Climate change	★ Talent attraction and retention	★ Sustainable governance operation
★ Energy management	Diversity and equal opportunities	Integrity management
★ Water resource management	Talent development	Stakeholder
★ Sustainable product	Human rights and labor-management relationship	Operating risk
★ Circular production	★ Occupational health and safety	Supply chain management
Air pollution management	Social engagement	★ Technological innovation and market layout

Note 1: ★ Represents 2021 material issues

Note 2: In addition to the 9 material issues, others not in the category of material disclosure will be explained and disclosed appropriately in this report.

## 2021 Targets of Material Topics Management



### Environmental Aspect

Material Issue	Item	Target	2022	2023	2024	Management Approach	Responsible Unit	Evaluation
Climate Change	Value chain climate change mitigation and adaptation as management, engagement and operation	Carbon reduction ratio of key suppliers (2021 as the base year)	Inventory (Establish a New Baseline)	2%	4%	Drive suppliers' carbon reduction actions, and request key suppliers to obtain ISO 14064-1 Greenhouse Gas Inventory Verification in 2022, and set future carbon reduction goals	Sustainable supply Chain sub-committee	Regularly track and manage with the Supplier System Platform; organize relevant activities to communicate with supplier partners
		Number of suppliers working together on ESG	50 suppliers	60 suppliers	70 suppliers	Build consensus and share resources through supplier-related meetings (such as high-level exchanges, seminars, courses) to achieve the purpose of common action and growth	Sustainable supply Chain sub-committee	
	Management of climate change risks and financial impacts	Number of projects completed the risk assessment and management process	3 projects	3 projects	3 projects	Promote TCFD and complete the preparation of financial risks arising from different climate scenarios	Carbon energy working group	Organize the TCFD annual meeting, respond to the climate risks through cross-departmental collaboration
	Carbon asset management and international initiatives	Sign the international initiatives	Join RE100 initiative	-	-	Ensure the use proportion of renewable energy is gradually increasing through the operation of the Committee.	Sustainable management department	Integrate company resources and communicate regularly to complete the established renewable energy use and carbon reduction goals.
		Carbon rights management	Offset carbon rights issuance application	Acquired 200,000 tons of carbon rights	Building offset operation	Manage the carbon rights issuance operation according to the offset methodology reviewed and passed by the EPA in 2019.	Sustainable management department	
	Renewable energy development and certificate market participation	Number of cases for electricity storage and residential energy solutions	3 cases (Energy management system)	4 cases (Energy storage and Taipower service system)		Continue to strengthen the application of the management system, develop management systems for different purposes and expand the application of field integration	Energy sustainability Sub-committee	Improve the technical capacity of the energy business, and promote the application of products and services to multiple fields
Shipment volume of modules required by the solar energy market		460 MW	435 MW	300 MW	Continue to operate the solar energy market, and maintain a certain shipment volume of modules through the production of solar panels or required by the operation and maintenance of power plants	Energy sustainability sub-committee		
Energy Management	Energy management technology and efficiency improvement	Proportion of renewable energy installed under the standard of major electricity consumers (Note 1)	-	6%	8%	Manage the relevant application process according to the standard of major electricity consumers, to ensure the legal preferential conditions (early bird measures program) are received	Carbon energy working group	Implement the year-by-year goals through cross-departmental coordination
		Energy storage system installation capacity	-	3,000 kwh	6,000 kwh	Increase the installation capacity of the energy storage system, stabilize the power system, and reduce the production and operation risks that may be caused by renewable energy		
		Number of annual energy conservation competition proposals	48 cases	48 cases	48 cases	Organize the energy conservation competition in combination with the factory-level evaluation mechanism to improve the participation and creativity of all employees		Design the mechanism to motivate employees to participate in relevant events, and create sustainable issues that are connected and perceptible in work and life
		Organize annual energy conservation and carbon reduction events	2 sessions	2 sessions	2 sessions	Increase the technical knowledge of employees' energy management		

Material Issue	Item	Target	2022	2023	2024	Management Approach	Responsible Unit	Evaluation
 Water Resource Management	Value chain water resources management and implementation effectiveness	Total water consumption	66,000 CMD (Note 2)	65,000 CMD	64,000 CMD	Review the water consumption of each factory and combine AI, ISO and Water Resources Digital Platform to implement refined management to ensure optimal water use efficiency	Sustainable manufacturing sub-committee	Continue to improve the efficiency of water resources use and manage with the system platform effectively; expand the water management system and monitor related risks
		Process water recovery efficiency	93%	93%	93%			
		The proportion of Taiwan's water consumption through the control of the water network system	80%	85%	90%	Continue to use IoT monitoring mechanism to check for abnormal water consumption and continue to expand the coverage rate		
		Taiwan ISO 46001 Water Efficiency Management System Certification expansion	30%	60%	100%	Through the derivation experience of the first factory in Taichung, continue to promote to other factories, including the P-D-C-A cycle management of water information monitoring and water conservation program		
 Sustainable Product	Sustainable product innovation and design capacity	Technology capacity: Reduce energy consumption of green products (2021 as the base year)	20%	-	50%	Review and enhance the research & development capacity through the technology platform, and continue to apply it to desktop monitors and laptops, so that the products can be more energy conservative than before in the use stage	Sustainable technology sub-committee	Cooperate with partners to create green products; continue to improve low-energy-consumption technologies; manage internal seminars to increase the professionalism of employees
		Technology Capacity: Increase the penetration rate of TV LCD panels (2021 as the base year)	Technology inventory	Technology development	Technology development	Review and enhance the R&D capacity through the technology platform, and continue to improve the penetration technology of TV LCD panels to solve the problem of energy consumption of large screen and high resolution		
		The weight proportion of recycled materials used in special regulation products (2021 as the base year)	20%	-	30%	Continue to evaluate the high-quality application of different recycled materials through the operation of the circular economy working group, to improve the comprehensive recycling degree of products, and meet the requirements of green brand customers		
	Product green information Transparency and Communication	The number of products that provide green information, mainly monitors and laptops	10	15	20	Increase the application of green technology and recycled materials in new product modules, and provide related information for customers, to increase the competitiveness of product green performance	Sustainable technology sub-committee Sustainable business sub-committee	Continue to monitor the relevant applications of recycled materials and low-carbon technologies in the market
 Circular Production	Market application and commercial value creation of circular production technology	Financial benefits growth rate (2021 as the base year)	46%	68%	110%	Cross-unit resource integration by the Circular economy working group, through raw material recycling, waste reduction and product design and sales, to create a circular economy scale growth	Circular economy working group	Introduce external expert viewpoints and industry trends and evaluate the degree of application in three major themes of circular development
	Management innovation of product life cycle (in the stages of logistics, packaging materials, production, waste)	Re-establish product carbon footprint projects and systems in response to standards trends	New methodology establishment	System trial	System integration	Re-establish appropriate product carbon footprint calculation methodology in response to product diversity and complexity, and assist in the development of new products through cooperation with different units		

Note 1: Set 10% of the electricity contract capacity as the legal set capacity according to the definition of the article

Note 2: Cubic meter per day (CMD)

 Social Aspect

Material Issue	Item	Target	2022	2023	2024	Management Approach	Responsible Unit	Evaluation
 Talent Attraction and Retention	Friendly workplace and diversified welfare policy	Percentage of employees who experience happiness and are willing to recommend others to participate	75%	76%	78%	Conduct post-experience happiness questionnaire survey through digital communication platforms to create a smooth and friendly communication channel with employees	Human resource center	Actively listen to employees' feedback through questionnaire survey and internal diverse and smooth communication channels
		Q12 annual questionnaire survey on employees' recognition of the company and work (Note)	80%	82%	84%	Conduct the Q12 employee survey every year to understand the voices of employees, and further design the countermeasures to enhance employees' recognition and sense of belonging to the company		
 Occupational Health and Safety	Safety and health management mechanism and operation	Major accident	0 cases	0 cases	0 cases	Regularly inspect the mechanism to promote and implement various safety programs, and concretely practices AUO safety culture	ESH and risk management division	Regularly convene relevant meetings to review and improve in real time; continue to promote employee healthcare plans
		Number of occupational injuries	< 18 cases	< 16 cases	< 15 cases			
		Frequency of disabling injuries (FR)	FR <0.2	FR <0.2	FR <0.2			
		Number of industrial safety accidents	< 18 cases	< 16 cases	< 15 cases			
		Number of traffic injuries	< 120 Cases	< 116 Cases	< 115 Cases			
Contractor disability injury frequency	FR <0.2	FR <0.2	FR <0.2					
Employee health implementation and culture promotion	Rate of regular return doctor's	70%	80%	85%	Continue to implement health risk prediction, risk	Human resource center		

Note: In the Q12 annual questionnaire survey, employee recognition of the two questions "I am enthusiastic about my work and willing to do my best" and "I would recommend AUO to friends"

 Corporate Governance

Material Issue	Item	Target	2022	2023	2024	Management Approach	Responsible Unit	Evaluation
 Sustainable Governance Operation	ESG and climate committee operational structure, sustainable goal management and performance linkage	Annual achievement rate of the CSR EPS Goals	100%	100%	100%	Senior executives' remuneration is linked to the 2025 CSR EPS Goals, and the annual achievement is reviewed by the remuneration committee as the final approval of remuneration	Sustainable management department	Track the implementation and attainment of various goals through regular committee meetings, cross-departmental communication and coordination of resources
	Sustainability goals and all employees culture promotion	Improve the participation of all employees and enrich the knowledge energy through multiple innovative techniques	16,000 person-times	20,000 person-times	24,000 person-times	Establish the sustainability academy to build a more diverse learning environment for employees through operations of workshops, reading clubs, education and training, podcasts, publications, and other methods		Form a sustainable atmosphere and knowledge for all employees, and encourage employees to participate in various activities and actions
 Technological Innovation and Market Strategy	Establish strategies for product operation, market strategy, and new business development	Shipment volume of products using recycled materials	1 million pieces	1.4 million pieces	1.8 million pieces	Work with partners to improve the market sales of circular green products through the cooperation between the company's R&D and business teams	Sustainable business sub-committee	Explore business opportunities, improve technology, and promote the green product market; increase the use of renewable energy according to the plan
		Shipment volume of products with special regulations of energy- conservation (Note)	12 Million pieces	13.5 Million pieces	15 Million pieces			

Material Issue	Item	Target	2022	2023	2024	Management Approach	Responsible Unit	Evaluation
 Technological Innovation and Market Strategy	Apply core technologies, innovative practices and introductions to create a smart life for human beings	The products of designated customer, the productivity of promising to use renewable energy	Assessment	Communication	Meet customer specified requirements	Introduce the use of renewable energy. The long-term goal is fulfill customers that their products are produced using renewable energy in the AUO field, and continue to track the progress of green power development through the management platform	Sustainable business sub-committee	Explore business opportunities, improve technology, and promote the green product market; increase the use of renewable energy according to the plan
		Customer rating satisfaction ratio	90%	91%	92%	Through the implementation of customer evaluation, including delivery schedule, service, innovation, quality and new product introduction, etc., to maintain a certain level of customer satisfaction		Through multiple channels such as surveys, communication meetings to understand customer requirements and respond or improve immediately
	Product quality management, customer satisfaction management and confidential information protection	Major information security incidents affecting operations	0 cases	0 cases	0 cases	Implement customer commitments and protect the security of customer confidential information. In response to the threat of external cyber attacks, ensure the in-depth defense of the information system environment, and strengthen the resilience of the information system	Information security committee	Follow the management system for effective supervision and optimization; enhance employees' information security awareness through multiple techniques
		Maturity of information security (Note 2)	>85 points	>85 points	>85 points	Implement the environmental control of information security management system (ISMS) and maintain the effectiveness of external certification continuously		

Note: For the products of RD new energy-conservation technology application and production capacity of low temperature process (LTPS)

## Material Issues' Boundaries and Significance to AUO

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

★ Material Issues      ■ Relevant  
 ■ Materials disclosed in this report

Issue Boundary	Significance to Operations	Level of Degree (Direct/ Indirect)	Within the Organization				Outside of the organization					Corresponding GRI Standards	Corresponding Chapter
			AUO			AUO Crystal (Note)	Local Communities	Suppliers /Subcontractor	Transportation Companies	Waste Companies	Customers		
			Taiwan	Mainland China	Overseas								
★ Climate Change	Facing impacts of climate change, appropriately implementing mitigation and adaption actions, thinking about life cycle management to identify risks and opportunities, are the tasks that any corporation must face and respond to at the earliest possible time	Direct	■	■	■	■						GRI 302、GRI 305	3.1 Climate Change Data Overview
★ Energy Management	Facing the scale of manufacturing electricity consumption, the trend of energy transition and the impact of national energy policies, strengthen energy efficiency and stabilizing sources is regarded as an important production capability	Direct	■	■	■	■		■			■	GRI 302	3.1 Climate Change Data Overview

Issue Boundary	Significance to Operations	Level of Degree (Direct/ Indirect)	Within the Organization				Outside of the organization					Corresponding GRI Standards	Corresponding Chapter
			AUO			AUO Crystal (Note)	Local Communities	Suppliers /Subcontractor	Transportation Companies	Waste Companies	Customers		
			Taiwan	Mainland China	Overseas								
★ Water Resource Management	Water resource is a key element of production. Facing the scarcity of resources and weather patterns in production bases, it is important to effectively engage with relevant organizations and external stakeholders	Direct	■	■	■	■						GRI 303	3.2 Water Resource Management Data Overview
★ Green Product	Develop green products and services/ a rigorous green material certification and conflict minerals management mechanism, to be able to gain customer trust and be environmentally friendly	Indirect	■	■	■						■	GRI 302、GRI417	2.4 Customer Relations 3.3 Circular and Clean Production 5.2 Panel Innovation Technology
★ Circular Production	In response to the scarcity of earth's resources and landfill sites, and international trends, innovative technologies for waste reduction and reuse can help reduce production impacts and open up new business opportunities	Direct	■	■	■	■			■			GRI 301	3.3 Circular and Clean Production Data Overview
Air Pollution Management	Air pollution caused by the production process will not only affect the environment, but also affect the relationship with the surrounding neighborhood; therefore, improving management can reduce the risk of violating the laws and create a good relationship	Direct	■	■	■	■						GRI 305	3.3.3 Air Pollution Management Data Overview
★ Talent Attraction and Retention	Provide employees with fair and complete remuneration, benefits and policies, so that the manpower is stable, in order to bring up the competitiveness of the company	Indirect	■	■	■	■			■			GRI 201 GRI 202 GRI 405	4.1 Talent Attraction and Retention Data Overview
Diversity and Equal Opportunities	A friendly workplace that values employee protection, equal rights gender empowerment and care for disadvantaged, can attract diverse talents from around the world and build a good company reputation	Indirect	■	■	■				■			GRI 405、GRI 406 GRI 408、GRI 409 GRI 411、GRI 412	4.1 Talent Attraction and Retention 4.3 Human Rights Protection
Talent Development	Set up complete employee job functional training, career development, performance appraisal, can build an excellent team and create profitability	Indirect	■	■	■							GRI 404	4.2 Talent Development
Human Rights and Labor-Management Relationship	Reduce the disputes and form a good labor-management relationship through the establishment of a complete human rights policy and smooth channels to reduce the negative image of the company	Indirect	■	■	■				■			GRI 401、GRI 402 GRI 405、GRI406 GRI 407、GRI408 GRI 409、GRI 411、GRI 412	4.1.3 Remuneration and Benefits 4.1.4 Enjoyable Workplace 4.3 Human Rights Protection Data Overview

Issue Boundary	Significance to Operations	Level of Degree (Direct/ Indirect)	Within the Organization				Outside of the organization					Corresponding GRI Standards	Corresponding Chapter	
			AUO			AUO Crystal (Note)	Local Communities	Suppliers /Subcontractor	Transportation Companies	Waste Companies	Customers			
			Taiwan	Mainland China	Overseas									
★ Occupational Health and Safety	Employees and contractors are important human capital of the company. Ensuring the safety of the working environment and the health of personnel can reduce the loss of human capital and smooth production operations	Indirect	■	■	■	■		■					GRI 403	4.4 Health and Safety Data Overview
Social Engagement	Contribute our own expertise and extend the joint participation of the value chain, in addition to fulfilling social responsibilities, and cohering centripetal force and the company's social influence	Indirect	■	■	■								GRI 203、GRI 413	4.5 Social Participation Data Overview
★ Sustainable Governance Operation	From the Board of Directors, Committees to all employees can effectively implement the goals and visions through systematic operation, and avoid the risk of violating laws and establish the same values	Direct	■	■	■								GRI 102-Governance	1.3 Governance Organization Data Overview
Integrity Management	Integrity is fundamental to the corporation. Only with perfect management policies and smooth communication channels can avoid violations of anti-corruption and anti-competitive behaviors.	Indirect	■	■	■			■					GRI 205、GRI 206	1.4 Business Integrity
Stakeholder	The management of a good relationship with stakeholders helps in building the company's image and brand. Listening to the voice to the needs can also expand the opportunities to form a good ecosystem	Direct	■	■	■	■	■					■	GRI 102-Stakeholder Communication	2.3 Stakeholder Management
Operating Risk	Identify and manage risks effectively and promptly through good system mechanisms and practice to allow the corporation to restore its operational capability quickly when it encounters damages	Direct	■	■	■			■					GRI 102-Strategy	1.5 Risk Management
Supply Chain Management	The risk control, management mechanisms must be established in order to achieve sustainable development	Direct	■	■	■	■		■					GRI 204 GRI 308 GRI 414	2.5 Responsible Supply Chain Data Overview
Technological Innovation and Market Strategy	Customer management, product operation, market strategy, new business development, as well as R&D are the core key to the company's competitiveness	Direct	■	■	■	■						■	GRI 204 GRI 308 GRI 414	5.1 Intellectual Property 5.2 Panel Innovation Technology Data Overview

Note: For AUO Crystal related information, please refer to 1.1 Corporate Governance and Data Overview chapters

# 2020 Material Issues Goals Achievement

## Material Issues in 2020

- Water Resource Management
- Circular Production
- Green product
- Social Engagement
- Occupational Health and Safety
- Governance Operation
- Supply Chain Management
- Integrity Management
- Stakeholder

## Circular Production

Create NTD **6.67 billion circular economy benefits**

Introduce the recycled plastics into desktop monitor and notebook product applications, circulation use of process materials and water recovery and consumption reduction

## Social Engagement

Create global internship and employment opportunities **14,198 person-times**

Cultivate future young people through the GOLF program, summer internships and industry-academia collaboration

## Governance Operation

AUO people sustainability literacy **84.5 Points**

Promote sustainability culture for all employees and implement a sustainability literacy survey, AUO people surpassed the average of the general public

## Supply Chain Management

Organized **4 sessions of Co-prosperity Course**

Sharing of resources, deepening partnerships with suppliers, and strengthening operational physique

3.3 Circular and Clean Production

4.2 Talent Development

4.2 Talent Development

2.5 Responsible Supply Chain

## Green Product

Notebook display power consumption ↓ **45%**

Desktop display power consumption ↓ **55%**

TV penetration ↑ **60%**

2017 as the base year

Continue to improve low-energy consumption product technology and apply it to different products

## Water Resource Management

The first ISO **46001** in Taiwan

Smart manufacturing optimizes water resource utilization efficiency. Taichung site has received the first Water resource efficiency management system certification in Taiwan

## Occupational Health and Safety

**100%** health high-risk groups completed management measures

Continue to implement the I care Health Plan to take good care of employees

## Integrity Management

Conduct conflicts of interest declaration **100%** for of employees of global honest job positions

Follow the regular supervision mechanism, and request employees of honest job position groups to conduct conflicts of interest declaration every year

## Stakeholder

**33 Sessions of expert meeting on ESG issues**

Organized exchange meetings with specific stakeholders to share agitations with each other and respond to external expectations for AUO

5.2 Display Innovation Technology

3.2 Water Resource Management

4.4 Health and Safety

1.4 Business Integrity

2.3 Stakeholder Management



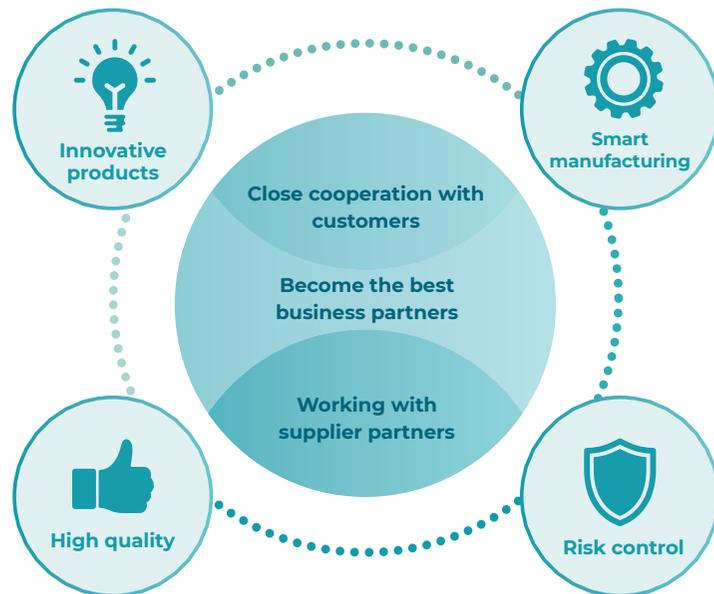
## 2.4 Customer Relations

### Customer Management Philosophy

AUO is committed to building the long-term partnerships with customers with innovative technologies and smart services. We have been provided high value-added products and solutions to more than 1,000 customers around the world.

Deeply cultivated in the display industry for many years, we possess profound technical strength, and using global base resources and smart production capability to build efficient, high-quality, and highly flexible customer services. Under the two-axis transformation strategy, we integrate software and hardware as well as upstream and downstream to provide customers with diversified customized applications, innovative and high-quality products and complete solutions in response to market changes and customer requirements.

In response to the ever-changing demands of the market, AUO also actively discusses cooperation programs with customers, jointly plans for products, identifies unmet demands of end consumers, guides the potential markets, and successfully helps customers in gaining high market recognition, creating AUO, customers and consumers win together.



Different from the traditional business model, we and our customers communicate with end consumers through multiple online media, improve end consumers recognition of products, and directly listen to the feedback from consumers, as the reference for subsequent product development.

### 2.4.1 Quality and Service

#### Quality Management Policy

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

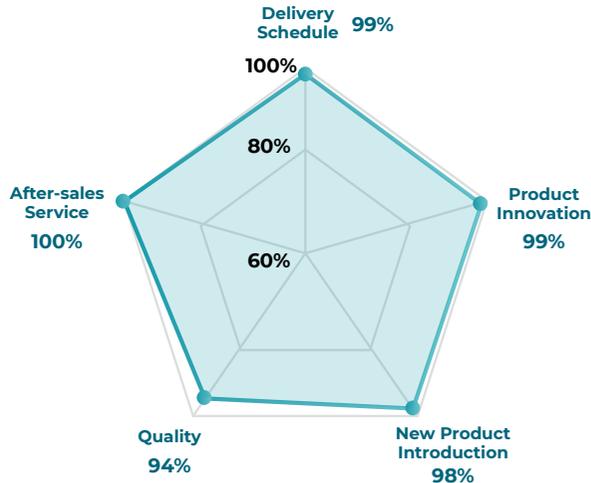
- Achieve high quality** Continually proposes activities to strengthen high quality culture
- Introduce smart management** Promote digital and smart management to stabilize process capabilities
- Improve quality capability** Improve customer satisfaction in technology, new product introduction, quality,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

AUO has been actively pushing the digital and intelligent management forward in recent years, accelerating the AI and big data courses in 2021, with flexible learning model combined with continuous advancing and improving. In smart management, we focus on data governance, including designing a data management structure, defining and sorting out data sources, to improve the data quality across systems. Improve exception monitoring capabilities and stabilize processes through advanced SPC (Statistical Process Control) tools. In addition, base on two-axis transformation, we have also introduced international standards related to the automotive and medical industries, such as AIAG-VDA FMEA (Failure mode and effect analysis), and introduced the ISO 14971:2019 Risk Management for Medical Device, to make full preparations in bringing high-value technology, products and services to customers.

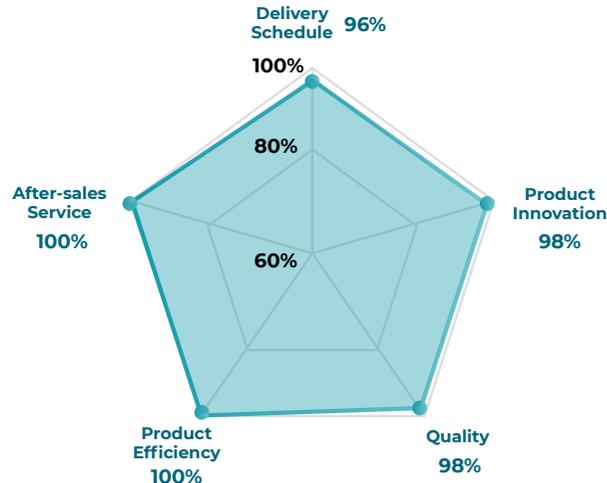
#### Customer Satisfaction Survey

AUO surveys on customer satisfaction regularly. The recent year satisfaction trends for two major business groups of display products and energy, both maintain a high level of over 90%.The customers' affirmation of AUO' s quality capabilities and smart management achievements can be fully seen. Among them, the display business group performed better than last year; the energy business group joined the power plant project satisfaction survey in 2021, and also received high affirmation. Facing the industry changes, AUO actively strengthens our physique, improves according to customer requirements, and continues to grasp the pulse of industry trends and customers, with the ultimate goal of satisfying customers.

**2021 Satisfaction Survey Results**



**Display Products Business Group**



**Energy Business Group**

**AUO Quality Commitment Achievements**

	2019	2020	2021	
Number of Continuous Improvement Cases	<b>Target</b>	345	447	496
	<b>Achievement</b>	442	551	553
SPC (Note) Achievement Rate	<b>Target</b>	80%	80%	80%
	<b>Achievement</b>	85.9%	84.5%	84.1%
Customer satisfaction	<b>Achievement</b>	94.9%	97.7%	97.9%

Note: Statistical Process Control (SPC)

**Customer Return Policy**

AUO continues to pursue “on-time provision of high-quality green products and services to create a win-win situation with customers,” and provide cross-border electronic E-quality after-sales service through service locations around the world. The Customer Service System (CSS) allows customers to apply for repair and Return Material Authorization (RMA) service through the system or contact customer service personnel to arrange product return or exchange during the product warranty period. Customers can also track the progress of repairs, returns and exchanges through the CSS system. AUO continues to optimize product and service quality, which not only improves customer satisfaction, but also reduces waste and reduces environmental impact.

During the time of severe epidemic in 2021, AUO has implemented emergency response measures to ensure uninterrupted customer service. AUO also provides full customer support, including assisting customers to flexibly adjust the warranty period, and properly arranging the return of products schedule in coordination with the epidemic prevention regulations in the area where the customer is located, and work with customers to overcome the difficult times of the epidemic.



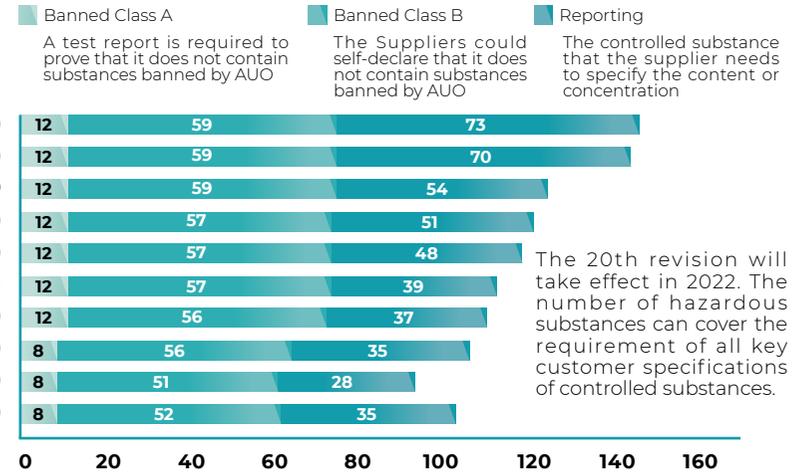
During the epidemic, a customer in the Netherlands raised an urgent need. If the maintenance personnel from the nearby AUO Slovakia site go to the Netherlands for operation, they will need to be quarantined and the operating effectiveness time will be affected. AUO immediately arranges AUO’s local cooperative third-party service providers go to the Netherlands client to complete the update of the firmware program in a timely manner to help customers solve problems smoothly.

## 2.4.2 Hazardous Substance Management

### Quality Management Policy

AUO is committed to reduce environmental hazards in the production process. In order to effectively implement 100% of hazardous substances management of the display products, we adjust the “Hazardous Substances Management Regulations for Green Products” every year in accordance with international laws and regulations, environmental protection trends and customer requirements for hazardous substances. By 2021, the number of hazardous substances under control has reached 141 categories, and fully covers the declared substances listed in IEC 62474. The 20th revision will take effect on January 1, 2022. The number of managed substances is expected to increase from 141 to 144 categories. Through collaboration with suppliers, we continue to strive for the sustainability of environment and ecology.

Besides this, in response to the China Blue Sky Project, AUO has comprehensively checked the content of cleaning agents, adhesives, inks and industrial protective coatings used in all sites. In 2021, more than 68 suppliers have been investigated and 127 part numbers have been checked. AUO has also mandated that the materials delivered by the aforementioned suppliers must fully comply with the quantity limit requirements of Chinese national standard for VOCs (Volatile Organic Compounds), demonstrating our emphasis on environmental protection issues.



## 2.4.3 Customer Privacy Protection

AUO implements the privacy protection of customers, suppliers, employees and all stakeholders, and abides by privacy and information security laws and regulatory requirements when collecting, storing, processing, disseminating and sharing personal data. The information security policy is established to protect the information of stakeholders, and information security management is promoted and implemented through the Information Security Committee. We integrate the management system and establish an institutionalized, documented and systematic management mechanism to achieve the information security policies, protect customer data, protect company intellectual property, and strengthen the information security environment and information security incident response capabilities.

In addition, AUO has established personal data protection management measures and set up a personal data protection committee in accordance with relevant laws on personal data protection. The President serves as the chairman, and the top level manager of each department serves as the committee member. The overall planning matters of the committee include providing legal consultation on personal information protection for employees, coordinating matters, damage prevention and crisis response, implementing self-check and personal information protection policies, planning and implementing the details of personal information protection management work of each department. The management measures specify the principles and methods of data collection, processing, and utilization, as well as the file security maintenance and accident prevention management system, including personal data risk assessment and classification, high-risk improvement, maintenance, internal audit, personal information leakage notification and emergency response procedures.

In order to assist employees in complying with privacy and information security laws and regulatory requirements, we have set up a special area for personal information law, GDPR, and China’s personal information protection law to provide employees and stakeholders with privacy protection standard information, operating principles, and reference documents. New employees must complete the GDPR EU personal data protection regulations course within 30 days of reporting to work, so as to fully establish the basic knowledge awareness of personal data protection for all AUO employees and understand the key points of business-related implementation. When there is a need to collect, process and use the personal data of the interested parties, the scope of the collected data, the purpose of use and processing methods, rights, complaint channels and other information must be explained with a written or official website statement, and request consent for authorization.

For the privacy statement, please refer to the AUO official website

In the event of a private information leakage accident, the department shall notify the Personal Information Committee immediately, and the Executive Director of the Personal Information Committee shall set up an incident contact single window, and convene to set up an Accident Emergency Response Center. If the accident is serious, the Legal Unit shall simultaneously notify the competent authority to launch the investigation process. After the accident is investigated by the Committee, the relevant departments of the accident shall notify the parties in an appropriate manner as soon as possible, and hold an accident prevention review meeting after the accident is resolved, to discuss the emergency response measures.



# 2.5 Responsible Supply Chain

AUO has been conducting supply chain risk assessments every year since 2015 so as to assess the high-risk suppliers and list them as RBA review target in the following year. For more effective management, we will develop the SCM CSR portal system platform in 2020 to systematically organize the annual data to help track the performance of various achievements of suppliers in the long term.

We use diversified evaluation methods to classify and grade suppliers on different topics from about 650 suppliers, check and grasp the overall situation of the supply chain. New suppliers must sign the "Supplier/Subcontractor Code of Conduct," to declare that they comply with environmental and social relevant standards, and commit to integrity and anti-corruption concepts. 100% new suppliers completed the signing. Existing suppliers must participate in CSR risk assessment and annual RBA supplier audit every year.

## 2.5.1 Supply Chain Management Strategies and Objectives

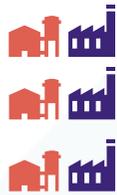
Suppliers are important partners of AUO. AUO not only strictly requires suppliers' quality, cost, delivery schedule, environmental safety and health and other conducts, but also through regular feedback sharing, counseling and in-depth exchanges, to work with suppliers in implementing sustainable development. We also clearly revealed the principles and systems of AUO's supplier management, and announced important policies of carbon reduction and energy conservation, legal mineral sources, local procurement, and green procurement to the suppliers.

### Supplier Definition and Key Supplier Identification

AUO continues to expand the risk assessment and management of tier 2 suppliers. We divide suppliers into seven categories according to procurement categories, including raw material suppliers, process outsourcers, waste subcontractors, equipment and parts suppliers, manpower outsourcers, service outsourcers, and transportation category, and conducts classified management according to topics, international rating standards and other items.

For the composition of AUO's supply chain, please refer to the Data Overview Chapter

#### Terms of RBA Management Target



Account for the top 70% of the procurement amount

High-risk suppliers of CSR risk rating

Key Guiding Suppliers

98 companies completed 2021 CSR risk questionnaire assessment survey

#### Terms of DJSI Management Target



##### Tier 1 Suppliers:

The annual direct transaction amount reaches NTD 10 million



##### Key Suppliers:

Direct Materials: The annual procurement amount of NTD 1 billion or a single material accounts for more than 60% (any amount)

Indirect Materials: Irreplaceable or shortage of materials (any amount)

#### Water Conservation Management Target:

Companies that cooperate with AUO policies to implement water conservation

#### Terms of Electricity Conservation Management Target:

Comply with the important companies of every important material category and mainly the major electricity consumers

#### Supplier Packaging Materials Recycling:

Mainly are display material packaging materials, excluding glass, color filters and other types of packaging materials

#### Key Carbon Reduction Management Target:



Account for the top 80% of the procurement amount



Critical Tier-2 Direct Materials



Critical Indirect Materials

#### Environmental Risk Identification and Management Target:



#### Social Risk Identification and Management Target:



#### Governance Risk Identification and Management Target:



## Carbon reduction actions with key suppliers

The suppliers with manufacturing functions are facing the pressures of water saving, energy consumption and carbon reduction. AUO calls on the supply chain to make concerted efforts in climate action, setting the goals of water and electricity conservation, carbon reduction, waste reduction and green planning and management.

In terms of reducing carbon emissions, we have formulated carbon reduction targets and paths for suppliers in 2030. Through the four stages of self-inventory, standard and initiative participation, carbon reduction goals setting and business opportunities matching, we have made a joint commitment with key suppliers to reduce carbon emissions year by year after 2025, to achieve the absolute carbon emission reduction target of 20% in 2030. On the other hand, circular economy is one of our important strategies to achieve net zero emissions. AUO has collaborated with key supplier partners on green supply chain solutions to promote the R&D and use of circular materials and low-code manufacturing processes.

Through our self-developed SCM CSR portal system platform, we systematically organize annual audit data of environmental aspect, establish the supply chain sustainability performance indicators, and conduct management and evaluation. It not only reduces the cost of supplier management, but expand the scope of supplier management and reduce management risks for suppliers.

### Supplier Sustainability Goals

AUO and the supply chain jointly set the sustainability indicators, implement several cooperative actions. In 2021, we worked together with suppliers to face challenges of epidemics, droughts, and supply chain instability, and many indicators still surpassed the expectations.

#### Water Neutralization – Response to Drought Risks:

In response to the risk of water resources shortage, we invite supply chain partners to promote water conservation management. We monitor and guide suppliers to complete the water conservation target, achieved 8,514 CMD water conservation performance, surpassing the original annual target of 8,000 CMD. In the future, we will export our technology and experience to value chain partners.

#### Energy Conservation– Engage in global trends:

We invite suppliers to promote energy conservation and carbon reduction, and reduce the impact of carbon emissions on the environment. In 2021, a total of 273 electricity-conservation projects were cooperated, and achieved a carbon reduction of 31,342 tons, surpassing the original annual target of 10,000 tons by more than three times.

#### Supplier On-site Energy Conservation Exchange:

We exchange and counsel with 3 suppliers, help suppliers to improve energy-consuming equipment and reduce energy use by case sharing, energy-conservation exchange suggestions, and on-site surveys.

#### Hybrid transport system – Green logistics:

We continue to implement hybrid transport system that conforms to the spirit of low-carbon, with a total carbon emission reduction of 12,125 tCO<sub>2</sub>e, and maintain the improvement ratio at 85%. Cumulative reduction of 34,418 tCO<sub>2</sub>e.

#### Circular Economy –Packaging Material Recycling:

The recycling rate of packaging materials in 2021 reached 93.6%, surpassing the original target. Reduce the consumption of the earth's resources through reverse logistics and recycling.

#### Implement the RBA:

The pass rates of environmental and social aspects are 93.2% and 89.8% respectively, and the performance has been improved every year since the audit was introduced.

Target Item	Action Plan	Target	2018	2019	2020	2021	2022	
Water Conservation	Water conservation programs	Target	3,000 CMD	4,000CMD	5,000 CMD	8,000 CMD	✓	8,200CMD
		Actual	3,611 CMD	4,846 CMD	9,209 CMD	8,514 CMD		
Electricity Conservation and Carbon Reduction	Reduce energy use and improve energy efficiency	Target	-	10,098 ton	10,000ton	10,000 ton	✓	32,000 ton
		Actual	-	11,636 ton	13,008 ton	31,342 ton		
Packaging materials recycling	Packaging material recycling projects	Target	91.5%	92.0%	93.0%	93.0%	✓	93.0%
		Actual	93.0%	92.6%	96.0%	93.6%		
Green Logistics	Hybrid transport system program	Target	1,155 ton	3,436 ton	4,300 ton	4,300 ton	✓	4,300 ton
		Actual	4,219 ton	3,901 ton	5,828 ton	12,125 ton		
On-site Energy-Conservation Sharing	Experience sharing	Target	-	-	3 Suppliers	3 Suppliers	✓	3 Suppliers
		Actual	-	-	3 Suppliers	3 Suppliers		
Resource sharing and RBA audit	Social aspect management	Target	45.0%	60.0%	70.0%	75.0%	✓	75.0%
		Actual	43.9%	74.5%	78.3%	89.8%		
	Environmental aspect management	Target	45.0%	60.0	70.0%	75.0%	✓	75.0%
		Actual	53.7%	78.4%	83.3%	93.2%		
Localized Purchases ( Note 1)	Implement the local supply percentage of raw materials	Target	91.0%	91.0%	91.0%	91.0%	✗	91.0%
		Actual	91.6%	92.0%	89.7%	90.0%		
Quarterly Operation Meeting	Ensure suppliers continue to meet selection criteria	Actual	61 sessions	55 sessions	29 sessions	66 sessions	-	
BCP Operations Continue	Ensure uninterrupted business operations	Actual	Activate 5 emergency response plans	Activate 1 emergency response plans	Activate 2 emergency response plans	Activate 10 emergency response plans	-	

**Target Definition Description:**

- Green Logistics calculation method: total CO2 emissions before introduction (g) - total CO2 emissions after introduction (g)/total CO2 emissions before introduction (g)
- Water Conservation: Companies that cooperate with AUO policies to save water
- Electricity conservation and carbon reduction: Important companies that meet the requirements of various important materials and mainly focus on the major electricity consumers
- Supplier Packaging Material Recycling: mainly are display material packaging materials, excluding glass, color filters and other types of packaging materials (Calculation method: the recycling quantity provided by the suppliers/the usage quantity shipped to AUO by the suppliers)
- Green Logistics: Express ships to mainland seaports, and then inland transport to AUO mainland sites to reduce air transportation; Suzhou site containers transport to Port of Shanghai, and with internal branch feeder vessel in replacing container trailers for transportation; Xiamen site integrated customs clearance and transports to Hong Kong, replacing air freight with trucking
- CMD: Cubic Meter per Day Water Consumption

Note 1: All Tier-1 materials in Taiwan/Suzhou/Xiamen/Kunshan/Singapore Display Site



## Green and Local Procurement

AUO has long upheld to the principle of local procurement and local production, thereby achieving timely and suitable place procurement, reducing management and operating costs, and responding to the SDG12, creating local employment opportunities and promoting economic prosperity and development. In 2021, the proportion of local supply of display and solar energy raw materials were 90% and 42% respectively.

 For the proportion of local procurement, please refer to the Data Overview chapter.

AUO also actively responds to the green procurement policy of the EPA. In 2021, AUO cooperated with ITRI to introduce a green procurement management mechanism, plan forward and revise the green procurement policy and establish a supplier screening and inspection system. The procurement unit and relevant suppliers must commit to abide by the green procurement principle, reduce the purchase of disposable items, and give priority to evaluate the products and services that meet the green mark approved by the EPA. In 2021, AUO's green procurement report amount was NTD 230 million.

## 2.5.2 Supply Chain Risk Management

### Risk management process

In response to the SDG 17, AUO not only controls potential risks in real time to minimize operational impact, but also call on suppliers to invest in the goal of co-prosperity.

Risk	<b>Regulation Compliance</b> <ul style="list-style-type: none"> <li>RBA Regulations</li> <li>Customer requirement</li> </ul>	<b>Risk Assessment</b> <ul style="list-style-type: none"> <li>Questionnaire</li> <li>CSR risk rating</li> <li>Supplier information system</li> <li>Information survey</li> </ul>	<b>Audit Confirmation</b> <ul style="list-style-type: none"> <li>On-site audit</li> <li>RBA</li> <li>Employee interview</li> </ul>	<b>Continuous Improvement</b> <ul style="list-style-type: none"> <li>Education and training</li> <li>Co-prosperity series courses</li> <li>Counseling</li> <li>Performance review</li> </ul>
	Opportunity	<b>Opportunity Analysis</b> <ul style="list-style-type: none"> <li>Information survey</li> <li>Trend, industry report, news</li> </ul>	<b>Supplier Selection</b> <ul style="list-style-type: none"> <li>Stakeholder interview</li> <li>On-site visit</li> <li>CSR risk rating</li> </ul>	<b>Deep Collaboration</b> <ul style="list-style-type: none"> <li>Counseling improvement</li> <li>Education and training</li> <li>Work together</li> </ul>

#### Risk Control Mechanism

- RBA: Follow the RBA code of conduct.
- QBR (Quarterly Business Review) Meeting: Ensure supplier continues to meet the selection criteria.
- Conflict Minerals: Comply with the policy and regulatory requirements.
- BCP (Business Continuity Planning): Respond to various risks and start an emergency response plan to ensure that operations are not interrupted.
- Local Procurement: Improve production efficiency, reduce carbon emissions, and create local economic growth.



## Supplier RBA Audit Results

A total of 30 RBA audits (23 suppliers) in 2021. We require suppliers to make improvements of non-conforming items. Suppliers have all completed improvement, so there is no need to terminate the cooperative relationship with the suppliers.

	Environmental Aspect	Social Aspect
Audit Pass Rate	93.2%	89.8%
Non-conforming item	78 items in total (Lower by 25.7% from 2020)	102 items in total (Lower by 34.6% from 2020)
Result	<ul style="list-style-type: none"> <li>Health and Safety: Non-conforming ratio accounted for 79.5%</li> <li>Emergency response preparation: Failed to implement evacuation and response drills</li> <li>Occupational safety: Poor chemical management</li> </ul>	<ul style="list-style-type: none"> <li>Labor: Non-conforming ratio accounted for 50%</li> <li>Working hours: Overtime, working for seven consecutive days</li> <li>Health and safety: Non-conforming ratio accounted for 42.2%</li> <li>Public health and accommodation: Employee restaurant has not implemented food/beverage management regulations and the execution of food samples preservation</li> </ul>

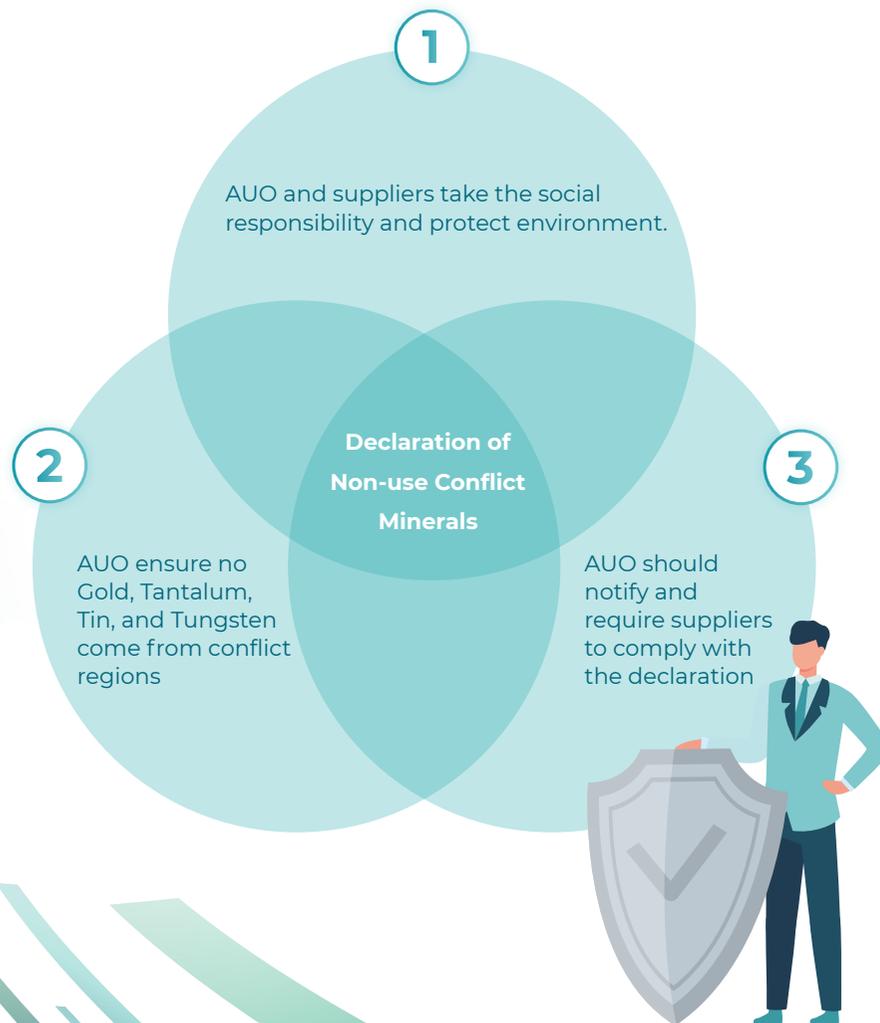
## Supplier Characteristics and Potential Risks and Opportunities

Supplier Type	Definition	Potential Risks	Potential Opportunities
 Raw Material Supplier	Suppliers that provide raw materials needed for production.	<ul style="list-style-type: none"> <li><b>E</b> Greenhouse gas management</li> <li><b>E</b> Net zero target</li> <li><b>S</b> Conflict minerals</li> </ul>	<ul style="list-style-type: none"> <li><b>G</b> Operation interruption caused by failure to operate and record in accordance with the permit</li> <li><b>G</b> Low carbon product requested by customers</li> </ul>
 Process Outsourcer	Companies that the company commissions for product manufacturing	<ul style="list-style-type: none"> <li><b>E</b> Greenhouse gas management</li> <li><b>E</b> Net zero target</li> </ul>	<ul style="list-style-type: none"> <li><b>G</b> Operation interruption caused by failure to operate and record in accordance with the permit</li> <li><b>G</b> Low carbon product requested by customers</li> </ul>
 Waste Subcontractor	Waste processing and disposal service providers.	<ul style="list-style-type: none"> <li><b>E</b> Illegal dumping of waste</li> <li><b>S</b> Lower the nearby land prices</li> <li><b>G</b> Operation interruption caused by failure to operate and record in accordance with the permit</li> </ul>	<ul style="list-style-type: none"> <li><b>E</b> Provide circular economy solutions</li> <li><b>E</b> Assist in low-carbon green production</li> <li><b>S</b> Improve community environmental management</li> </ul>
 Manpower Outsourcing Companies	Manpower agency and manpower dispatch company	<ul style="list-style-type: none"> <li><b>S</b> Labor rights</li> </ul>	<ul style="list-style-type: none"> <li><b>G</b> Assist in human resources</li> </ul>
 Service Outsourcing Companies	Suppliers that provide on-site services such as security, catering, cleaning services	<ul style="list-style-type: none"> <li><b>S</b> Labor rights</li> </ul>	<ul style="list-style-type: none"> <li><b>G</b> Assist in human resources</li> </ul>
 Equipment Parts Provider	Companies provide production equipment	<ul style="list-style-type: none"> <li><b>E</b> Increasing electricity costs</li> <li><b>G</b> Carbon tax costs</li> </ul>	<ul style="list-style-type: none"> <li><b>E</b> Provide green production solutions</li> <li><b>G</b> Expand smart production business</li> <li><b>G</b> Lower carbon tax costs</li> </ul>
 Transportation	The companies provide transportation service	<ul style="list-style-type: none"> <li><b>E</b> Greenhouse gas management</li> <li><b>G</b> Carbon tax costs</li> </ul>	<ul style="list-style-type: none"> <li><b>E</b> Provide green logistics solutions</li> <li><b>G</b> Lower carbon tax costs</li> </ul>

## Conflict-free Minerals

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

 AUO Conflict Minerals Policy



AUO has established a conflict minerals management process to trace the source of the contained Gold (Au), Tantalum (Ta), Tin (Sn) and Tungsten (W). The process includes three operating modes:

### 1.Data Verification:

Through product analysis, the material numbers containing metal materials are screened out according to material classification, to conduct risk management for the key raw materials. If the material number is determined to be investigated, the system will automatically start the Conflict Minerals Investigation E-Form. After receiving the Investigation Form, the supplier must conduct an inventory of the conflict minerals supply chain for this product, and AUO will review the information after the Form is filled.

### 2.Exception Management:

After the conflict mineral information review is concluded, it will be determined according to the country disclosed by the supplier where the mine is located. If the mineral source country is the Democratic Republic of Congo, then the Exception Management Process must be started. Develop a response action to ensure that the conflict minerals source country of the material does not originate from the Democratic Republic of Congo.

### 3.Material Management:

Through the procurement system to manage the material numbers, suppliers and other information during the month, and regularly produce monitoring reports to monitor the verification progress of conflict minerals.

117 suppliers have been investigated and 3,018 material numbers have been validated in 2021 to ensure that four metal sources of Gold (Au), Tantalum (Ta), Tin (Sn) and Tungsten (W) are not from conflict regions, to safeguard human rights and justice. We take improvement measures with the system platform investigation results and paired with the customer' s requirement of conflict mineral management, and submit the conflict minerals documents to the customer to ensure that the products can meet the customer' s requirements.

#### Statement on Conflict-Free Minerals

Establish AUO Conflict Minerals Policy

#### Mineral Source Inquiry

- Product analysis
- Screen metal-containing materials
- Launch investigations using the verification platform

#### Due Diligence

Request suppliers to submit conflict minerals information through the system

#### Public Disclosure

- Accept customer audits
- Submit conflict minerals documents to customers

## 2.5.3 Sustainability Interaction and Participation

### Joint Creation of Green Ecosystem with Suppliers

AUO is one of the founding members of the Taiwan Climate Alliance, and promises to lead the supply chain to jointly engage in carbon reduction actions. We invited 12 key supplier partners to participate in the inauguration of the Taiwan Climate Alliance to declare our determination to reduce carbon emissions.

AUO makes climate action a key component in its supply chain partnerships. With supports, key suppliers will agree to complete GHG inventory, establish the ISO 50001 energy management system, improve their energy performance and work together to realize a 20% reduction in carbon emissions before 2030.



### Co-prosperity Series Activities

The epidemic has affected the Co-prosperity series activities that AUO regularly organizes every year. We immediately changed the activities from physical to online. In 2021, 5 activities were held with about 95% of specific suppliers attending. Sharing topic includes circular economy, waste management, occupational health and safety, RBA practice sharing, water and energy conservation.

Topics	Attending Suppliers	Number of Attendance	Satisfaction
Circular Economy	43	100	99.0%
Waste Management	41	73	96.0%
Occupational Health and Safety	41	73	96.0%
RBA Practical Experience Sharing	43	75	NA
Energy Conservation	34	53	85.0%

### Supplier On-site Energy-conservation Exchange

AUO sent internal experts to actually visit 3 suppliers to improve suppliers' energy-conservation management. Through on-site visits and experience sharing, we help identifying the most appropriate control mode, and use statistical methods to conduct benefits analysis, to help suppliers improve their energy efficiency and carbon-reduction performance.



### CDP Supply Chain Engagement Received the Highest Rating

In the 2021 CDP supplier engagement rating report, AUO received the highest rating of Leader A, exceeding the average of global enterprises (B-level). AUO is committed to supplier partnership, and actively conducts value chain partnerships engagement for climate change mitigation and adaptation. The rating items of "Supplier engagement" and "Scope 3 emissions" were rated A. In the future, we will continue to actively work with suppliers to improve operation resilience and performance.

# Ch3

# Environmental Sustainability



- 3.1** Climate Change
- 3.2** Water Resource Management
- 3.3** Circular and Clean Production

# 3.1 Climate Change

## 3.1.1 Governance organization

### Board of Directors

AUO values the governance function of the senior management in sustainable topics and reports the annual achievements in sustainability to the Board of Directors every year. We have included climate change-related topics such as adjustments to the organization's operations and future long-term carbon reduction goals in the report.



### ESG and Climate Committee

According to the UN's Intergovernmental Panel on Climate Change (IPCC AR6) and the global risk report, the global climate change's impact is intensifying. Whether or not it is the physical risk brought about by the changing climate or the global low carbon transition, they all have a profound impact on the energy supply/demand crisis and the transformation risks of the global value chain. Hence, these are daunting challenges that await enterprises in the future. In light of this, AUO has transformed and upgraded the CSR Committee to the ESG and Climate Committee in 2021 to realize the vision of "Advancing towards Net Zero and low-carbon transformation".

For additional details, please refer to 2.1 ESG and Climate Committee

### Key Achievements in 2021

The Carbon-Energy Working Group (WG) is a subsidiary of the ESG and Climate Committee and headed by the vice president of manufacturing, who engages in horizontal, cross-departmental climate adjustment coordination and mitigation operations.

#### Emission Reduction

- Obtained Science based targets (SBT) verification using 2018 as the base year. Follow WB2C (note) to reduce absolute GHG by 25% by 2025 (scope 1 and 2).
- Join the RE100 initiative, AUO is committed to the goal of net-zero by 2050.
- Our absolute GHG emissions was decreased from 3.01 million tons in 2020 to 2.92 million tons in 2021, a reduction of 3% (scope 1 and 2)

Note: WB2C is a global temperature control scenario of well below 2° C proposed by the Paris Agreement

#### Risk Adaptation

- Formed the Task Force on Climate-related Financial Disclosures (TCFD) working group to manage climate change risks and monitor major domestic/overseas risks in real time
- We have devised the water shortage contingency plan in advance in response to the water shortage risk in early 2021
- The Carbon-Energy WG has also participated in the carbon reduction strategy formulation process, consolidating external resources and initiatives to bolster operations. Hosted water/energy conservation and carbon reduction online meetings to provide our suppliers with guidance, preventing the risk of production interruptions in the supply chain

#### Resource Platform

- Promoted 4IR (4th Industrial Revolution) smart manufacturing, and AUO was selected for Global Lighthouse Network
- A smart grid has been established for energy-hungry equipment to accurately control and predict reasonable power consumption
- Fully implement ISO 46001 water efficiency management system

### 3.1.2 Strategic Blueprint and Goals

AUO's climate change policies include information transparency, mitigation/adaptation, responsible participation, and cooperative development.

For climate change management policies, please go to AUO CSR official website-Environmental Sustainability

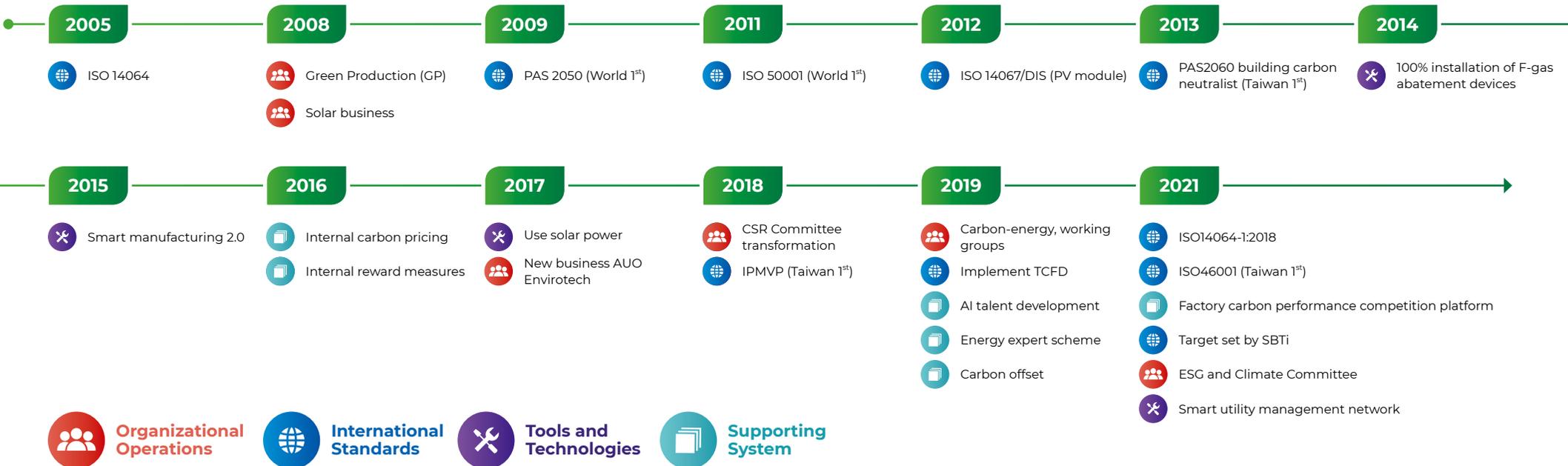


#### Green Achievements

AUO have always stayed at the forefront of international trends and remained committed to low-carbon energy management practices in the hope of creating an overall value chain to fortify our partnerships.

In terms of organizational operations, we proposed the AUO Green Solutions (AGS) in 2008, forming a green production organization to engage in in-depth management of environmental issues. Building upon a decade of experience, we have appointed a CSO and formed a CSR Committee to expand CSR topic with ESG dimensions and formulate the CSR EPS 2025 goals. The following year, we created the carbon energy working group, which adopted a more professional and pragmatic organizational work allocation to manage climate change and carbon energy-related issues. In response to the risks and opportunities associated with global zero carbon emissions and energy transition, AUO established the ESG and Climate Committee to formulate strategic climate actions to achieve the goal of net-zero during the key transition stage.

AUO has conformed to international standards for carbon energy management and development, where standardization is applied to endow the management strategies with system and consistency. In relation to operation management, parallel development has been adopted internally to meet the expectations of our stakeholders. In terms of tool technology and large-scale manufacturing operations, AUO not only possesses over a decade of experience in the energy business but also cost-effective zero wastewater emissions technology. In regards to manufacturing technology, we are also constantly pursuing advancements by upgrading our digital infrastructure and introducing external professional resources. Furthermore, we have also dispatched 1,000 engineers and executives to receive training at AI schools to foster enhanced performance through digitization. Amid climate change and the digital trend, AUO continues to bolster our soft and hard skills in order to foster our climate resilience.



## Aggressive Climate Goals



AUO is dedicated to environmental sustainability by materializing highly efficient circular production with water, energy, and materials. We also decrease carbon emissions every year using the SBT approach. AUO determines the climate's financial impact and relevant risks and opportunities based on the TCFD framework. We have applied the Company's technical abilities to provide energy-saving products and develop the solar business to expand our commitment to using 100% renewable energy in the value chain. Faced with the crucial moment of climate emergency, AUO works with our value chain partners to advance towards Net Zero and low-carbon transformation.

— AUO Chairman Paul Peng ”

### Responding to Climate Initiatives



We are aware that SBT reduction goals can be challenging but the most direct and effective actions to take in response to the climate emergency. Under the WB2C scenario, we are committed to progressively achieve absolute carbon reduction of 25% by 2025, using 2018 as the base year and under the condition of constantly increasing production capacity.

### RE 100

AUO joined the RE100 in early 2022, making it the first global display panel manufacturer to commit to using 100% renewable energy by 2050. In responding to our customers' demand, we will expand the use of renewable energy, aiming to attain the medium and long-term targets of using 30% by 2030 and 100% by 2050.



We team up with 7 enterprises to form the Taiwan Climate Partnership. In 2022, AUO and our suppliers jointly announced our determination in promoting energy conservation and carbon reduction, hoping to lead by example and facilitate green procurement that conforms to international standards with the suppliers in the industry chain. The ultimate objective is to achieve the goals of RE100 and EV100.



Through measures such as energy conservation and carbon reduction at the office, installing solar panels, purchasing renewable energy certificates or redeeming AUO's carbon rights. We expect to announce in 2023 that our corporate headquarters will achieve net-zero. This is in a bid to realize the target of net zero for all AUO's offices by 2030 and net-zero for all AUO's operational boundaries by 2050.

### A Pathway to a Net Zero Future 2050

#### Achievements (~2020)

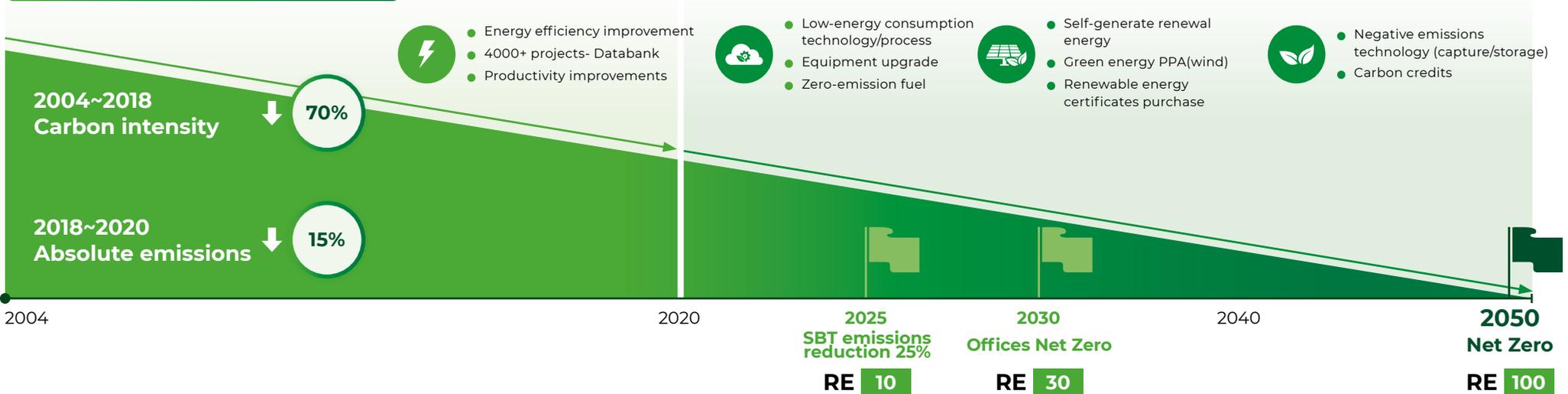
- Energy efficiency improvement
- 4000+ projects- Databank
- Productivity improvements

- Low-energy consumption technology/process
- Equipment upgrade
- Zero-emission fuel

#### Committed initiatives

- Self-generate renewal energy
- Green energy PPA(wind)
- Renewable energy certificates purchase

- Negative emissions technology (capture/storage)
- Carbon credits



## Climate Strategy

AUO launched a two-axis transformation in 2021 in the hope of letting the world know that we are more than just a display panel manufacturer. Faced with global climate change, we will also align our sustainability strategy with the Company's development strategy; while developing high-quality products, we also strive to achieve the objective of "Advancing towards Net Zero and low-carbon transformation".

In response to the global carbon reduction trend's impact on AUO's operations, we should adopt a total upgrade strategy involving business transformations and profit transformation; and we believe business opportunities for green display solutions are ubiquitous.

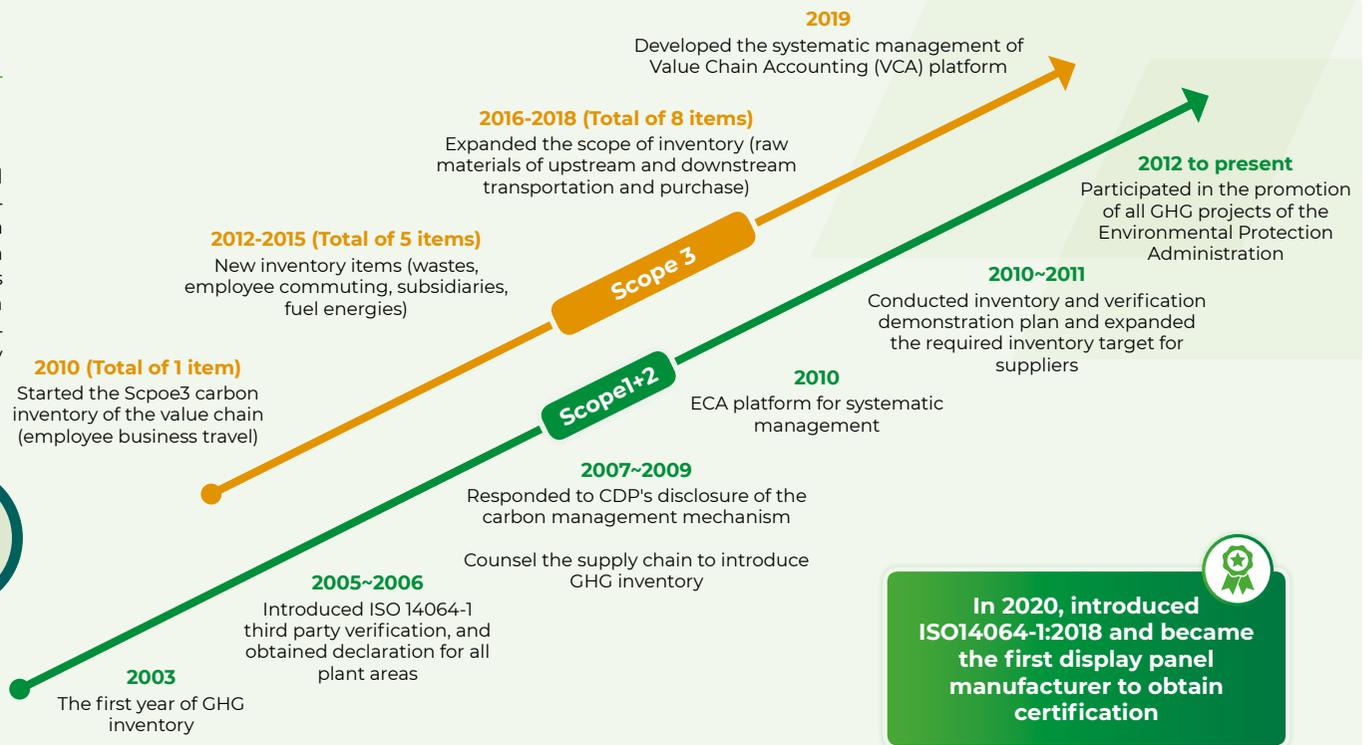
AUO's climate strategy is centered on 6 major dimensions as the cornerstone. The Board of Directors and the ESG and Climate Committee form the key decision center for responsible governance. Supported by a sound financial system, AUO can realize a science-based, international initiative recognized zero-carbon development approach and capitalize on low carbon opportunities. We have also founded the Sustainability Academy to cultivate talents. Digitization is the key to transformation, so we have deployed the carbonization digital database to synchronize carbon footprint data, which in turn serves as a tangible reference for managing the decision-making process across all levels of the Company. Through various action plans, AUO will continue to improve the resilience of our corporate operations, turning climate risks into low carbon opportunities.



## 3.1.3 Inventory and Mitigation

### GHG Inventory

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



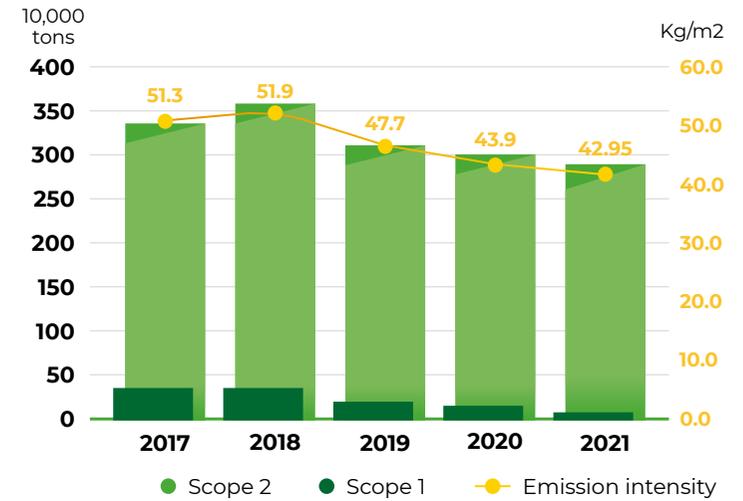
**In 2020, introduced ISO14064-1:2018 and became the first display panel manufacturer to obtain certification**

### Scope 1+2 Emissions and Intensity Description

AUO's global GHG emissions in 2021 totaled 2.92 million tons of CO<sub>2</sub>e, mainly consisting of indirect power consumption emissions, accounting for of the Company's total 97.3%. This is followed by direct emissions (2.7%) generated by the production processes using PFCs and fuel emissions from utility systems, accounting for. In 2021, the GHG emission per input sheet substrate area was 42.95 kgCO<sub>2</sub>e/m<sup>2</sup>, a decrease 2.1% of compared to last year. Reduced emissions intensity signifies an improvement in production efficiency brought by smart manufacturing technology. The main reduction achievements include: Besides increasing the efficiency of the plant utility systems through the ISO 50001 energy management system, the Company has promoted smart manufacturing, while the smart monitoring and management of plant equipment have also significantly improved production efficiency.

### Other Indirect Emissions (formerly scope 3) Audit

AUO has established a company-level Scope 3 greenhouse gas inventory and disclosure since 2010 and has expanded the scope of investigation in line with the corporate value chain standards published by the GHG protocol. In 2020, the latest ISO 14064 standards were introduced in conjunction with a third-party verification to further manage GHG emissions and other indirect emissions (formerly scope 3). AUO has categorized other indirect emissions into 4 categories based on the current conditions and the new ISO 14064 materiality selection principle. One new calculation item was added in 2021 to complete 9 emissions inventories.



### ISO14064-2018 Other Indirect GHG Emissions (Total of 15 items)



**Seven Materiality Selection Principles**

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

#### Status

A	B	C	D
Applicable to AUO, and has been quantified	Applicable to AUO, and has not been quantified. AUO has plan or mgt. methods	Applicable to AUO, but there is no quantitative plan.	Not applicable to AUO
9 items	1 item	2 items	3 items

Indirect GHG emissions from products used by the organization (upstream)				
Item	Status	Inventory target description		Emissions (tons)
Purchased products and services	A	Using previous product carbon footprint inventory conducted by AUO as the basis to calculate the materials needed during production, main carbon emissions from the product raw materials stage are used as the reference for calculating this item. The item includes glass substrate, liquid crystal, photoresist, developer, etchant, array stripper and thinner, etc.		616,395.1
Fuel and energy related activities	A	Calculate AUO's energy consumption including diesel, LPG, natural gas, and electricity, as well as calculate fuel energy-related emissions using the energy resource cradle-to-gate coefficient announced by the EPA.		479,272.0
Wastes generated during the production process	A	Calculate GHG emissions generated during the final waste shipping and treatment process including sludge waste, waste solvent, glass, acid, EAF dust, empty barrel and scrap metal. If the aforementioned items have not reached at least 80% of the total waste disposal volume, new items will be added to the calculation.		25,661.0
Capital goods	C	Although this applies to AUO, the company has not purchased a large number of capital goods in 2020, hence it is excluded according to the criteria for the significance of indirect emissions.		-
Upstream leased assets	A	AUO calculates energy consumed by our leased offices in Taiwan and abroad including diesel, LPG, natural gas, and electricity, as well as calculates fuel energy-related emissions using the energy resource cradle-to-gate coefficient announced by the EPA.		168.6

Indirect GHG emissions generated by transportation				
Item	Status	Inventory target description		Emissions (tons)
Upstream transportation emissions	A	Four major categories of materials needed for plant production are included in the calculation, these include glass, target materials, gas chemicals, etc. These will generate GHG emissions from the supplier's location (the actual address or a representative plant is selected from the website). Transportation between the Company's factories is not included in the calculation.		7,972.0
Downstream transportation emissions	A	Products delivered by all the factories in the year (including the contractors' factories) are included in the calculation, but the transportation of front-end products to the OEM is excluded. GHG emissions are generated by land transport to the port or airport, or sea freight/air freight to the destination port/airport, but excluding transport between the factories and OEM factories.		67,284.9
Business travel	A	Calculate the GHG emissions of AUO colleagues through the business trip travel system; the individual emissions will be calculated according to means of transportation applied for reimbursement including airplanes, high-speed rails, rental cars, self-owned cars, taxis, etc.		869.0
Employee commuting	A	Calculate the GHG emissions of all employees in the plant, including direct employees and indirect employees. Commutations to and from work and shuttle buses between plant areas, the shuttle bus for foreign employees commuting to and from work are also included in the calculation.		38,732.7

Indirect GHG emissions from the use of the organization's products (downstream)				
Item	Status	Inventory target description		Emissions (tons)
Investment process	A	AUO Crystal Corp. is a wholly-owned manufacturing subsidiary of AUO. Since it conducts GHG inventory every year, its emissions are included in the calculations		49,729.2
Processing of products sold	C	This item applies to AUO; however, since there is no relevant methodology and information collection platform at present, therefore, it is excluded according to the criteria for the significance of indirect emissions		-
Use of products sold	D	AUO is a B2B company and we do not manufacture end products, therefore this item is not applicable		-
Final processing of products sold	D	AUO does not manufacture end products, therefore this item is not applicable		-
Downstream leased assets	B	This item applies to AUO, and relevant protocols have been evaluated and formulated. It will be included in future calculations		-
Franchise	D	AUO has no franchise		-

## Carbon Reduction Target Achievement

### CSR EPS 2025 Target – Reduce a Total of 6.5 Million Tons of Carbon

AUO proposed a more aggressive carbon reduction target for 2025 in 2018. It responds to SDG 13 climate action, stipulating direct and indirect emissions reduction targets. These include 4 major dimensions that will continue to reduce carbon emissions by 6.5 million tons.

<p><b>Organization</b></p> <p><b>Scope 1+2</b></p> <ul style="list-style-type: none"> <li>- Based on the SBT WB2C scenario</li> <li>- Absolute reduction target</li> </ul> <ul style="list-style-type: none"> <li>● F-GAS (note) reduction by 41.2%</li> <li>● Absolute reduction YoY 3.0%; intensity reduction YoY 2.1%</li> </ul> <p>Note: F-Gas is a gas with a high global warming potential</p>	<p><b>Product</b></p> <p><b>Scope 3</b></p> <ul style="list-style-type: none"> <li>- 100% shipped products</li> <li>- Assessment of carbon emissions throughout the life cycle based on PCR</li> </ul> <ul style="list-style-type: none"> <li>● Expedite carbon reduction through product shipping combination and lowered energy-consumption designs</li> <li>● Carbon reduction YoY by 540%</li> </ul>
<p><b>Supply Chain</b></p> <p><b>Scope 3</b></p> <ul style="list-style-type: none"> <li>- Regular electronic platform collection and tracking solution or target carbon reduction</li> </ul> <ul style="list-style-type: none"> <li>● Collaborate with the supply chain to save energy and reduce carbon by 32,000 tons</li> </ul>	<p><b>Raw Materials</b></p> <p><b>Scope 3</b></p> <ul style="list-style-type: none"> <li>- Decrease the use</li> <li>- Increase the recycling rate</li> </ul> <ul style="list-style-type: none"> <li>● Use the smart materials network to bolster manufacturing performance</li> <li>● Raw materials strength was reduced by 5.1%, carbon reduction by 84,200 tons compared to 2017</li> </ul>

For more case studies, please refer to 3.1.6 Life Cycle Energy Conservation and Carbon Reduction Project

For the 2021 organizational inventory, scope 1 was decreased to nearly 2%, making it the best performance in history. In terms of our SBT absolute reduction path, we have remained on target in 2021.



## GHG Reduction Actions

### Scope 1 Process F-Gas Reduction

AUO is the first enterprise that complete 100% install F-Gas abatement devices. Currently, the removal of high GWP GHGs such as NF3 and SF6 is performed by the device, where high-temperature incineration is used to remove 99% F-Gas from the waste gas. We continue to place high demands on ourselves to improve the factors that affect the removal efficiency and to pursue a better removal efficiency. Under the principle of known F-Gas removal efficiency and incineration temperature, two improvement measures were implemented including "adjusting the fuel and air mixture ratio" and "adding thermal insulation to the incinerator" to successfully increase removal efficiency to over 99.5% while using less fuel, thereby achieving the benefits of carbon reduction.

### Scope 2 Process Power Consumption and Management

#### 1 Use renewable energy to expand renewable energy investment and engagement

AUO continues to expand the green energy ecosystem by bolstering the major power consumer solutions including assisting enterprises to build solar power systems, selling power directly to major power consumers or supplying green power through the energy trading platform. Star Shining Energy, a subsidiary of AUO, has once again collaborated with Sunnyfounder to supply green power to major power consumers in Taiwan. Assisted by these 2 solutions, power-consuming enterprises can receive a steady supply of renewable energy, where AUO can apply our expertise in power plant construction to offer dependable, reliable green power, thereby facilitating electricity liberalization and revitalizing the green energy economy.

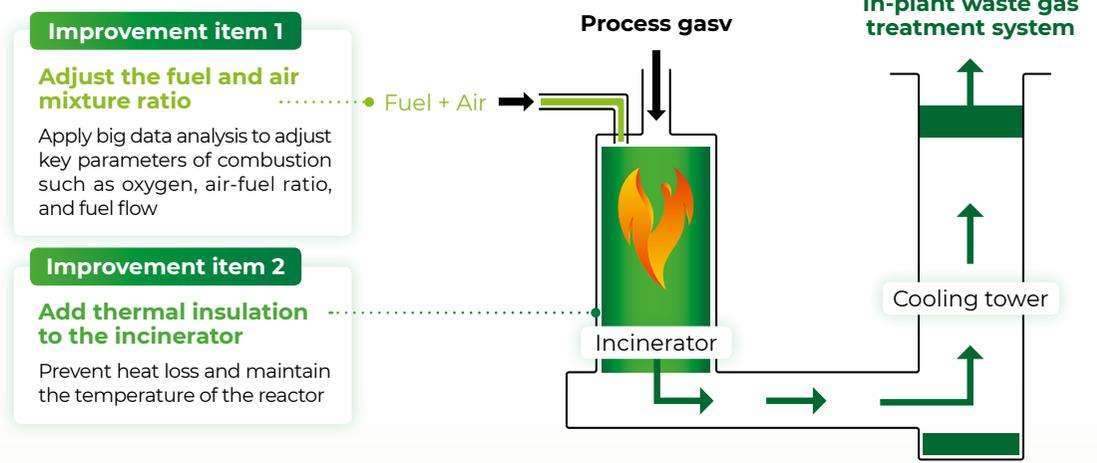
Also, we have installed 42MW of solar power equipment on rooftops in Taiwan. In 2021, the total solar power generated was approximately 55.27 million kWh, and AUO's Kunshan plant generated about 5.41 million kWh of renewable energy for self-use.

#### 2 Annual energy-saving improvement performance

The law stipulates that energy users must achieve an energy saving of more than 1% annually. Since AUO has switched to intelligent manufacturing, we have increased our self-demand and set the internal goal of saving 1.5% annually.

In 2021, AUO implemented over 903 energy conservation proposals, and the total annual electricity saved was 104.32 million kWh, equivalent to an annual electricity saving rate of approximately 2.1%. Among them, 64% was achieved through refinements and improvements in manufacturing and the remainder was attributed to investments in improving the equipment. In terms of measurement verification, up to 62% of the data was derived from higher precision measurements and estimated calculations.

In 2021, AUO's global power consumption totaled 5.04 billion kWh, of which 4.89 billion kWh was used during the production process. We continue to implement effective energy efficiency improvement measures to achieve an absolute reduction in power consumption for 3 straight years while increasing production. In general, AUO's power consumption per unit area has exhibited a declining trend. Through the carbon energy working group's horizontal energy conservation and resource consolidation as well as vertical performance goal management, AUO strives to enhance our performance in energy conservation.



● Investment (10,000 kWh) ● Management (10,000kWh) ● Annual energy conservation rate (%)

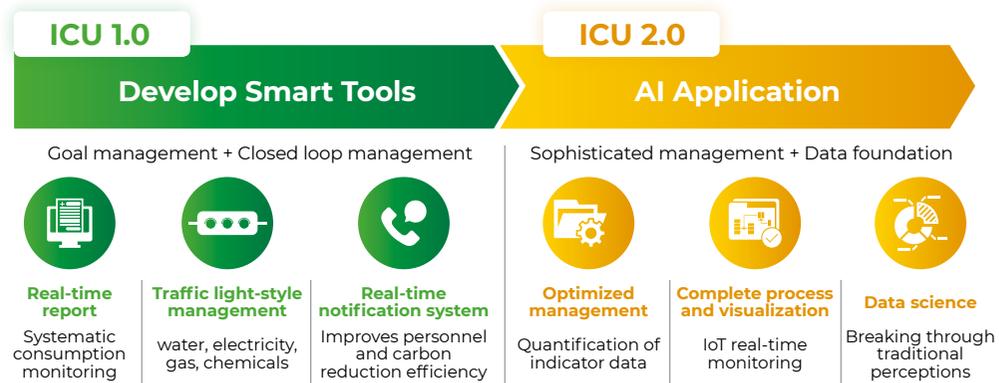


● Process (million kWh) ● Non-manufacturing ● Power consumption per unit (kWh/m2)

## Pragmatic Energy Management

Besides stipulating the improvement goals of carbon reduction by 6.5 million tons and an annual organizational energy savings of 1.5%, AUO also proposed the energy conservation and carbon reduction plan by creating the I(IDLE Mode), C(Chemical/Gas), U(Utility Improve) 3-stage management structure. Smart tools are developed through ICU 1.0 to realize real-time report monitoring and signal health management, where a real-time notification system is used to control on-site energy consumption in real-time.

Based on the infrastructure of ICU 1.0, AUO launched ICU 2.0 in 2021 by applying AI to implement two actions including sophisticated management and data foundation. Besides ongoing innovations in technology and overcoming bottlenecks, we also collaborate with our suppliers and equipment manufacturers to materialize the improvement goal of smart sustainability through diverse solutions.

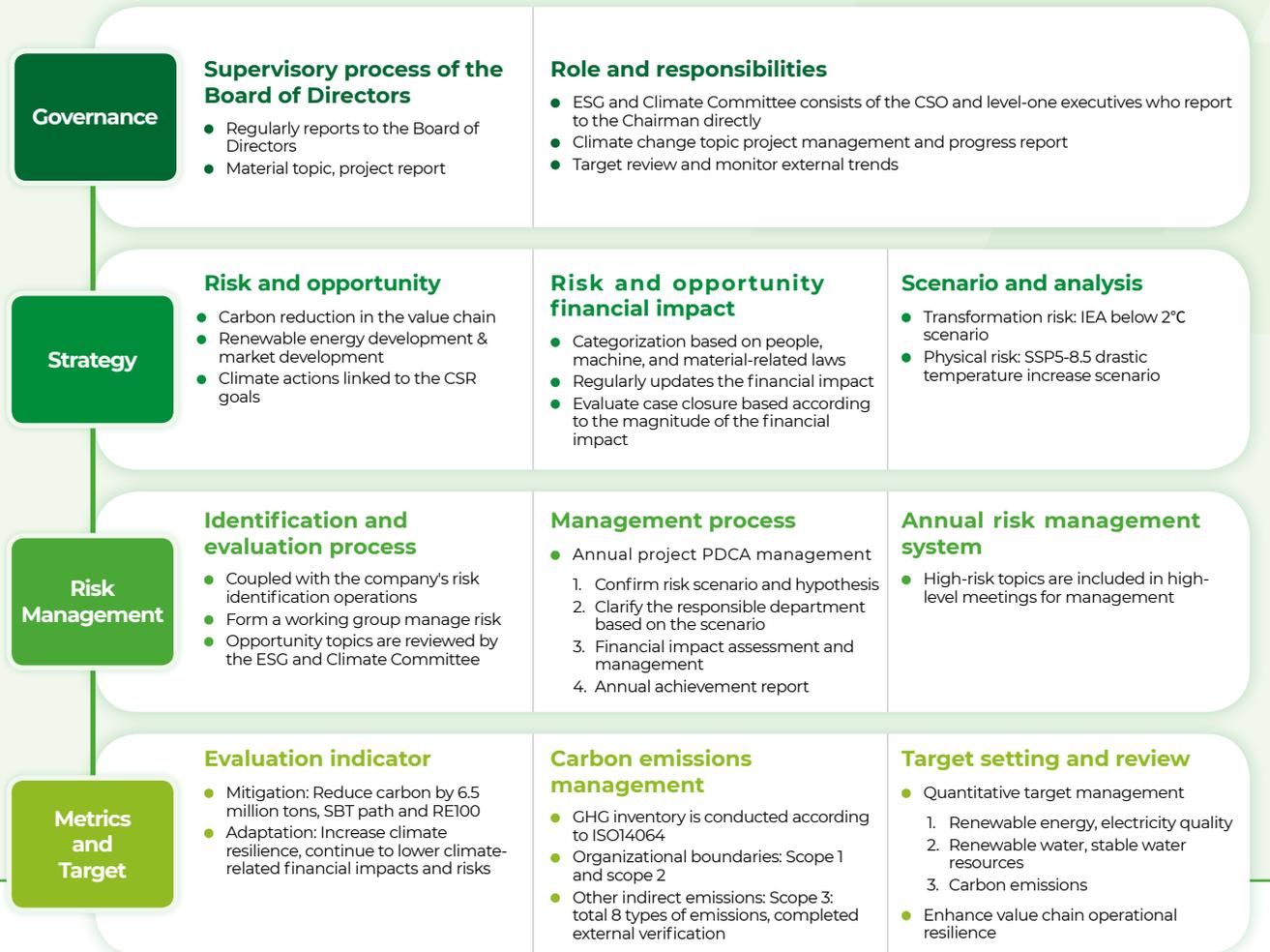


## 3.1.4 Climate Adaptation

### TCFD framework

AUO has incorporated the climate change topic into the company's CSR target and carried out adaptation and mitigation activities. In terms of adaptation, we have followed the TCFD framework to establish PDCA circular management for climate-related risk and opportunity scenarios that act as a long-term and ongoing operating mechanism.

### AUO TCFD Framework



## 2019-2021 Climate Risk Identification Matrix

AUO values the organization's governance performance on the climate topic. Considering the totality of the impact associated with climate risks, we have integrated the TCFD risk scenario with the company's annual risk identification, where more than 100 executives from various plants can jointly review climate topics that are closely related to the company's operations. Lastly, these are summarized based on risk categories to generate key annual risk topics that are included in the annual TCFD risk project management solution.

Climate change's position on the company's risk matrix, please refer to 1.5 Risk Management

## Description of Climate Risks and Opportunities

2021 Risk							
Risk evaluation	Dimension	Item	Stakeholder	Challenges and Opportunities	Financial Impact	Management Guideline	
Transition	Policies and regulations	Evaluate the impact and influence of external technology development and electric transport	AUO Supply chain	Carbon reduction and transition as well as the electrification of transportation have caused an increase in the cost of transportation	Low	<ul style="list-style-type: none"> <li>Monitor variations in the cost of transportation along our main clients' transport routes</li> <li>Monitor the changes in the transport policy of countries along the transport route</li> <li>Formulate alternative transport routes</li> </ul>	
		In response to ESG investment development and sustainable finance regulations' impact on relevant capital loans and market evaluations	AUO Financial institutions	Capitalize on the green loan market to obtain the necessary capital during the transition process; on the contrary, we may also lose opportunities	Low	<ul style="list-style-type: none"> <li>Accelerate planning and investment in the green transition</li> <li>Strengthen the stakeholders' external communication and engagement</li> <li>Bolster external ESG Rating performance</li> </ul>	
	Reputation	Diverse impact on talents due to climate issues	AUO	In response to AUO's climate action goal of a net-zero goal by 2050, we will focus on 6 major platforms to launch relevant projects, hence we need to establish relevant talent reserves in advance	None	<ul style="list-style-type: none"> <li>Apply the 3B strategy (Build, Buy, Borrow) to cultivate internal experts, attract outstanding talents and introduce external resources</li> </ul>	
	Market		The global restrictions on the development of the fossil fuel industry have impacted the supply chain by raising the cost of raw materials	AUO Supply chain	The rising cost of raw materials caused by the suppliers' carbon reduction transition or the country's energy-saving policy designed to decrease carbon emissions (e.g. Blackouts or increase in electricity prices)	Medium	<ul style="list-style-type: none"> <li>Establish an upstream raw material price monitoring mechanism</li> <li>Monitor the key suppliers' inventory level</li> </ul>
			Variations in-home product specifications due to the changing market needs in response to the green building and low-carbon living trend	AUO Customers	<ol style="list-style-type: none"> <li>Unable to provide low-carbon products, causing the customers to choose other suppliers</li> <li>Create a technical barrier to entry to enhance product competitiveness</li> </ol>	High	<ul style="list-style-type: none"> <li>Develop products that comply with energy label specifications around the world</li> <li>Introduce new design, new technology, and new materials</li> <li>Control reasonable costs to ensure revenue and profitability</li> <li>Establish product environmental footprint management</li> </ul>
			Operational risk management of contractors or suppliers in China in response to local carbon regulations	AUO Supply chain	<ol style="list-style-type: none"> <li>Potential interruptions in the industrial supply chain caused by China's carbon reduction policy</li> <li>Expansion in the Chinese carbon trade market and industry scope. By 2030, the carbon market trading prices will cause the cost of electricity to rise by 10%</li> </ol>	Medium	<ul style="list-style-type: none"> <li>Facilitate contractors to introduce ISO 14064 carbon inventory and ISO 50001 energy management system</li> <li>Set the management goal including carbon reduction and renewable energy goals</li> <li>Backup key raw materials suppliers</li> </ul>

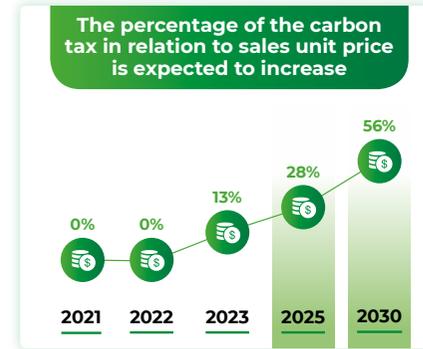


For 2019 and 2020 climate risk and opportunity assessment, please refer to AUO's TCFD Report at CSR official website-Newsroom

## TCFD Risk Case 1: Product Carbon Emissions

**Transformation risk: In response to the carbon reduction trend, AUO's customers demand us to decrease carbon emissions generated by the display panel manufacturing process**

In response to the customers' increasing focus on the carbon neutrality of products and value chain carbon emissions. We have used IPPC's meeting at COP26 as a reference to simulate the hypothesis that with different regions such as Europe and Asia reaching a consensus on SBT and the RE100 initiative starting in 2023, how "countries or regions activating carbon tax" and "customers using carbon footprint management transparency as the supplier evaluation standard for determining whether to supply products" will result in possible market and business losses if the standards are not met.



One of the goals of AUO's carbon reduction working group for 2021 was to "monitor product carbon footprints, renewable energy must be incorporated into daily management, and it must become a more traceable target." First, we apply the concept of carbon footprint life cycle in accordance with international regulations to choose the latest product models and inventory their carbon emissions during various stages to complete the product carbon footprint inventory.

### Product carbon emissions management: Product carbon footprint inventory

#### Scope 1

Direct GHG emissions

#### Scope 2

Indirect emissions from electricity and steam

#### Scope 3

Other indirect emissions from logistics, suppliers and product consumption



#### AUO's Calculation Method

##### Raw material

Raw material inventory is conducted according to the BOM, and carbon emissions is calculated based on the carbon emission coefficient

##### Manufacturing

Calculated based on the actual energy consumption of the production site

##### Distribution

Carbon emissions generated by the transportation of raw materials to the production plant and the transportation of products to the customers' homes (land, sea, air) is calculated

##### Use

Carbon emissions is calculated based on PCR

##### Disposal

Skipped for now

Taking a certain product as an example, the inventory results reveal that 80% of the carbon emissions during the product life cycle come from raw materials and the manufacturing process. During the inventory process, potential action factors were also discovered including lowering energy consumption during design, continuing to conserve power during manufacturing or using renewable energy, increasing self-production, recycling, or reutilization, decrease the distribution of raw materials. We also used this experience to create more product items and conduct a more comprehensive carbon footprint inventory to achieve the objective of reducing carbon emissions and preventing the risk of financial loss.



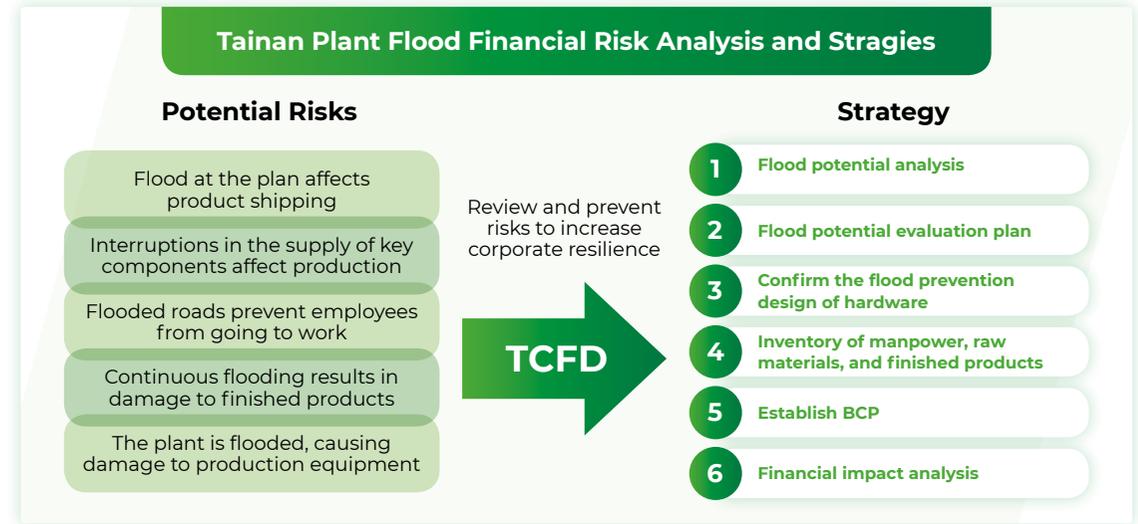
AUO's carbon footprint inventory implementation status(carbon emissions of a certain product during various stages)

## TCFD Risk Case 2: Tainan Plant Flood Risk Management

### Business risk: Tainan plant flood risk evaluation and control

Parts of the roads outside the Tainan plant are located in a low-lying region and are prone to ponding during short-duration intense rainfall. If this phenomenon coincides with high tide at the Jianan irrigation system, rain water in the city will not be drained in time and external water will surge back to the culverts in the city, in turn affecting AUO's employees and contractors from going to work, ultimately leading to losses.

AUO has reviewed the rainfall record from previous years and discovered that the rainfall in August 2018 was the heaviest and longest. Although it did not result in plant interruptions and losses, to mitigate the potential financial impact of climate change, AUO has conducted simulations based on this scenario to devise a contingency plan in response to a 4-day flood, where routine flood and typhoon prevention measures were inventoried to ensure preparedness and avoid potential losses caused by the flood.



### Flood risk control

The flood prevention, preparation, and response guideline of the Tainan plant is devised based on the outcome of the risk assessment. Furthermore, the "real-time meteorology management and reporting system" was developed in conjunction with the IDB, TGPf, and NCKU's Industry Sustainable Development Center to allow our colleagues to monitor the latest rainfall, disaster, and operational regulations at any time. This information serves as a guideline for them so that they can make the most appropriate judgment in the shortest time and implement the necessary response measures in the event of an emergency.

### Preparation for uninterrupted production line operations

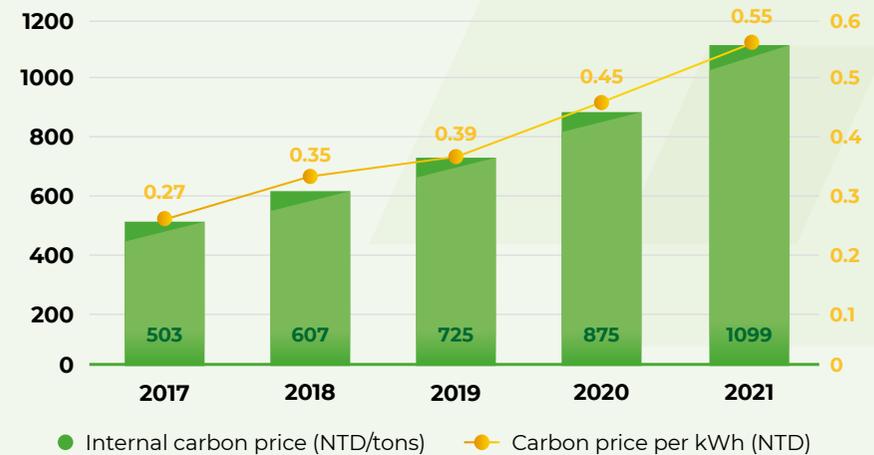
To ensure uninterrupted production during the flood season, the Tainan plant has conducted a comprehensive investigation and preparation in terms of manpower, inventory, and management measures.



### 3.1.5 Other Carbon Management Operations

#### Internal Carbon Pricing

AUO began to implement the carbon pricing mechanism when the Paris Agreement came into effect in 2016 and the annual carbon prices announced are used as a reference for internalizing the Company's external costs. In 2021, besides referring to the abovementioned pricing mechanism, carbon pricing stipulated by the draft of Taiwan's Greenhouse Gas Reduction and Management Act was also incorporated to announce the internal carbon price at NT\$1,099 per tons (an increase of 25% compared to last year), equivalent to a saving of NT\$0.55 per kWh. Carbon pricing can also be applied to the carbon emission costs of our colleagues' business travel, allowing them to recognize the external costs of their activities and that of the Company. Additionally, the carbon price trend over the recent years is also provided to let the public appreciate the Company's carbon management expectations and intensifying control standards



#### Carbon Asset Management

Governments around the world have proposed carbon reduction strategies to achieve carbon neutrality in the future. In particular, carbon asset management will become a crucial strategy for materializing carbon neutrality.

- In 2014, AUO introduced 100% F-Gas abatement device in response to the EPA's Early Action Reduction Project and received early carbon rights
- In 2019, AUO continued to refine F-Gas reduction management and applied for the offset project, turning the Company's carbon reduction efforts into carbon assets
- AUO has stipulated carbon asset management strategies for the organization's buildings and activities, as well as to promote internal carbon neutrality. Externally, we give back to society to facilitate carbon neutrality projects, making AUO one of the few carbon right donating enterprises in Taiwan. By 2021, we have accumulated 19 external donations and 10 internal activities (no new cases were submitted due to the declining internal/external physical activities as a result of the pandemic in 2021)

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

For carbon emissions generated by the organizational operations and production, please refer to [3.1.3 Inventory and Mitigation Results](#) [3.1.4 Climate Adaptation](#)

#### Employee Activities, Education and Training

AUO encourages our employees to engage in energy conservation and carbon reduction activities through diverse activities and courses, fostering a green action culture among AUO employees. Event categories include supporting the April 22 Earth Day by kicking off a month-long online environmental protection creative contest, 21-day green living, summer energy-saving school, smart manufacturing exhibition, etc. The courses are focused on affairs and colleagues in the plants. In 2021, 2 water and power-saving micro-courses were conducted for 3,124 colleagues, achieving a 100% training completion rate.



#### Smart manufacturing exhibition

AUO has hosted the annual Smart Manufacturing Exhibition since 2018, where each unit showcases their accomplishments during the year as well as exchange information and learn from one another's experience. In 2021, there were 9 major themes and 15 exhibit areas; in particular, the "2 ° C circular carbon exploration" exhibit area showcases AUO's action plans in response to the action plans related to climate topics, so that our colleagues can understand the Company's specific goals and achievements concerning water resources, carbon management, and circular economy. So far, more than 4,000 colleagues have viewed the exhibition and expressed positive feedback.



## Competitions and Incentives

### Innovative proposal competition

AUO has organized the proposal competition for several years, and the water conservation item was included in 2021 in response to climate change, where the benefits of water conservation, power saving, and materials reduction are achieved through the proposals. A total of 3,000 proposals have been submitted so far. By hosting the annual ceremony to commend outstanding proposals and inviting experts from the field of environmental protection and energy to share knowledge about new regulations and iconic case studies, we can bolster our employees' know-how and a sense of honor.

### Incentive mechanism

We provide tangible rewards and incentives to encourage our colleagues to continue devising new solutions and participate in the activity, thereby fostering employee participation and the development of more innovative energy conservation technologies. To increase the participation rate and understand the Company's climate actions, various plants conduct energy conservation education and training every month, as well as communicate such concepts through posters. Furthermore, the education and training completion rate has become an integral part of the competition score. In 2021, we created a new platform to announce the competition score of various plants to further incentivize our colleagues to get involved. Various plants also formulate their annual targets based on production direct costs such as electricity-saving efficiency and water recycling efficiency. The target achievement rate is reviewed monthly and used as the basis for assessing various plants' energy management performance and rewards.

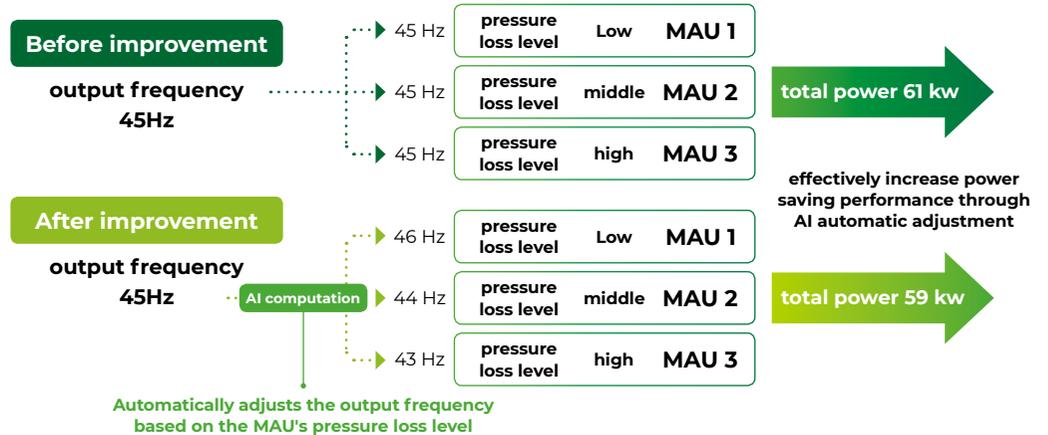
## 3.1.6 Life Cycle Energy Conservation and Carbon Reduction Project Accomplishments

### Organizational Carbon Reduction

#### Smart factory management projects

##### AI Automatic Adjustment of MAU (Make up air unit) Balance

MAU serves to create a positive pressure in the cleanroom to prevent particles in the environment from entering the cleanroom and affecting its cleanliness, as well as to ensure a stable absolute humidity in the cleanroom. MAU consists of 3 filters with different efficiencies, cooling coils, heating coils, humidifier components, and fan components. The MAU's energy consumption is affected by the cleanroom's exhaust volume and leak volume; in particular, there exists a difference between different MAUs due to their different filter pressure loss and the level of congestion caused by dirty coils, as well as the operating efficiency of the fans. When MAUs are operating in parallel, the central control outputs the identical frequency, but we have discovered that the unit with higher pressure loss will exhibit diminished performance under the same frequency. To minimize the MAU's overall power consumption, AUO has collected the operating information of each MAU and applied multiple regression to let the system automatically regulate the output frequency of each MAU. This is in a bid to minimize power consumption and increase power-saving performance by about 2.7%.

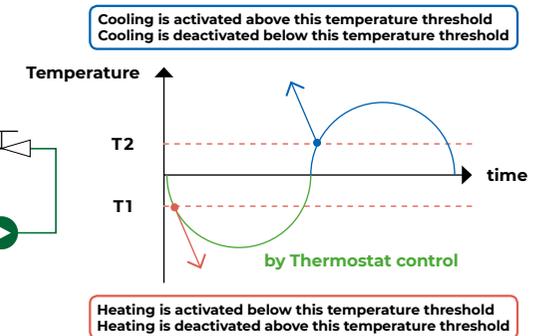
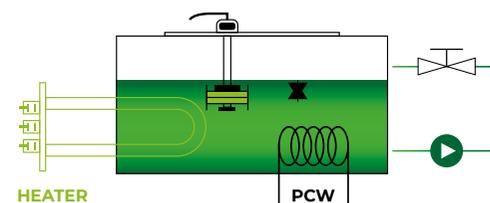


##### Stripper Smart Temperature Control to Save Power

The stripper storage tank's temperature control system consists of a heater and PCW. Originally, the simplest control method was applied, where the cooling water is circulating all the time, and the heater's power is adjusted to achieve a stable temperature. However, this technique involves the heater (heating) and cooling water (heat radiation) operating simultaneously, resulting in energy inefficiency and loss.

We have used a temperature sensor to measure the temperature inside the tank in real-time in conjunction with AUO's proprietary software to perform smart control so that the heater and cooling water can be smart-managed. Under the premise of maintaining temperature control quality, the system can effectively separate the actuation time of the heater and the cooling water, thereby achieving efficient temperature control and energy conservation, improving the equipment's overall power-saving performance by 10%, equivalent to approximately 4 million kWh annually.

#### Stripper Tank Temperature control system



### Permanent-magnet Synchronous Motor (PMSM)

AUO introduced PMSM in 2021 and applied it to the cooling tower fan of the pure water preprocessing system in the Taichung (2) plant. The configuration is under evaluation for implementation in other plants. Compared to traditional motors, PMSM offers better efficiency and power-saving benefits. It is estimated that after all the fan motors in the plants are replaced with IE5 PMSMs, AUO can save up to 189,000 kWh of electricity per year.



## Supply Chain Carbon Reduction

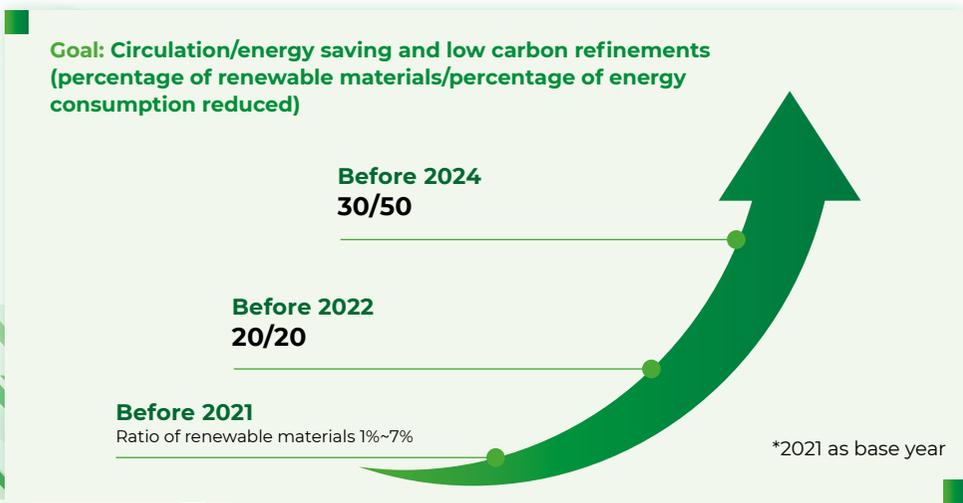
AUO has established a shared information platform with its suppliers and formulated the supplier carbon reduction goals in a bid to materialize low carbon manufacturing with the suppliers. Through our long-term endeavors and collaborations, we have demonstrated noticeable results in low carbon transport, packaging material reduction, manufacturing energy efficiency improvement, and carbon reduction performance.

Please refer to 2.5.1 Supply Chain Management Strategies and Goals

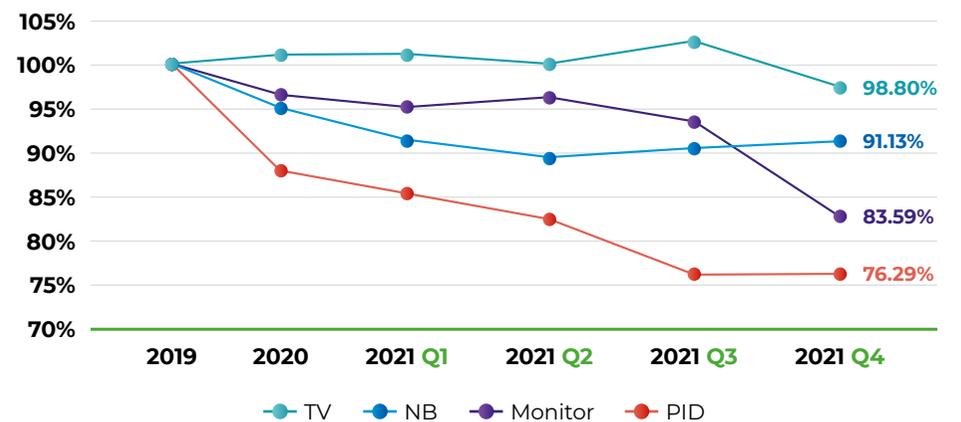
## Product Carbon Reduction

AUO has implemented product carbon footprint inventory and verification since 2009, where we applied early circular economy concepts such as material substitution, weight reduction, and thickness reduction, coupled with the R&D of energy-saving display components to formulate the goal of decreasing carbon emissions by 30% for products manufactured in 2021. We are constantly demanding ourselves to reach the goal of accumulated carbon reduction of 1 million tons and 6.5 million tons.

Faced with the need for low carbon and energy-efficient display products in the information and communication sector, we have invested more in advanced R&D through renewable materials and reduced energy consumption, as well as laid out specific product development objectives. In terms of product energy consumption, as far as shipping volume and product categories with higher carbon emissions are concerned, per unit shipping, carbon emissions have exhibited significant reductions, especially terminal public display products, whose energy consumption specifications have been upgraded considerably in recent years. Desktop and laptop displays are manufactured according to the Low-Temperature Poly-silicon (LTPS) process, endowing them with lower power characteristics. On the other hand, TV products have shown less noticeable reductions due to the increased shipping of high-end models.



Carbon emissions per unit shipped product (kg/m<sup>2</sup>, 2019 as base year)

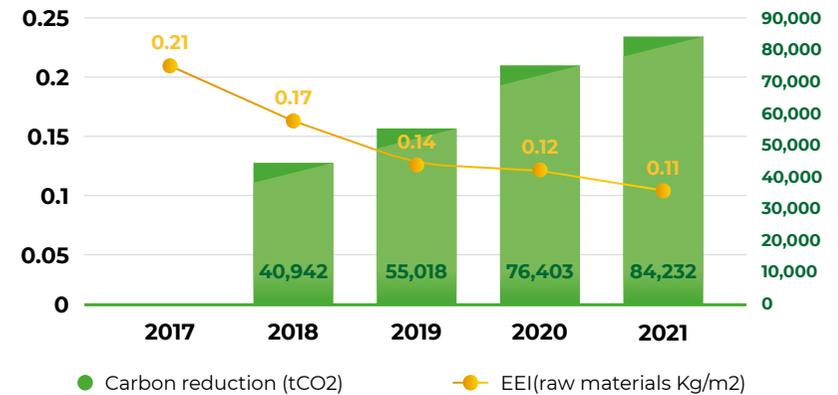
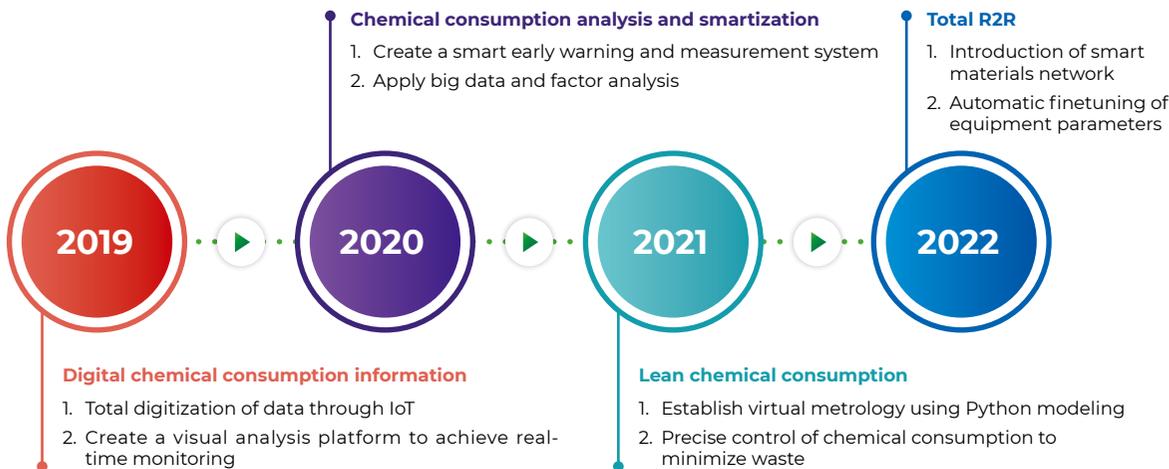


## Raw Materials Carbon Reduction

AUO launched smart transition in 2019 by introducing smart technologies to various production technologies and product monitoring measures to progressively achieve the goal of lean production. For various chemicals used during the production process, IoT technology is applied to extract and upload the equipment's chemical consumption data. Moreover, the proprietary visual analysis platform and monitoring system are used to gather information for big data and factor analysis. As the self-training of the internal team's smart manufacturing technology is elevated, AUO has upgraded to Automatic Virtual Metrology (AVM) combined with programming and modeling language to realize the equipment's precise, autonomous control and achieve the objective of improving the number of chemicals used.

After the introduction of smart technology in 2019, the overall chemicals used dropped by 19.8% compared to 2018. In the future, we will introduce smart material concepts and install sensors on various chemical-related equipment, where an integrated system will be created. Through real-time flowmeter and visual analytics, AUO can materialize the reasonable chemical amount forecast of "equipment status" and "different products," in the hope of achieving reduced chemical consumption.

## Chemical Consumption Improvement Blueprint



### Raw material consumption improvement case study – Establishment of the smart materials network

Using aluminum hydroxide as an example, the new solution must be accurately controlled and maintained, while the old solution must be disposed of by contractors and distilled, the progress consuming a lot of energy and increasing carbon emissions. In 2021, after the introduction of smart material and raw material precision control, aluminum hydroxide consumption was reduced by 11.1% from 2019 to 2021. The lowest waste solution disposal quantity in history was recorded in 2021. By upholding the spirit of energy conservation and carbon reduction, AUO continues to engage in raw materials reduction. In the future, the smart materials network containing all the raw materials will be created to implement the smart reduction of materials.



# 3.2 Water Resource Management



## 3.2.1 Goal Management Results

### AUO Water 2025 Goals

AUO supports the spirit of SDG 6: clean water and sanitation for all by including "water-saving and water reclamation" as one of the goals of CSR EPS 2025, aiming to achieve the water-saving and water reclamation goal of "saving a total of 100,000 CMD (note) of water between 2018 and 2025 through the "value chain's joint efforts in responding to the water shortage crisis." From 2018 to 2021, AUO has saved a total of 72,795 CMD of tap water, achieving significant savings and reaching this year's goal ahead of schedule.

Note: cubic meters per day (CMD)

### Water Reduction Goal

Record low reservoir water levels in the first half of 2021 exposed the global information and communication industry to the broken supply chain crisis due to water shortage. Fortunately, AUO was able to make preparations in advance under the TCFD framework, where water-saving measures and key material preparations were carried out through green manufacturing, allowing us to successfully get through the water shortage crisis. AUO also implemented comprehensive internal water-saving measures and demonstrated exceptional water-saving results.

**Tap water withdrawal (tap water, CMD) reduced by 8.7%**

**Production water use intensity (production water/input sheet substrate area m2) reduced by 9.4%**

**Production process recycling rate (process water recycling/Point-of-use consumption) increased to 94.5%**

Note : POU (Point-of-use)



● Total production process water consumption (million tons)    ○ Process water consumption per unit (tons/m2)

### Water Reclamation Goals

AUO and Taichung City's Shuinan Water Reclamation Plant signed a contract in Q1 of 2021, which is expected to begin supplying water in 2023. The stable water resources will help free the Taichung plant from water shortage zone restrictions, which will be beneficial for offsetting the water consumption fee of the Reclaimed Water Resources Development Act.

The goal of water reclamation involves the introduction of a wastewater reclamation plant in AUO's Kunshan plant in China to stabilize operations. In 2021, daily reclaimed water consumption in Kunshan amounted to 5,741 CMD, making it the primary source of production water for the plant.

### Supplier Water Saving Target

Since 2016, AUO has invited 20-plus suppliers with high procurement amounts and high demand for water to promote water-saving management to address the risk of water resource shortage and frequent floods and droughts amid climate change, as well as mitigate the impact of water shortage on operations. In 2021, AUO achieved water savings of 8,514 CMD, considerably exceeding the target. In the future, we will continue to meet the CSR EPS 2025 water resource target and foster environmental benefits with our partners through the value chain.

## 3.2.2 Water Management Refinement Project

### Water Situation and Preparations

In recent years, Taiwan has experienced the worst drought of the last half-century, in turn escalating the risk of the already dicey display panel supply/demand situation. Besides implementing corresponding water shortage measures according to the Water Resources Agency's water supply early warning indicators, AUO also needed to completely revamp our management approach to water resources, hence the production response team introduced several changes including:

- Investment planning**

With the external climate risk consulting firm's medium to long-term rainfall forecast as well as groundwater research and well level monitoring by academic institutions, AUO has invested in plant water purification facilities, backup water supply, and water purification consumables procurement in advance.

- Develop external water resources**

Besides tap water supply, AUO has vigorously developed and introduced public and private drought-prevention wells, construction site groundwater, household water from regional water resource centers, and hyporheic water introduced into backup reservoirs by the government, as well as increased the number of drought prevention wells to enhance water management flexibility.

- Plant pressure test**

Source reduction is taken into consideration, where process inventory and professional judgment are applied, with the production equipment and plant affairs proposing water conservation solutions ranging from 20% to 40%. Small, medium and large quantity verifications are arranged to complete pressure tests at various plants, thereby ensuring the planning and implementation outcome at various plants are as expected.

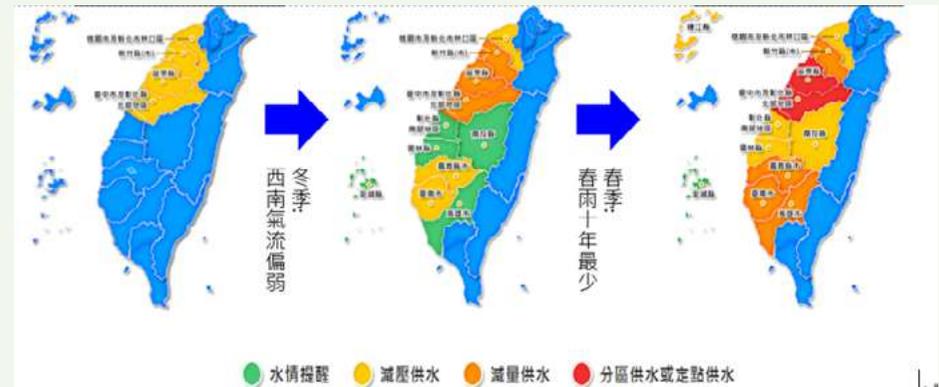
- Supply chain water consumption efficiency monitoring**

Focusing on upstream key components and the location of cleaning contractors, as well as the monitoring of weekly water consumption and increase in water volume. Furthermore, we demand a water conservation target of 15-20% to increase our control over the production capacity of upstream raw material suppliers and cleaning contractors.

### Effective water storage capacity of reservoirs



### Water supply early warning indicators



By activating the abovementioned measures, the company was able to operate steadily during the water shortage in the first half of the year, with water restrictions of up to 17% and increasing input sheet substrate area by 3.5%. During January and May, the accumulated absolute water consumption was 11.2% less than the same period the previous year, while the per unit water use intensity was decreased by 14.2%.

## Water Shortage Zone Inventory

AUO's water shortage zones include the Taichung plant and Houli plant

For water shortage zone-related data, please refer to Data Overview chapter

## Introduction and Implementation of ISO 46001

Apart from progressively improving the water consumption goal through Green Production, AUO also engages in ongoing improvement through the standard PDCA process. Building on our years of experience in digital transformation, AUO became the first company in Taiwan to introduce ISO 46001 and obtain certification. By establishing management actions including water consumption performance targets, action plans, performance indicators and benchmarks, monitoring and analysis, as well as regular review and inspection mechanisms, AUO can materialize effective water resource management. Furthermore, we can increase our water utilization efficiency through reduction, substitution, or reutilization methods.

## Digital Transformation of Water Resource Management

After the water shortage risk scenario is discussed through the TCFD framework and an inventory of various plants' water consumption efficiency is conducted, AUO has applied the digital transformation technology to quickly establish a one-stop water intelligence center and platform during the severe drought between 2020 and 2021.

### Water forecast

weather information of various plants and Taiwan's weekly water forecast are gathered automatically through big data and keyword search to complete the daily water forecast.

### Preparation in advance

predict the plants' water supply early warning indicators and the remaining days of water restriction using the external rainfall and climate models as well as the water level of the nearby reservoir and its water intake/discharge volume. In terms of groundwater monitoring, the Water Resources Agency's "observation wells for monitoring of groundwater water level information" are used to predict the warning depth of wells and monitor the magnitude of decline to ensure sufficient water supply.

### Plant hydrographic chart

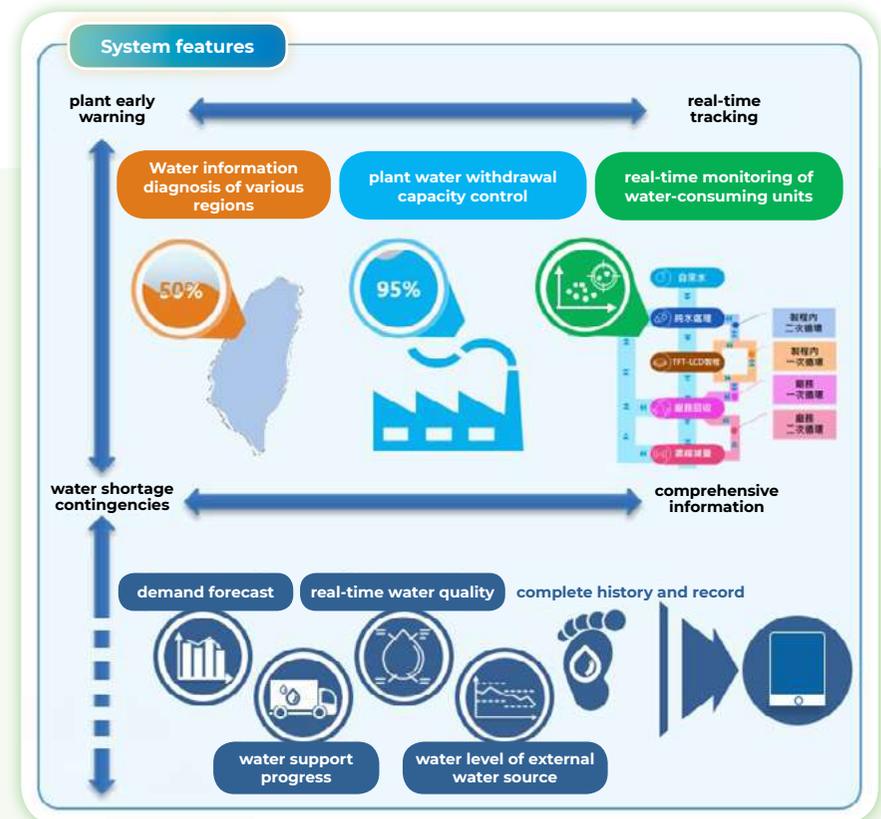
data from various plants are consolidated and visualized through the Plant Cyber Physical System (CPS) to monitor the water consumption efficiency of various equipment, track abnormalities and improve the PDCA cycle.

### Drought prevention action

When activated in an emergency, relevant instructions, forms, drill inspection forms, and other documents should be integrated into the drought prevention archive. Furthermore, when the water tankers are activated, the Global Positioning System (GPS) is used to monitor their position in real-time, while a portable water quality analyzer is used in conjunction with a tablet computer to feed back the water supply rate to the water information center in real-time.

## Introduction of ISO 46001 Water Resource Efficiency Management System

- 1 A systematic inventory of 23 water withdrawal loops throughout the plant, a review of water consumption by 21 departments and an analysis of 169 water-consuming units.**
- 2 A total of 49 solutions were selected based on the plant's major water consumption classification principle, accounting for 79% of annual water withdrawals.**
  - Principle 1 -The water-consuming unit belongs to the category of "annual water withdrawal rate of 80%" and "ranked among the 20% in terms of water resources efficiency performance improvement potential"
  - Principle 2 -The water-consuming unit belongs in the "opportunity for improvement" category
- 3 AUO has selected 22 water-saving action plans that have saved an estimated 254,536 tons of water annually**
- 4 After 2023, the certification will be expanded to AUO plants in northern and southern Taiwan**



# 3.3 Circular and Clean Production

## 3.3.1 Circular Management

### Organizational Operations and Strategy

AUO strives to promote green solutions and incorporate circular production into the 10 major CSR EPS goals of 2025. By upholding the spirit of SDG 12 "responsible production," AUO continues to expand the benefits of a circular economy in a bid to attain the goal of a 135% growth rate by 2025.

We formed the "Circular Economy Working Group" that operates across different departments via horizontal integration. Comprehensive tracking indicators have been formulated for the 3 major strategies of product, manufacturing, and supply chain. These include source reduction, product circularity certification, an increase in the recycling and reuse of materials, as well a reduction in waste generation during the production process. Furthermore, AUO has collaborated with our partners to recycle packaging materials, and develop reclaimed material technology and circular materials during the production process, thereby realizing AUO's commitments to the general public, co-exist with the environment and forging a value chain that generates more green opportunities.



### Management Outcome of Circular Production Goals

The goal of circular production is achieved through the design and sales of circular products, recycling of process raw materials, waste reduction technology, and green operations. Using 2017 as the base year, we have set a financial performance growth of 35%, a target we have exceeded with a growth rate of 86% in 2021.

#### Green Cycle

Continue to develop display products produced using reclaimed plastic materials for our clients to increase penetration. In 2021, AUO introduce 3 desktop display and one laptop display products, generating a total revenue of NT\$1.71 billion

#### Green Manufacturing

The value of raw material circulation used for green production is equivalent to NT\$4.96 billion, these include the recycling of photoresists, reduction of sludge waste, as well as water reclamation and reduction.

#### Green Supply Chain

AUO continued to recycle packaging materials and encouraged our clients and suppliers to do the same. In total, the value of recycled materials amounted to NT\$1.32 billion

### Circular Products – Ongoing Refinement and Expansion of Technology

After AUO became the first display panel manufacturer to receive the UL 3600 Circularity Certification (note) with the 24-inch monitor in 2020, we continued to review our circularity refinement using the UL certification indicator in 2021 and expand the circular product technology to our laptop displays. Moreover, we have focused on the 15.6-inch display to promote product circularity.

Besides renewable plastics, we have also optimized the circular utilization of other renewable materials. The glass of the monitor consists of cut, processed, and recycled glass material, while the backboard consists of galvanized steel sheets from waste steel material. Compared to the abovementioned 24-inch monitor, the ratio of renewable materials has risen from 1% to 9%, achieving a product circularity of 54% and plant circularity of 93%. Through the implementation of diverse solutions, AUO's combined corporate circularity has reached 74%. We will continue to challenge the goal in the hope of transforming the traditional linear economic model and realizing the effective reutilization of resources.



Note: UL 3600 Circularity Certification assesses a company's circularity based on the recyclable content of a product and recyclability, as well as data such as factory waste disposal status, etc.

## Green Manufacturing – Milestone of Chemical Circularity

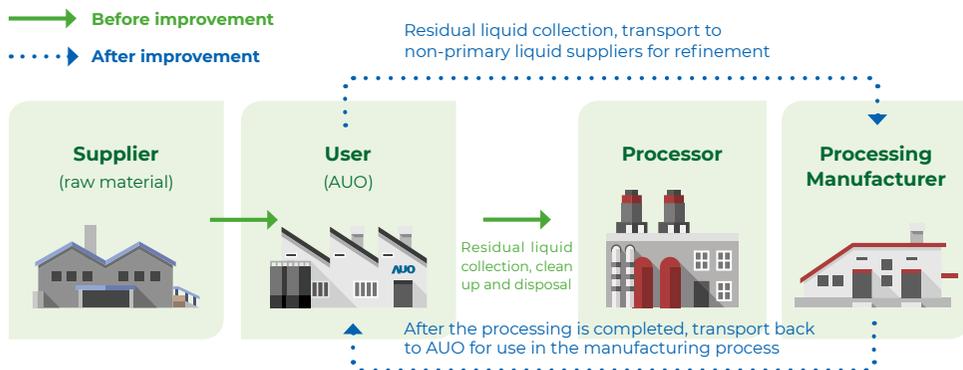
AUO continues to apply innovative process technology to minimize various types of waste and expand the application of internal circulation to the process. In terms of chemical waste management, we have used innovative equipment to develop a recycling process that lowers the consumption of chemical solutions and endow waste solution with new values

	2016	2017	2018	2019	2020	2021
<b>Recycling of copper etchant</b>	Introduction of copper purification by electrolysis to achieve zero waste solution production and turning cupric acid into high-value copper rods		Doubling the cupric acid processing volume (30CMD to 60CMD)			A total of 216 tons of copper rods was recycled
<b>Precision control of chemicals</b> Stripper Aluminum etchant					Introduced stripper consumption precision control solutions, decreasing the consumption of new solutions by 6%	Introduced aluminum etchant consumption precision control solutions, decreasing the consumption of new solutions by 5%, achieving the lowest volume of disposed solutions in history
<b>Reutilization of chemicals</b> Alignment fluid Liquid crystal NBA (Butyl acetate)	Introduced alignment fluid recycling to the 2 processes, achieving a reutilization rate of 10-13%  Introduced liquid crystal recycling to the 2 processes, achieving a reutilization rate of 0.8-2.4%		Introduced alignment fluid recycling to the advanced process, achieving a reutilization rate of 7.7%	Introduced liquid crystal recycling to the advanced process, achieving a reutilization rate of 0.8%	Recycling and reuse of NBA waste solution to replace the EBR (Edge Bead Removal), decreasing average consumption by 10%	Achieved a liquid crystal circular reuse ratio of 1%, equivalent to 650kg of reused liquid crystal

## Circular Production Case Study

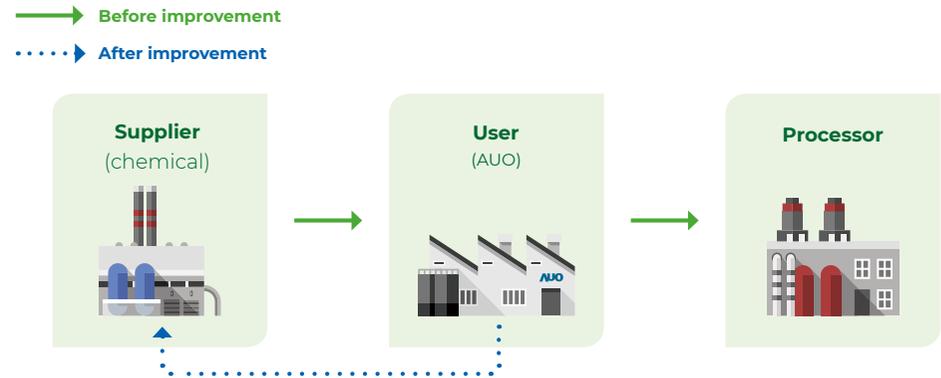
### Circulation and Use of Liquid Crystal

To accurately control the volume of liquid crystals dripped down during the LCD production process, accuracy calibration protocols are implemented before and during production. Liquid crystals used for calibration cannot be used for production, so generally, they are incinerated and disposed of by qualified contractors. Through technology transfer and a rigorous product verification process, AUO can reuse the liquid crystal. In 2021, AUO's liquid crystal reuse ratio was 0.9%, equivalent to approximately 750kg per year.



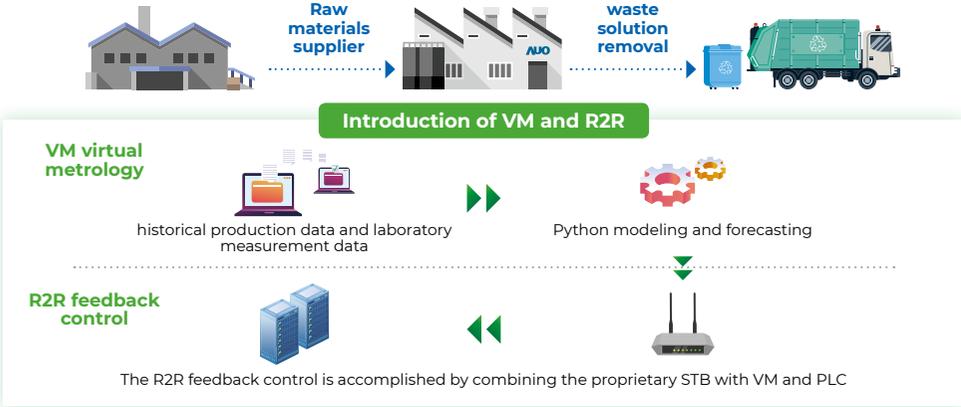
### Recycling of Empty Chemical Barrels

Since empty chemical barrels contain chemical residues, hence they are disposed of by qualified contractors after use. AUO upholds the spirit of reusing sustainable resources, so we have collaborated with our suppliers and applied rigorous product verification processes to make sure the empty solvent barrels are returned to our suppliers for refilling before they are delivered to AUO again. In 2021, the total weight of empty barrels re-used totaled 13.62 tons.



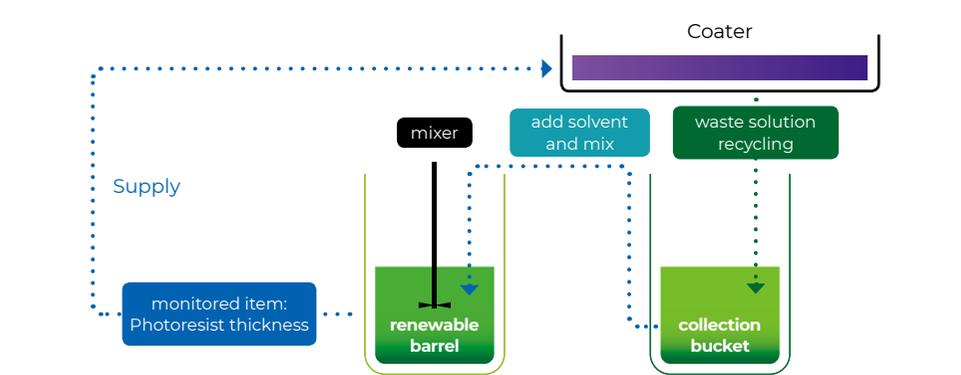
### Aluminum Etchant Consumption Precision Control Solutions

The performance and stability of the aluminum etchant during the display panel manufacturing process are dictated by the removal of the old solution and replenishing of the new solution. Previously, the old solution is removed, distilled and processed by our contractors, which consumes an enormous amount of energy and generates carbon emissions. In 2021, AUO introduced the aluminum etchant consumption precision control solution, which resulted in a reduction of 11% in aluminum etchant consumption compared to 2019, achieving the lowest volume of waste solution removal in history.



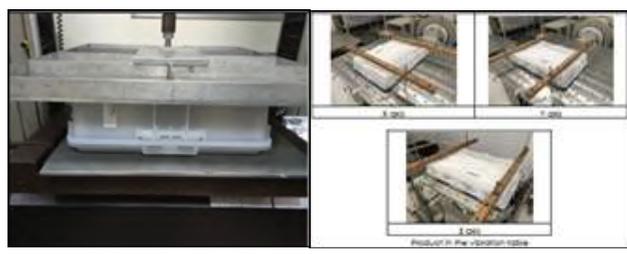
### Recycling and Reutilization of Photoresist Waste Solution

The photoresist is a light-sensitive material comprising resin, photosensitizer, solvent, and additives. The part of the AUO's positive photoresist exposed to light will dissolve during development, leaving the patterns that are not exposed to light to complete the transfer of the circuit design. Since the photoresist spinner determines the thickness of the photoresist for a process by spinning rapidly, most of the photoresist will be flung out by the high centrifugal force, hence unused photoresist waste solution will be generated. We recycle, process, filter, and reuse the photoresist waste solution in the plant to decrease the consumption of new solutions.



### Introduction of Polarizer Box

The polarizer is a key component of LCDs, where controlling the polarization direction of light changes the brightness of the LCD through an external electric field. Polarizers are susceptible to warping and damage due to high temperature, humidity and heavy pressure, hence they must be protected by packaging materials that in turn generate a large number of wastes. AUO and the suppliers have collaborated to introduce reusable container boxes designed for polarizers to replace packaging materials in order to reduce waste production. The boxes have passed shock, pressure, and tightness tests, and they do not affect the polarizers' quality and yield rate. In 2021, AUO decreased packaging materials by 268 tons.



### External Collaboration and Exchange

#### Circularity certification expert exchange meetings

AUO vigorously promotes green products and packaging using renewable materials. We have also assessed suitable renewability and circularity-related certifications to provide our customers and consumers with more objective alternatives in terms of green products. Focusing on global renewable materials-related certifications such as Recycled Content Validation (UL 2809), Global Recycled Standard (GRS) and Recycled Claim Standard (RCS), we have invited experts with relevant experience including UL (Taiwan) and Intertek Testing Services Taiwan Ltd. to discuss certification applications and the current conditions in industrial applications, hoping to attain more developments and breakthroughs in renewable materials applications.

### MOU on the Application of Industrial Plastic Recycling Materials

To promote the use of industrial plastic recycling materials, the Industrial Development Bureau, MOEA has invited representative businesses from relevant industries to sign an MOU. As a waste material generating manufacturer and a user of recycled materials, AUO has pro-actively participated in the signing of the MOU. In the future, we will join forces with like-minded partners in the value chain to expand the circular application of renewable plastics in an attempt to foster a circular economy while lowering the environmental burden at the same time.



MOU on the application of industrial plastic recycling materials (photo courtesy of: Industrial Development Bureau)

### Touch Taiwan Circular Economy Theme Exhibition

AUO has attended the Touch Taiwan 2021's inaugural "Circular Economy" themed exhibition, where we focused on the subject of "product life cycle transition" to demonstrate how we applied sophisticated, innovative technology to various components of the green cycle, thereby successfully elevating the performance of circular production and communicating new knowledge about the display panel industry's circular economy to the general public. Moreover, AUO has introduced our partners in the exhibition area to generate green cycle-related business opportunities. We are also keen to interact and exchange ideas with external networks, where AUO's Chief Sustainability Officer, Ms. Amy Ku shared AUO's practical experiences in the promotion of a circular economy, reaching a consensus, and diverse collaboration with our partners in the value chain.



## 3.3.2 Wastewater Management

AUO strives to realize sustainable management, minimize environmental burden, and keep forging ahead. We are also dedicated to source reduction and renewable resources. The refinement of wastewater management is carried out through the analysis of the wastewater generated by source chemicals, where the wastewater's characteristics are matched with corresponding improvement technologies to achieve internal circularity, re-use and minimize the burden of pollution associated with wastewater processing. For the latter stages, AUO has vigorously searched for reusable resource recycling technologies and contractors to materialize the spirit of a circular economy.



#### Houli site

#### Diversion is implemented at the source to increase the amount of wastewater recycled and reused

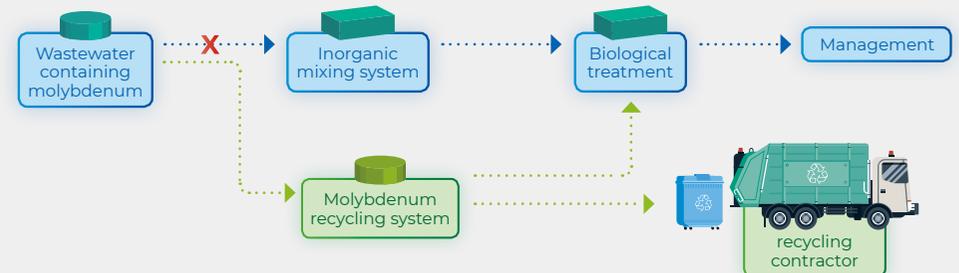
To increase the recycling rate of process water, the water quality of the organic wastewater is analyzed and low concentration organic wastewater is diverted at the source through modified piping, where the Membrane Bio-Reactor (MBR) and Reverse Osmosis (RO) are used to process the wastewater before it is discharged to the industrial water tank and reintroduced to the production process. This approach serves to decrease water consumption and wastewater discharge volume at the same time. The project has increased recycled water by 1,900CMD and reduced tap water consumption by 700,000tons/per, saving NTD9.03 million and NTD10,58 million in tap water and waste water management expenses, respectively.



#### Houli site

#### Recycling of molybdenum from wastewater

Depending on the wastewater's characteristics, wastewater containing molybdenum is introduced to the molybdenum recycling system, where resin is used to absorb molybdenum in the wastewater to decrease the chemicals used in the inorganic mixing system and the production of inorganic sludge. Every month, AUO recycles approximately 20 tons of molybdenum waste solution that is delivered to professional contractors to perform molybdenum recycling and reuse.

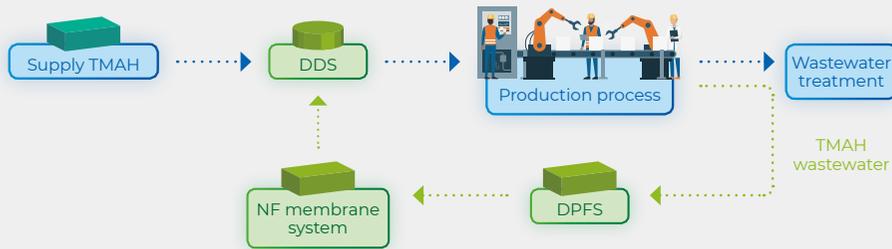




**Hwaya site**

**Introduced TMAH wastewater recycling system**

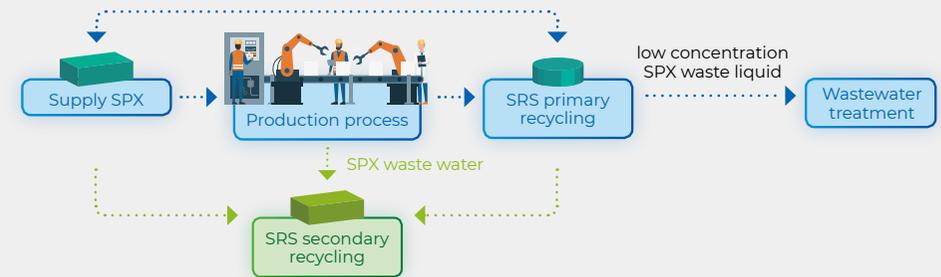
Tetramethylammonium hydroxide (TMAH) is introduced to the developer Purification Filtration System (DPFS) to recycle TMAH wastewater discharged during the production process. After the NF membrane filters out the impurities, the wastewater is recycled to the Developer Dilution System (DDS) to be used during the production process. Recycled 18 tons of TMAH/month, reducing ammonia nitrogen emissions from the wastewater by 24kg/day.



**Hwaya site**

**Introduced the secondary waste liquid recycling system for a photoresist stripper**

To increase the recycling volume of Stripper (SPX), the Stripper Recycle System (SRS) has been installed, where the highly concentrated primary SPX waste solution from the SRS is separated and combined with SPX waste solution from the collectors before they are recycled by the SRS for the second time and supplied to the relevant machines. Recycled 9.6 tons of SPX/month and reduced SPX waste solution discharged into the wastewater, lowering ammonia nitrogen emissions by 4.97kg/day.



### 3.3.3 Air Pollution Management

The main air pollutants of the optoelectronics industry are VOCs, acid gases, and alkaline gases. In terms of air pollution prevention, AUO has not only complied with relevant laws and regulations but also stipulated air pollutant reduction goals. Furthermore, 4 major dimensions including standardization, digitization, automation, and smartization are applied to refine our management approach.

To mitigate the burden of air pollution, Volatile Organic Compounds (VOCs) produced during the manufacturing process are collected via a closed system before being condensed with the zeolite rotor concentrators based on Best Available Control Technology. It is then introduced into the regenerative thermal oxidizer (RTO) for processing and discharging, while an automatic ongoing monitoring system is used to ensure the normal operation of the preventive equipment. Acid and alkaline gases enter the scrubbing tower separately to undergo neutralization treatment. By separating gases with different characteristics, AUO can apply adequate treatment equipment to lower air pollution's environmental impact.

**Standardization**

Updated air pollution prevention facilities  
Voluntary inspection of plant surroundings

**Digitization**

Developed a smart integrated management platform  
Plant surrounding environment detection data

Air quality automatic warning and push notification  
Real-time online monitoring of odors in the plants' surrounding environment

Introduction of smart chemical dosing system

**Automation**

**Smartization**





### Longtan site

### Installed 3-chamber RTO pollution control equipment

To enhance the VOCs' processing efficiency and further reduce air pollution, AUO has installed a 3-chamber RTO at our Longtan plant as part of the air pollution prevention facilities, improving the overall processing efficiency by 6% and achieving a removal rate of more than 95%, higher than that stipulated by the law. Also, we have decreased the emission of VOCs by 0.3 tons/year.



### Tainan site

### Installed zeolite rotor concentrator

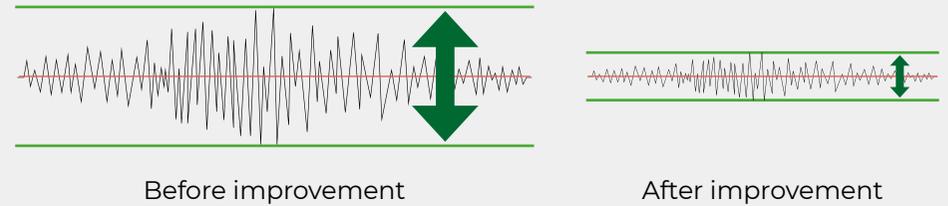
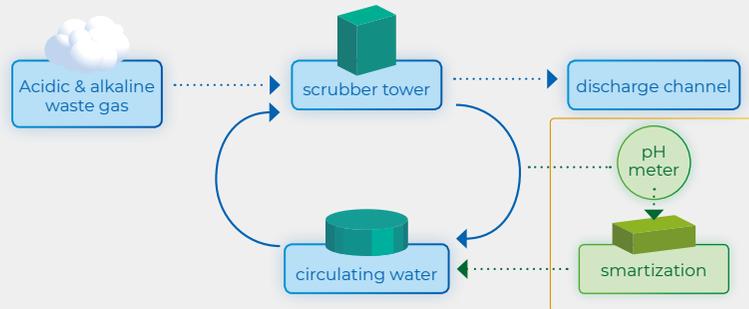
The removal rate of VOC prevention equipment at AUO's Tainan plant is roughly 93%, already higher than the legal requirement. However, AUO strives to ensure the efficiency and reliability of our pollution prevention facilities. In 2021, we have increased the overall efficiency by 2% after replacing the old equipment with new zeolite rotor concentrators, in turn decreasing VOC emissions by 1 tons/year.



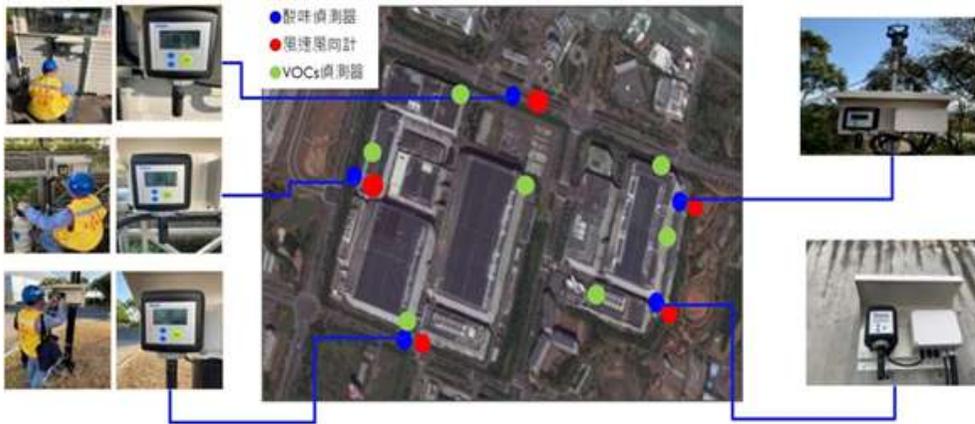
### Longke & Houli site

### Wet scrubber tower smart dosing

The pH reliability of the circulating water in the scrubber tower has a positive correlation with processing efficiency. We have gathered the pH value data log from the scrubber tower and introduced a smart dosing system to improve the pH reliability of the circulating water. Besides ensuring tail gas processing efficiency, we have also decreased sulfuric acid additive and sodium hydroxide additives by 6 tons/year and 9.8 tonnes/year, respectively.



## Plant Surrounding Odor Management



- Acid and VOCs detector and anemometer are installed in the plant's surroundings
- Established a smart integrated management platform that integrates data from the gas detectors, anemometer, and the government's Air Quality Index (AQI) to assess potential odor hot spots
- Abnormal alarms and the initiation of response protocols: When the ambient air quality is poor (AQI of 100) or when data from the detectors reach a critical value, the system will send a push notification to warn our colleagues to inspect the surroundings and initiate the response protocol

Stipulated self-management mechanism for odors in the plant's surrounding environment

### 3.3.4 Reuse of Waste

AUO upholds the thinking of waste total process management as well as the 3R principle of "reduce," "re-use" and "recycle" as our primary approach and waste disposal through incineration or landfill is considered the last resort. This is to ensure the efficient utilization of environmental resources. AUO has stipulated the 2 indicators of "total volume of un reusable waste" and "total volume of hazardous un reusable waste" to regularly review the company's improvement solutions in a bid to materialize a circular economy.

## Waste Management Total Process Platform

AUO has created the "waste management total process platform" in our plants to examine the relevant management risks from a total process perspective. Important management information is obtained in real-time from the information platform to ensure that the company's waste management risks are reduced to controllable levels.

### Waste Disposal Contractor Management

#### Monitoring of news media information

#### Obtain news about waste disposal contractors and the waste disposal market in real-time

- Automatically search for unusual waste-related news through a program (including waste disposal downstream service providers) to ascertain waste disposal-related risks on the market and devise contingency plans accordingly

#### Violation of regulations

#### Monitor the waste disposal contractors' violation of regulations in real-time

- Examine the waste disposal contractors' fine status using an automatic searching program to implement an intervention in advance to resolve problems that may cause business interruptions through audits and coaching

#### Real-time GPS tracking of waste disposal equipment

#### Real-time monitoring of waste disposal trajectory

- Connect with the EPA's Global Positioning System (GPS) Real-Time Tracking System to monitor the trajectory of high-risk waste disposal contractors. When the contractors' vehicle has made unexpected stops, we will intervene to understand what the problem is to prevent the risk of violating regulations from occurring.

#### Processing and reuse load factor

#### Monitor the load factor of processing and reuse contractors

- Monitor the contractors' monthly trend in terms of processed volume and accepted volume to confirm their normal operation

## Waste Management in Factory

### The volume of temporary waste solution storage in the plant

#### Monitor the waste solution production and temporary storage volume of various plants in real-time

- Monitor the level of temporary waste solution storage and warning mechanism for dispatching waste disposal vehicles to facilitate cleaning schedule planning

### Waste disposal contractor evaluation

#### Varying frequencies of on-site audits are carried out according to the risks of waste disposal contractors and corresponding management measures are implemented accordingly

- Guidance and improvement measures are implemented for high-risk contractors; collaborations with contractors unwilling to cooperate and make improvements will be temporarily suspended and those with serious offenses will have their contracts terminated. For low-risk contractors, the frequency of on-site audits will decrease and they will be included in the list of long-term partner contractors

### Waste disposal contractor contract management

#### Management of contract validity period

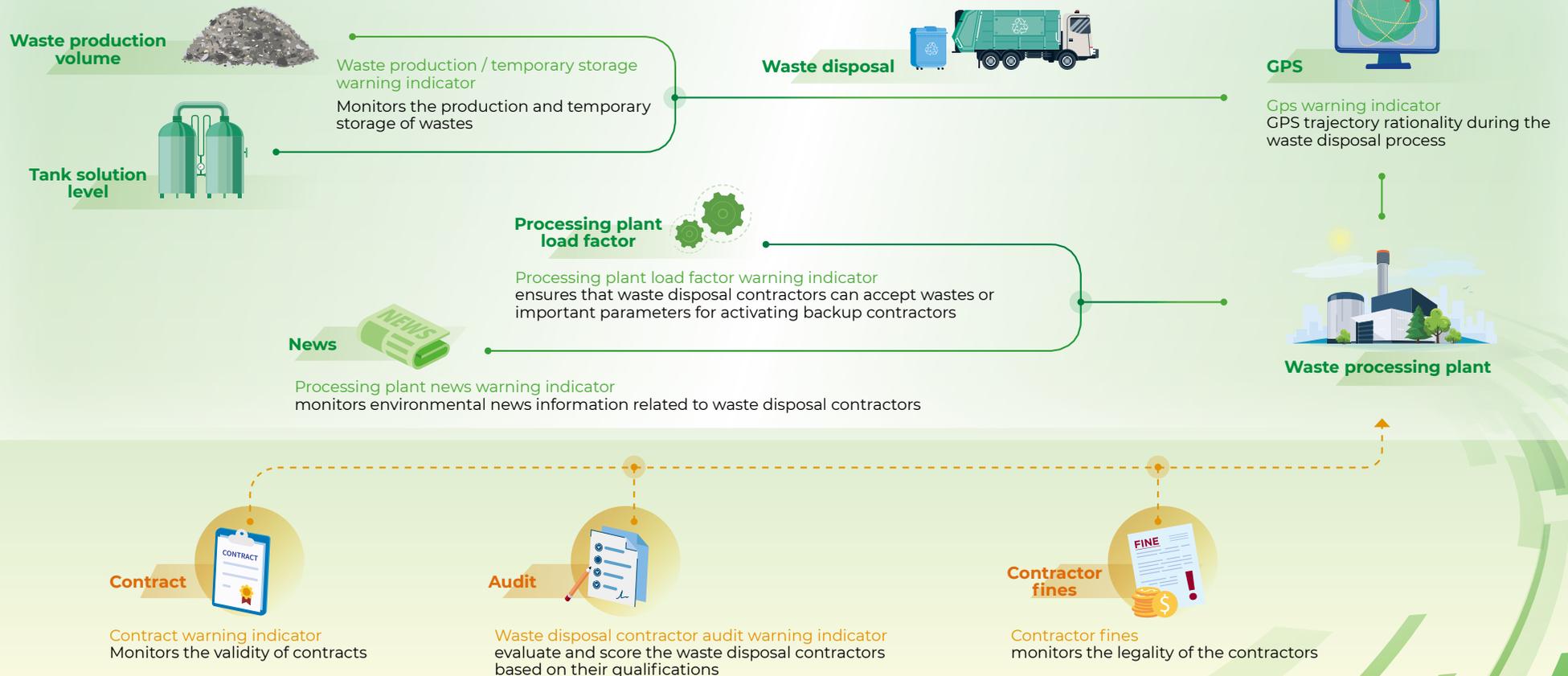
- Advanced warning of expiring waste disposal contracts and progress management

### Waste weight smart management

#### Smart waste weighing stations are established in various plants

- The smart unmanned weighing system has been installed inside the plants, adopting AI technology to replace manual labor. The weighing statistics are uploaded directly to the internal information system to prevent the risks associated with external weighing stations

## Waste Management Total Process



# Ch4 Inclusive Growth



- 4.1** Talent Attraction and Retention
- 4.2** Talent Development
- 4.3** Human Rights Protection
- 4.4** Health and Safety
- 4.5** Social engagement

# 4.1 Talent Attraction and Retention

## 4.1.1 Talent Distribution

### Global Recruitment Strategy

AUO has a total of 39,480 employees worldwide, with its presence in Asia, America, and Europe. In pursuit of an excellent enterprise with sustainable operation, AUO global recruitment strategy draws up a forward-looking recruitment plan based on the medium and long-term business operation strategies in the aspect of our own operations, new business, and key positions. Responding to the wave of digital transformation, AUO integrates hardware, software, cloud and service platforms in order to extend our core business to a variety of new smart fields. This has in turn spurred demand for "3A talent":

- **Advanced Technology:** Talent for R&D on pioneering display technologies
- **AIoT:** Talent for smart manufacturing and big data analytics
- **Application of fields:** Talent for software/firmware integration and development

🔍 For talent distribution information, please refer to Data Overview chapter

### New-Generation Recruitment Marketing Plan

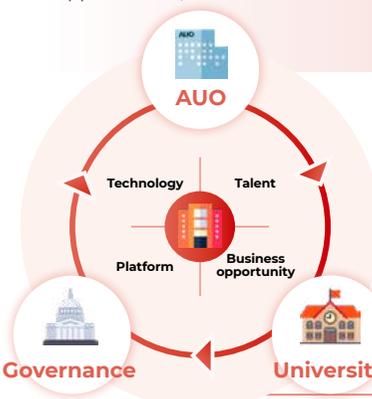
AUO makes adept use of diverse recruitment marketing channels to better communicate with the new generation of job seekers. In addition to organizing nearly 30 physical campus talent recruitment events, we also use online job banks, social media, video interviews and online information meetings, to break down the time and space barriers for direct communication with job seekers. AUO uses the "mixed" recruitment model to meet the needs of diverse job seekers while enhancing the attractiveness of our employer brand.

### Mixed Work Model

In order to create a diverse and flexible corporate culture and promote the work-life balance of employees, AUO breaks space and time barriers and plans a "Mixed Work Model" to provide employees with options for "Telecommuting" and "Flexible working hours". Since Q3 of 2021, we have communicated with the heads of various units to understand their needs and considerations, and will invite about 2,700 employees in Q4 to participate in the trial implementation. Among them, over 91% of employees expressed after the trial implementation that this work model has indeed improved the flexibility of corporate culture and employees' work-life balance, and suggested that it can be implemented on a regular basis in the future. Therefore, AUO will fully implement Mixed Work Model in 2022, to strengthen the attraction to diverse talents by creating an environment suitable for global employees to work together and a more flexible organizational culture.

### 2021 AUO Industry-academia Cooperation

- **Co-operative Schools:** Sixteen schools including National Taiwan University, National Yang Ming Chiao Tung University, National Tsing Hua University, National Cheng Kung University, National Taipei University of Technology, etc.,
- **Cooperation Cases:** 38
- **Amount invested:** Near NTD 40 million
- **Cooperation Direction:** Advanced Display, Digital Transformation and Field Business Opportunities, etc.



AUO continues to conduct industry-university-technical cooperation with many domestic universities through multiple co-operative programs, to help students connect with the industry and improve their employability. AUO also established an Industry-University Center in 2019, to form an in-depth alliance with the government and academia sectors, for the introduction of external techniques, talent and opportunities through a systematic framework, to provide students with the chance to take part in actual projects.

### Youth Cultivation

AUO offers a range of different career experience events to attract young talent, including "A+ Seed Summer Internship", "Smart Manufacturing Semester Internship" and "In-Semester Technician Internship". The events not only help students build up industry experience and contacts but also turn them into AUO's campus spokespeople to become the source of future talent pool.

#### A+ Internship

The AUO A+ Internship has entered its 18th session and has cultivated more than 1,100 outstanding students. In 2021, under the premise of ensuring epidemic prevention and safety, students will complete projects and publish their results online and physical "Mixed Work" Model, and present their outstanding results to external professors and AUO colleagues. Outstanding performance students will also receive pre-offer to achieve employment upon graduation.

#### Smart Manufacturing Semester Internship

AUO continues to expand the cultivation of smart manufacturing talents. Since 2019, the "Semester" internship has been designed in conjunction with the academic system, so that students can receive credits and accumulate practical experience at the same time. In 2021, without being affected by the epidemic, 28 project internship opportunities were provided, with the provision of related hardware facilities, remote work internships and online results presentations, for the projects of interns can get guidance and feedback from internal and external experts.

### AUO National Taiwan University Joint R&D Center

AUO and National Taiwan University jointly established the "AUO National Taiwan University Joint R&D Center" which was unveiled in May, 2021. AUO has contributed more than NTD 30 million in R&D funds to support medium and long-term large-scale industry-academia cooperation projects, jointly focusing on three major fields of advanced display technology, sensing technology, AIoT and field application.



### AUO Lecture Hall

The AUO Lecture Hall - Smart Classroom, jointly built by AUO and National Tsing Hua University was completed in December 2021. The AUO Lecture Hall provides an innovative learning environment with intelligent interaction, and uses digital technology to enhance the quality of interactive teaching, to help teachers and students to gain a better learning experience. In addition to providing campus smart fields to develop innovative teaching applications and cultivate multiple talents, it also achieves a win-win partnership between enterprises, schools and students.



### Talent Cultivation Scholarship Program

Set up the "Talent Cultivation Scholarship Program" and guarantee employment upon graduation. Scholarships have been provided to outstanding students every year. Since 2015, a total of 26 students have been awarded, including 11 doctoral students and 15 master's students, to help reduce their financial burden during school and allow students to concentrate more on their studies.



## "GOLF Program" for University-Industry Transition

The Gap of Learning & Field (GOLF) alliance, co-founded by AUO, Compal, and Wistron, has attracted more than 38 partner companies and 48 university allies to join. GOLF integrates the extensive training resources and internship resources of the participating companies, to provide over 200 e-learning courses and more than 1000 internship job openings, to promote the connection of university education with industry demand for talents, and combine the power of businesses and schools, to inspire companies from other fields to join in the endeavor. This will pioneer an innovative model of bilateral connection between industry and university for resource sharing.

In order to continuously promote the sustainable operation with industry and academic integration,

in 2020, the GOLF Alliance Corp. was officially registered, and established the Board of Directors and Supervisors for sustainable operation. In 2021, the Industrial Digital College and the College of Information and Communication Industry were developed to provide type of courses in hardware, software and trend applications. Among them, the College of Optoelectronics Industry introduces the topics of smart medical care and smart entertainment that combined display technology with field applications in detail; the College of Semiconductor Industry brings contents of Introduction to Industry, Introduction to Industrial Processes, Professional Functions, etc., through solid digital college courses, to assist students learning the first-hand practical knowledge of the technology industry, and gradually practice the vision of the GOLF Alliance to help students connect with the industry in advance.

### E-Learning

Designed more than 200 industrial knowledge courses and workplace cross-domain general knowledge courses with both soft and hard power. The learning platform has 5,016 students registered accounts.

Established 3 industrial digital colleges "Information and Communication Industry College", "Optoelectronics Industry College", "Semiconductor Industry College" to help students acquire first-hand practical knowledge of the technology industry.

### Course Topics

**The GOLF learning roadmap constructs soft power in the workplace, cross-disciplinary learning, and industry expertise:**

1. Soft power in the workplace guides students to respond and express in the workplace with topics of job interviews, job function exploration, and general legal knowledge.
2. Cross-Disciplinary Learning covers digital application capabilities of artificial intelligence, cloud computing, data analysis, and programming.
3. Industry Expertise is for the Enterprise Digital College to provide online knowledge learning, offline study practice and industrial field internship opportunities.

### Campus Lectures

Organized 4 GOLF campus lectures and 3 online live broadcast chat, invited GOLF alliance companies to share the industry trends and workplace experience face-to-face.

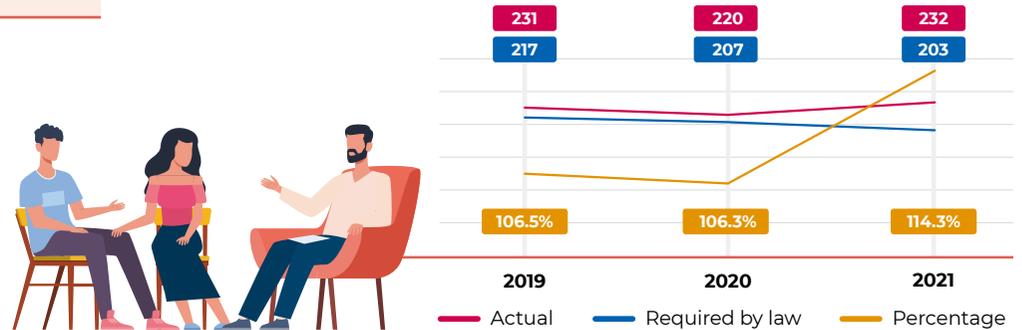


## 4.1.2 Diversity and Inclusion

Aiming at the global multinational employees, we are committed to create a multi-faceted working environment of equality, integration, and development, not because of differences in gender, race, language, religion, etc., to affect their employment, remuneration and promotion opportunities, to create an open and inclusive atmosphere, so as to promote respect for differences among employees, learn together, strengthen team cohesion, and become the driving force of AUO's continuous progress.

## Female Careers Development

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



## Recruitment and Counseling of Disabled Employees

AUO has been actively involved in the planning of hiring disabled people since 2008, and has continued to provide employment opportunities for the disabled people, and has continued to exceed the quota in hiring the disabled employees for five consecutive years. When the epidemic is the most severe, AUO still actively conducts internal job post inspections, and through job redesign, creates jobs that are suitable for disabled people to bring their talent into full play, and provides a stage to present themselves, with a total of 232 people were hired in 2021. However, due to the consideration of epidemic situation, AUO has suspended the massage service of self-employed visually impaired massage therapists, but still follows the spirit of caring for employees, provides them with paid vacations, and conducts regular contact and care to support their mental health during the epidemic.



## Care for Filipino Employees

AUO has about 2,000 Filipino employees. Upholding to the persistence in caring for employees, AUO has created an exclusive "Golden Triangle of Lifestyle Support" to provide Filipino employees with comprehensive care in terms of lifestyle, health and psychology, and to help Filipino employees settle into their work during the epidemic, and maintain physical and mental health.

### Life Care

Filipino colleagues need to make many adaptations to live in Taiwan; therefore, AUO provides bilingual personnel services in the dormitory with native Filipino and English speakers, creating a channel for unhindered communication. Relieve the homesickness of employees through meals prepared by Filipino shops and Filipino chefs. However, during the period when it was impossible to return to the Philippines due to the epidemic, AUO also provides a series of cloud-based events, such as guessing lantern riddles, game competition arena, online karaoke competitions, etc., to enrich the life of epidemic prevention in Taiwan.

### Inclusive Culture

In order to promote mutual understanding between local and foreign employees, AUO has established a two-way cultural exchange platform and activities. Such as: Philippines Cultural Festival, traditional Chinese festivals, allowing Taiwanese and Filipino employees to experience each other's culture; also holding sports events, fun competitions, etc., to enhance the tacit understanding and friendship between Taiwanese and Filipino employees. During the time of severe epidemic, Filipino employees took the initiative to become "Epidemic Prevention Ambassadors" to assist in the filming of epidemic prevention videos, from the concept of epidemic prevention, sharing new life in epidemic prevention to sticking out for Taiwan's epidemic prevention support wholeheartedly by all people on the island, and jointly guard the health of each other.



### Health Care

In order to strengthen the health care of foreign employees, AUO constructs correct concepts through topical work safety and health education promotion (such as epidemic prevention, transportation, and drugs). There are also special car and accompany services for medical treatment routinely to ensure the completeness and follow-up of doctor's advice. During the epidemic, AUO provides extra "Cooperative Epidemic Prevention Bonus" to encourage foreign employees to abide by the epidemic prevention regulations, and achieved the result that AUO has zero confirmed cases throughout the year.

### No-fees Recruitment Policy

AUO pays all relevant expenses for foreign employees in full before joining the Company, to avoid the expense of entry into Taiwan becoming an economic pressure for foreign employees before applying for the job. AUO will also pay for all expenses related to epidemic prevention (such as PCR testing, quarantine, transportation, protective gears, etc.) for foreign employees who join during the epidemic. For foreign employees at the end of their service term, AUO also pay for the cost of PCR testing before departure, in addition to the full cost of airfare, so that employees can return to their country to join with their families in a healthy state without worries back at home.

## Human Rights and Employment Protection

1. No-fees recruitment policy: AUO will pay for overseas entry and domestic receiving, including domestic processing fees (agent fees, regular medical examinations, and documentation fees)
2. No expenses upon departure at the end of service term: airfare and PCR quarantine related expenses are paid by AUO
3. Domestic receiving with strengthening of epidemic prevention: zero-contact online interview

## Life Care

1. Smooth communication channels: English and native language bilingual dormitory staff; full-time service line, social media
2. Medical assistance: special car and personal assistance for medical treatment, health consultation of nurses and physicians
3. Local shopping and food and drink needs: Filipino shops, Filipino meals
4. Regular at site intimate service: cross-border remittance and parcel delivery
5. Multiple leisure space settings: prayer room, recreation room, gym, social room, community activity space (cooking classroom, group practice room, aerobic dance classroom, etc.)
6. Intelligent employee experience: big and small matters of accommodation, room repairs, information push broadcasts, and package receiving are handed over to the housekeeping APP
7. Safe accommodation environment: annual dormitory evacuation drill, electrical appliance safety inspection, regular disinfection
8. Listen to the sentiments of employees: annual satisfaction surveys (restaurants, dormitories, shuttle bus)
9. Advocacy of laws and regulation against public safety (traffic, anti-drug, drunk driving)

## Health Care

1. Health care activities: vision care, weight loss activities, blood pressure measurement for all employees, health lectures, free flu vaccine administration
2. Special physical examination: female health examination (hysteroscopy, breast ultrasound), special work physical examination
3. Work safety: themed work safety publicity every month

## Epidemic Prevention (2020~2021)

1. Epidemic prevention information is not missed: Epidemic Express, dormitory broadcast, community announcement posting
2. Advance deployment of epidemic prevention management: preparation of self-quarantine resources, reduction of people in the room
3. Video recording of epidemic prevention ambassadors: Subject matters including publicity of epidemic prevention measures, daily life in the post-epidemic era, epidemic prevention and support wholeheartedly by all people on the island, encouragement of vaccine administration, etc.
4. Practice laws and regulations for employer guidelines: segregation (housing separation), flow control (orange/green moving line), real-name system (resting area, dining area, dormitory public space)
5. Employee epidemic prevention management: rapid testing for all employees, periodic rapid testing, travel management to control the trace of personnel, assistance in vaccine administration
6. Epidemic prevention management of front-line management staff: periodic rapid testing
7. Epidemic prevention support: collaborative epidemic prevention bonus, online entertainment activities, online Mass, shopping service, electronic shopping money, necessary travel vehicle dispatch service

## Learning & Training

1. Pass professional licenses: work-related skills such as cranes, hoisting, etc.
2. Language learning: Chinese and English courses and pass examinations to improve the communication skills required for work and life
3. External competition: Municipal Government Excellent Migrant Workers Selection
4. Advanced job development: Provide job promotion and development opportunities

## Agency Management

1. Annual agency evaluation and regular audit to ensure the quality of the agency



## 4.1.3 Remuneration and Benefits

### Global Remuneration and Benefits

AUO believes firmly that employees are the greatest asset of a company, and provides multiple and competitive remuneration and career development opportunities. Salary of worldwide operating sites is determined based on the employees' educational background, previous work experience, professional knowledge and skills, years of professional experience of employees, and there are no differences due to gender, ethnicity, nationality, religion, age, physical disability, political stance, marital status, or union membership. In order to ensure market competitiveness, AUO takes part in annual international market salary surveys, and adjust the salary based on the job market and individual performance. The average standard salary of rank and file employees is at least 1.3 times higher than the legal minimum salary.

Affected by the epidemic in 2021, AUO will provide relevant leave for epidemic prevention and vaccination according to the law, and at the same time, in response to the needs of epidemic prevention, AUO has established relevant epidemic prevention support packages and incentive mechanisms including flexible office locations or collaborative epidemic prevention bonuses. The overall reward is based on the Company's operation, team and individual performance, and flexibly designs various short and long term reward and incentive programs responding to different positions accordingly, to share profit and surplus with employees. On the other hand, in order to create a more flexible corporate culture and increase organizational resilience and talent attraction, a mixed work model was proposed in 2021, to improve employees' work efficiency and innovation, and achieve work-life balance.

## Group Insurance

In addition to the statutory social insurance provided by each operating site, comprehensive group insurance is also offered in Taiwan and China area to provide life, accident, medical and cancer coverage at preferential rates. The coverage includes the employee's family, so that the family dependents can also have complete care, even while on unpaid leave. Dedicated insurance plans are also provided for employees on business trips or stationed overseas.

In order to provide employees with more complete protection, AUO provides free COVID-19 vaccine insurance for employees in Taiwan, and provide free COVID-19 confirmed case medical insurance for employees who need to travel to and from high-risk areas. Besides, experts pointed out that the epidemic may become flu-like in the future. From 2022 onwards, we plan in advance to provide statutory infectious disease medical insurance for Taiwan employees at public expense, extend the coverage to family members, and provide employees with the highest quality and complete protection at preferential rates.

In response to the Company's carbon reduction action, employees are encouraged to take public transportation when going out. In addition to general accident insurance, employees and their family members are also provided to choose to join extra public accident insurance, to ensure that they can have a more substantial backing when taking public transportation.

## Performance Management System

The Performance Management System is core to talent development and management as well as compensation design and planning. To ensure the effectiveness of goal setting, AUO uses Management by Objectives to connect the Company's overall strategic goals with the Key Performance Indicators (KPI) of each employee, and arrange in pair with the Performance Appraisal System, to practice the performance management cycle. We emphasize not only the achievement of key goals, but also pay attention to employee performance and timely management feedback, and take the management and peer feedback into account to conduct evaluations at the same time. A "Personal Development Plan" is drawn up jointly by the management and employees each year based on the outcome of the performance evaluation as well as the employee's career development requirements, for the employees to develop their talents and do their best. AUO respects the diversity and differences among employees all over the world and specifies the equal Performance Management System and Appraisal Procedures. In 2020, 100% of the global formal employees completed the performance management appraisal.



**Implement daily management every day, to enhance two-way and instant communication between the employees and management.**



### Performance appraisal percentage



## Total Care for Expatriates

In order to take care of expatriate employees around the world, AUO has formulated the AUO Expatriate Allowance and Benefits Regulations, and reviews the applicability of the Regulations and the rationality of the allowance every year to make sure they are in line with market standards. In addition to having the benefits of medical examination before expatriate, AUO also encourages family members to take on the job, and provides with a high level of comprehensive group insurance, 24-hour International SOS overseas and monthly regular health education newsletters, to enhance the health education of expatriates, with a total of 5 expatriates received the assistance in 2021. We not only provide basic allowances for expatriates, also provide children's education allowances, to support their schooling overseas. We also have an expatriate return mechanism, for the expatriates to receive reminders ahead of their scheduled return, for the head office, their current and future supervisors jointly plan for the career development after the employee's return.

In response to the COVID-19 pandemic, employees can now use a digital device to access the International SOS global protection system to automatically detect the location, and receive the latest epidemic alerts based on their location. Operating in coordination with the epidemic prevention policy, we adjust the management and response measures in a rolling manner, to provide employees with the most appropriate care, not only subsidize the cost of quarantine accommodation and related testing during the return to Taiwan, but also ensure the health and moving safety of our employees; during the quarantine period, the daily care and support system is also set up by the Wellness Center to look after the needs of employees' mental health and to provide immediate assistance.

## Pension Scheme

AUO has set up the "Employee Pension Regulation", and contributed towards relevant social security premiums including labor pension, medical care, senior pension and so forth as legally stipulated at each operating location for every employee. For the Taiwan sites, AUO established the "Retirement Fund Supervisory and Management Committee" as required by law, to oversee pension management and retirement procedures. Under the old system, businesses are required to make monthly deposits equivalent to 2% of the monthly wages of eligible employees into an employees' retirement reserve fund accounts in the Bank of Taiwan. The reserve currently amounted to approximately NTD 300 million. Withdrawals/deposits are controlled by the employer with no employee involvement. We also appoint actuaries to compile an actuarial report every year to ensure that the reserve is adequate to meet pension obligations. With the launch of the new pension system, the Company will deposit 6% of the employees' monthly salary into the employees' personal pension accounts in accordance with their pension interval. In addition to fixed deposits by the Company, employees can also choose to deposit any amount within 6% of their monthly salary to their designated account for tax exemption.

When an employee has met the requirements for legal retirement, he/she may submit a retirement application and opt to collect his/her pension under the old pension system (if he/she is eligible) once the process has been completed. Not only that, pensions in their designated account can also be accessed once they reach the age of 60. In 2020, 18 employees in Taiwan applied for retirement and collected NTD 10 million in pensions under the old system.

For explanation of pension-related data, please refer to the Data Overview chapter

## 4.1.4 Enjoyable Workplace

### Labor Management Relations

AUO has labor unions in Suzhou, Xiamen, and Singapore. In Taiwan, the "Labor-Management Conference Procedure" has been formulated based on Article 83 of the Labor Standards Act and policies announced by the Ministry of Interior to ensure that labor-management conferences are held on a regular basis at each plant for negotiation and discussion of labor-related issues. The Labor-management Conference is attended by the representatives if both labor and management sides, among them; the representatives on the labor side are elected by all workers for a 4-year term and can be re-elected. The Labor-management Conference is held once every three months. There are currently 5 management representatives with 5 labor representatives from Headquarters and each site, with a total of 45 representatives.

All employees can make recommendations to the Company through their representatives. Quarterly labor-management conferences provide labor representatives with a clear picture of the Company's latest important operation situation, manpower situation, and labor-related communication issues. The conferences help building a harmonious labor-management relationship and mutual cooperation.



### Welfare Committee

AUO Taiwan has established the AUO Welfare Committee in accordance with the law. Regular meetings are held every month to decide on welfare policies and plan various activities, and subsequently implemented and promoted by the AUO Welfare Committee.

In addition to festivity gift money and travel subsidies, the benefits designed by the AUO Welfare Committee include the changes in the employee's career roles and unexpected situations or accidents that may occur in life, including childbirth, marriage, funeral, and emergency assistance, etc. As most AUO employees are married and have children, the Welfare Committee has provided child care allowance every year for the employee who raises children age between 2 and 6 with NTD 2,000 per year since 2020. For sports and recreation, the needs of employees from different sites and age groups are fully met through club activities, partner merchants and sports seasons.

#### Annual personal subsidy

- Spring Festival gift money
- Travel reward points
- Dragon Boat Festival gift money
- Mid-Autumn Festival gift money

Thank you on every important festival

#### Festivity subsidy

- Wedding subsidy
- Childbirth subsidy
- Childcare subsidy

Bless you when your life role changes

#### Accident condolences

- Hospitalization condolences
- Occupational injury condolences
- Funeral condolences

Accompany you when you feel miserable due to accident

## Parental Care and Unpaid Leave

AUO is committed to promote a balance between life and work to provide a friendly workplace environment where employees are treated with care and gender equality. For employees with at least 6 months of service may apply for leave without pay for parental care. Leave without pay can also be applied when there is a demand for military service, serious injury/illness, caring for a relative of first-degree or personal reasons. AUO will take the initiative to contact the employees 90 days before the end of Unpaid Leave to check on how they have fared while arranging for them to return to their original unit and position. Upon employees' return, related training courses will be provided upon reinstatement to help employees settle back into their work. The reinstatement after unpaid leave rate in 2021 was 85%.

For explanation of leave without pay data, please refer to the Data Overview chapter



Subsidy Item	Number of Subsidies	Amount of Subsidy (NTD)
Childbirth subsidy	779	3,469,610
Childcare subsidy	3,576	5,609,000
Funeral condolences	1,827	1,865,408
Wedding subsidy	402	1,661,408
Emergency assistance	54	1,858,517
Hospitalization condolences	436	1,483,320

## Smooth Communication Channels

AUO actively cultivates constructive employee relations. Employee can respond any opinions through a variety of open and constructive channels of communication. The case closure rate in 2021 was 100%. Employee relations specialists are also available at each site, to conduct random telephone surveys to care for the physical and mental health of employees.

For the statistical data on each type of communication channel, please refer to Data Overview chapter

### Executive Town Hall

- Junior managers regularly invited to a relaxed tea party with the President and Vice Presidents of different business groups and manufacturing departments.
- Topics discussed include "Strategic Planning", "Company Operations", "Departmental Management", and "Human Resources."

Affected by the epidemic in 2021, 6 sessions

### Employee Care Interview

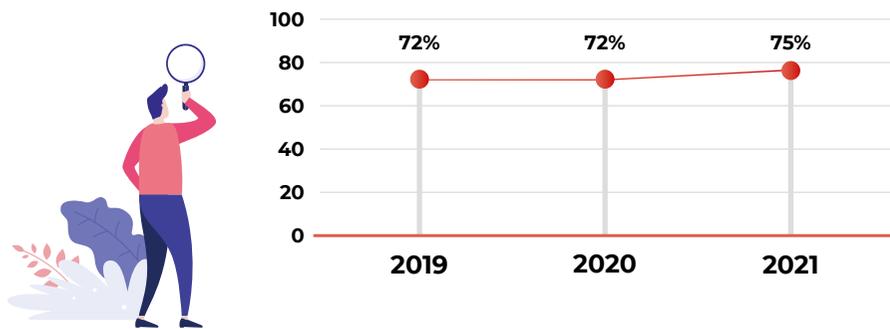
- Preliminary testing with Q12 Employee Engagement Survey
- Observing the atmosphere of the organization through the Q12 survey results, and conducting qualitative interviews with employees at random to understand the sentiments of employees

Affected by the epidemic, it is scheduled to be held in February 2022

## Q12 Employee Engagement Survey

In order to create a friendly working environment and boost employee identification, AUO applies the comprehensive indicators of the "Q12 Employee Engagement Survey" to monitor the organizational atmosphere every six months and track the sentiments of employees. In 2021, the sample of more than 11,900 employees in the Taiwan sites with coverage rate of nearly 60%. The average approval rate of employees in the four aspects of basic needs, management support, teamwork, and learning growth reached 75%. In addition, 4 more engagement survey categories were added to investigate the net promoter score (NPS) of employees, such as recommending companies to external parties and understanding the employer's brand temperature. Up to 83% of employees are enthusiastic about their work and willing to go all out.

In 2021, the working mode was changed due to the epidemic, and a new subject of mixed work model was added. 88% of employees approve with the Company's management supporting measures. By understanding the sentiments of employees, we regularly provide sites and units, combined with trends of attention and weak-performing units to strengthen the countermeasures, such as employee experience, education and training, departmental communications, etc., and regularly tracking, to serve as the reference for optimizing organizational management and the company's human resources policy indicators.



## Friendly Workplace Practices

AUO upholds the spirit of "people-oriented", and regards "Employee Happiness" as an important corporate commitment, and strives to create a workplace where employees can develop individual values and create overall benefits. We firmly believe that only workers with a sense of happiness can give full play to their talents, so as to achieve harmonious organizational happiness.



## Two-way Commitment, Promote a Common Good Cycle

The foundation of a happy workplace is based on the positive cycle of "Common Good", the key lies in the Company's emphasis on "two-way commitment" with employees. AUO has established a stable and harmonious support environment, and corporate values worth following so that employees can give full play to their ability, make meaningful contributions, and create higher overall value for the company. This sense of mission to jointly achieve overall benefits is AUO's "Common Good" happiness.

## LOHAS 5-Star Happiness +

The foundation of a happy workplace is to create an environment where employees can work with peace of mind and take care of their physical and mental health. AUO develops four major measures from five aspects: Lifestyle, Office, Health, Activity and System, to create a happy experience for employees suitable for their entire careers.

### Lifestyle Passion x Determination : AUO Life Banquet Lifestyle

The theme of 2021 echoes the most popular topic of "social innovation" in recent years with "good intentions bring good new ideas", and integrates the four major themes of Contemporary Arts, Cultural Heritage Preservation, Social Care and Think Big" to introduce social innovation in the cultural field.

### Contemporary Arts: Matthew Wong - Music takes me on a journey

Affected by the epidemic, the contemporary arts theme which was originally mainly live performances, now changed to pass on the five senses experience of arts in the form of podcasts, and invited the social enterprise "Studio in Black" Collaborative Art Director Matthew Wong as the host and co-planner of the podcast.



### Cultural Preservation: Wen-Chang Tseng - The renaissance of iron windows

For the first time, the "Cultural Preservation" Lecture is on the AUOTube corporate internal audio-visual platform, and invited Wen-Chang Tseng, a worker who has only devoted himself to ironwork in his entire life, as special guest, and Dr. Frank Ko, the President of AUO, as the host.



## Social Care: NGO x Women's Social Innovation

### Old Shoes Save Lives - Yu-Jen Yang

Through an in-depth interview with the host Matthew Wong, this salon banquet is also paired with the "Old Shoes Save Lives" fund-raising event in the site, for the employees to learn more about the Yu-Jen Yang's growth along the way in dedicating to public welfare not just "old shoes save lives", beyond donating materials.

### Give a New Life to Leftovers - Yin-Hsuan Huang

Introduced by Amy Ku, the CSO of AUO, Yin-Hsuan Huang, the founder of Pick Food Up Ecological Kitchen, uses leftover food and off-grade products as ingredients, not only simply to save food, but also to use delicious food to make consumers agree with sustainable diet, so that people can reconnect the relationship between diet and the natural environment.

### Zero Waste Fashion - Kuan Chen

Kuan Chen is the founder of the Zero Waste Fashion brand Story wear, with implementation of Upcycle Design with Social Impact, to call on the second career women and mothers with cerebral palsy to engage in production, to form a sustainable fashion work base.

### Think Big: Audrey Tang - The social innovation impact in the digital age

The Minister without Portfolio Tang Feng brought the only physical lecture this year for the 2021 Life Banquet, attracting nearly 600 employees from various sites to participate on line.



### Office Digital x Services : Online Special Sales Event

The festival-themed special sales event is the most popular with employees every year. Affected by the epidemic, it cannot be held in physical form, but the pace of creating a festive atmosphere and providing discounted products for employees is still non-stop. Through the online shopping platform, we continue to provide our employees with the purchase channel of seasonal fruits, for employees to choose the gift box they like. AUO continues the influence of Buying Power, providing employees with a wide range of social enterprise and social creation products from agricultural products to aquatic products, and continues to create a atmosphere of responsible consumption through a non-contact online Chinese New Year's Shopping Street.



### Health Health x Vitality : Site Fitness Center

The sporting venues of the "Fitness Center" at each site were made available to employees and their families, and bring in certified professional coaches of physical fitness and first aiders to station in the site, to provide complete facilities and resources. In 2021, the principle of opening the venues has been adjusted in response to the developments of epidemic prevention, to hold fast the highest alert of epidemic prevention, and the equipment utilization rate was about 42.5%.

### Activity Activity x Experience : AUO Sports Season

For the first time, the sports season has been transformed into an all-online mode, in order to create an innovative sports experience, make sports fun, and add interest to life; sports can be done anytime and anywhere through the mobile APP. For the three month series of events with four themes, a total of 8,504 people participated.

The warm-up competition first started in July, focusing on adults and children exercising together at home during the summer vacation, and launched the "Parent-Child Exercise Photo" challenge, so that employees can exercise with their children at home. The "All-Around Games" was held in September, including online marathons, kinetic game competitions, online gyms, and super golden minds. During the event, connect the strength of club and film the promotion video, to drive the internal sports atmosphere through the promotion and calling of the sports ambassadors and attract the enthusiastic participation of employees.



Combining current events for the sports ambassadors to call on employees to participate in the sports season

## System Club x Incentive : Club Points Reward

AUO encourages employees to enrich their life after get off work. There are 164 clubs around the world, including sports, arts and culture, and public welfare. In 2021, 2 club joint exhibitions were held, to be exhibited in APP and in physical, to recruit new club members and present the annual results.



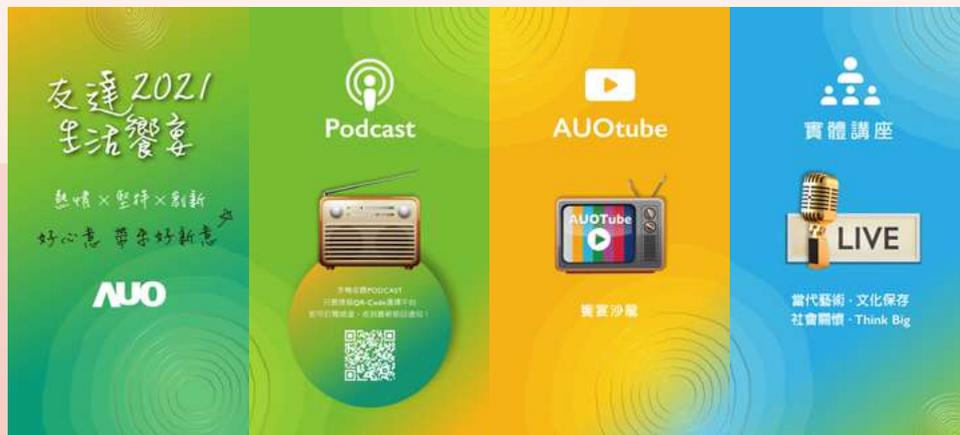
### Friendly interactive communication platform with LINE Chatbot

In order to create a culture of friendly communication and interaction, combined with the current digital trends, to create the smart Chatbot and launched @AUO CLUB, which not only can respond to employees' questions in real time, but also actively push and broadcast event information. Through the use of the popular LINE, the Company information can be delivered to employees in real time to create a good interactive communication atmosphere. Since December 2021, combined with the club online activities, more than 6,000 employees have joined as of March 2022, and it will be expanded continuously to other groups in the future, to establish usage habits, and solve employees' problems in real time.



## Life Banquet, Good Intentions Bring Good New Ideas

The summer of 2021 was the most critical time facing the outbreak of the epidemic; Life Banquet was innovated because of its intentions, to quickly integrate with digital transformation, step across the limitations of time and space, and continue to deliver the energy of arts and culture of "passion x persistence", to connect people with people and transform into the connection of heart to heart.



### Life Banquet Podcast - Music takes me on a journey

When the Life Banquet Podcast was first on line, it was the time when working from home was maximizing, hence, we used the "Music takes me on a journey" to warm up the internal article writing activities, to guide employees to express their thoughts and voices through writing, and then composed into songs by the host Matthew Wong who is good at improvisation, with a total of 8 episodes of Podcast special project, including a total of 21 co-authored songs, to describe a warm contours for the times together.

### AUOtube Banquet Salon - New Plan for Cloud Lectures

The Feast Salon is on AUOtube' s internal audio-visual platform, to provide professional recording space with the AUO' s newly completed "Multimedia Recording Studio" in 2021, and control the lecture time within 1 hour to the most suitable length for online viewing, creating a Life Banquet with high-quality, clear, and without limitation of time and space. Many employees who are often unable to participate in physical lectures due to official business and shift have also given feedback. The transformation of cloud lectures is great news for those who love Life Banquet. As of March 2022, nearly 3,500 people-times have watched on-demand programs of the Life Banquet series through AUOtube.

## 4.2 Talent Development

AUO has established an "Education and Training Procedure" as the basis for employee education and training. Education and training are used to enrich employees' knowledge and skills, improve productivity and quality, and combine employee growth with corporate development goals. Since joining the company, we have invested extensive resources into employees of different job positions and ranks, to conduct learning and development with systematic training plan, such as new employee training, on-the-job training, self-study, etc. Based on people-oriented thinking, retiring or departing employees are also offered with employee referrals, career consultation, and other resources to assist with their future employment or career planning.

Affected by the epidemic in 2021, the enhanced digital courses allowed employees to continue non-stop learning, and up to 47,090 person-days received teaching in Taiwan. The Academic Affairs Center of AUO University regularly convenes education and training meetings to ensure effective management policies, and review the implementation status and outcome indicators of various education and training, to optimize and improve response measures, to enhance training effectiveness.

### 4.2.1 AUO University

AUO established the AUO Learning College (ALC) in 2001, to systematically plan for learning development road maps and diversity plans, and provide internal/external training resources to encourage continuous professional knowledge and cross-domain trainings by employees. In 2018, responding the needs to future talent development, ALC was upgraded to AUO University and organized into five colleges - College of Future, College of Science, College of Engineering, College of Management, and College of Liberal Arts - to design courses that covering R&D technologies, manufacturing technology, leadership & management, quality management and business operations. A vice president serves as the dean of each college and course consultants assist with the development of educational resources within the organization. AUO University offers high-quality courses by each college based on their core expertise. Facing future challenges, we have set two goals in advance: to deeply cultivate the field and become the preferred solution provider, and with sustainable inclusion to achieve net zero carbon emissions, and establish College of Business and College of ESG in 2022 corresponding to the goals respectively. In addition, the Industry-University Center combines the Company's transformation strategy, through the industry-university cooperation blueprint of each college, after confirming the technological development and cooperation needs, further matching the abundant resources of the higher education academic circle, and improving the flow value of industry-university knowledge and technology.

 For the outcomes of AUO's global learning program, please refer to Data Overview chapter



### AUO University

	<b>Global course training fee</b>	<b>NTD 49,104,000</b>
	<b>Average satisfaction score</b>	<b>9.5 (A total score of 10)</b>

### Professional Training Courses

AUO University is set up with Colleges and Education and Training Committees (ETC). The Colleges are responsible for training on corporate strategy and culture, common professional expertise, as well as leadership and management. The Education and Training Committees play a critical role in the implementation of department professional training as well as assist employees (new, transfers, existing) with improving their professional knowledge and skills. Each departmental ETC develops a personalized training roadmap for hierarchical and modular talent cultivation based on position, seniority and professional complexity. The Chair of each ETC (Department Head) convenes an education and training meeting every year to set the training plan and courses offered for the following year, and review the training performance every six months. In order to precisely improve the training efficiency, AUO established the Learning Passport system in 2015, for the employees to learn based on personalizing learning blueprint recorded and managed through the Learning Passport, to systematically develop all types of work related cultivations for employees, and promote the joint learning and growth for the employees and organization.



### Teacher's Day Appreciation Event - Online Broadcast

AUO conducts Teachers' Day and refresher training for instructors every year based on the philosophy of "practice education and training" and "commitment and legacy, including the appointment of deans and course experts, appreciation and affirmation of outstanding internal/outside instructors, providing information about new teaching trends and recharging so that internal instructors have a better idea of their mission, accomplishments and accolades. In 2021, it was transformed into an online broadcast format, breaking space constraints, and designing the appointment of college course experts and the presentation of testimonials from excellent internal and external instructors, allowing course experts and instructors to share their journey of heart teaching innovation and transformation. The topic sharing also specially invites the well-known Podcaster Mindi World News, hoping to arouse the inspiration for future course teaching design through the sharing of experience by experts in different fields.

#### Instructor's Participation Comments

- I learned the college's planning and design of courses from the expectations shared by course experts, and observed how teachers use online teaching to attract students.
- Physical and online courses are different from the application of teaching skills and multimedia online teaching to help instructors prepare courses.
- Online activities reduce carbon emissions with transportation, and the contents jointly shared by all professional instructors in the original site can be listened, and allow more people to participate.
- The theme shared by Mindi World News is simple, easy to understand and interesting, and the experience of preparing podcasts can be used as a reference for future course design.



2021 Teacher's Day event at AUO headquarters



Annual Commendation - Collect President's Encouragement



Annual Recognition - Testimonials from Award-Winning Instructors



Teaching Transformation - Invite Mindi World News to share

### Featured Courses

Reshaping the learning experience under the trend of digital learning, AUO University has launched synchronous and asynchronous teaching modes with pre-recorded, live broadcast, micro-lectures, and e-learning textbooks, rapidly increasing the number of online students, and growing against the trend under the influence of epidemic. In 2021, the number of AUO's global digital online courses was 2,555 courses, an increase of more than 600 courses compared with that of in 2020, and the annual growth rate of online courses for the entire year has increased by 9%. During the epidemic, online courses immediately replaced physical courses, making learning uninterrupted. In 2021, the number of students in classroom courses was 86,310, and the number of students in online courses was 211,505.

#### College of Science

##### Technology Forum - Physical + Online (Two-way Learning Mode)

The Technology Forum provides R&D engineers with new knowledge on the trend and development of forward-looking technologies, as well as the sharing of future applications in the smart fields.

- **Subject:** Master Lecture - Inheritance of successful mentality of technological people, forward-looking optical design and application of the next generation, development trend of smart cockpit, etc.
- **Outcomes:** The trend of digital learning led to the launch of physical and online courses, allowing employees to complete or retrain the course content, with a total of 1,686 participants

#### College of Future

##### AI Advanced Deep Learning Module - Small Data (Online Courses)

Flexible use of AI technology to solve the scenario of small samples, and learns how to use a small amount of data to train accurate models.

- **Subject:** Cultivating advanced AI Skills - Meta Learning, Few - shot Learning, Gan, and cooperate with Taiwan Artificial Intelligence School.
- **Outcomes:** Distance learning incorporated into interactive hands-on experience, a total of 34 AI seed students completed certification, and develop AI Practical Project Application subsequently

Note: Statistics as of 12/30/2021

## E-Learning Cultivation Plan

AUO University has launched a variety of innovative e-learning plans to keep pace with AUO's digital transformation strategy, creating a zero-lag learning environment. During the epidemic in 2021 (Q2 & Q3), employees need to work from home and take classes remotely; the number of online digital courses has increased by 120 sessions compared with the same period of the previous year. We provide a series of online courses to help employees to learn endlessly and grasp the industry trends during the epidemic.

### Touch Taiwan Online Exciting Speech



The President and Chief Technology Officer shared the development of Taiwan's display industry and the key to the commercialization of Micro LED.

532 participants

### SID Product and Technology Trend Sharing



AUO released the latest product technology at the annual forum of the SID Global Society of Information Display, for the experts to extract the essence and new knowledge trends to share with employees.

12 latest product technology presentations + 12 online subject courses, cumulative participation reached 3,416 person-times

### Application Trends of Smart Vehicles and On-board Panels



Learn the development trend of smart transportation, and its application and impact on the Internet of Vehicles and displays.

Students' good comments as the most popular online course of the year, with 458 participants

Note: Statistics as of 12/30/2021



### AUO Sustainability Literacy Survey

As the concept of sustainability has received high attention, in order to know how well our employees understand the sustainability topics, and to prepare for the promotion of Sustainability Academy, AUO has responded to the first Sustainability Literacy Survey "Doughnut Planet: 100 Actions for a Sustainable New Life", initiated by Social Enterprise Insights joining hand with Vision Project and DBS Bank (Taiwan), combined with the CSR EPS 2025 goals to customize a 50-question AUO Sustainability Literacy Survey. In 2021, a total of 3,195 employees participated, with an average score of 84.5, close to the highest literacy level; and received 1,148 feedback from employees, including 223 action plan suggestions, including the energy saving, plastic reduction, paperless, recycling and reuse, clean energy, etc., show that AUO people pay a lot of attention to the sustainable development of the Company and the environment and society. Another thoughtful design is for the employee to download sustainable action suggestions after answering, to take one step further in understanding the overall picture of various topics in the sustainable literacy survey and deepen their self-sustainability.

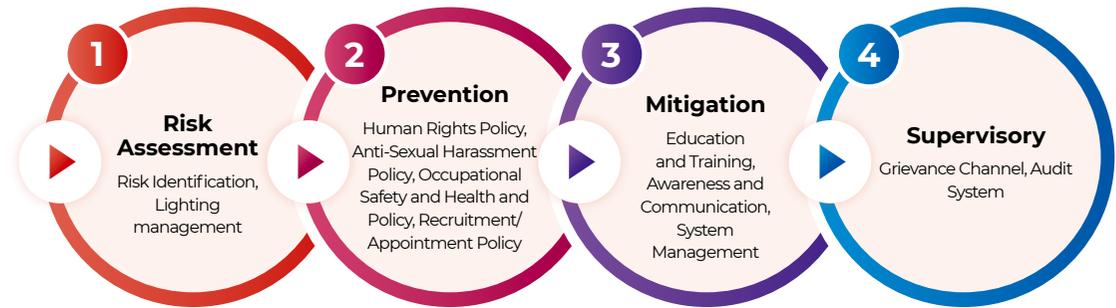


# 4.3 Human Rights Protection

AUO is devoted to safeguarding the human rights of employees. In 2006, AUO formulated four-stage human rights management system by referring to international standards, such as Social Accountability 8000, Global Sullivan Principles, The UN Guiding Principles on Business and Human Rights and Responsible Business Alliance Code of Conduct, to meet various regulatory requirements including freedom of employment, humane treatment, prohibition of discrimination and sexual harassment, and established diversified and effective communication mechanisms to protect the employees' reporting rights and interests, improve salary and benefits, training and development opportunities and course selection.

 AUO Human Rights Policy

## Four-stage Human Rights Management System



## 2021 Achievements of Human Rights Protection Measures

### Human Rights Policy Education for New Employees

Training was completed by 2,113 people with a 100% completion rate.

### Seminar and Educational Training for Unlawful Infringements in Workplace

A total of 13 sessions. Each unit conducts risk assessment on potential workplace violence for more than 18,000 people

### Site Health Seminars

73,449 person-time

### Audit

Internal audit 9 sessions  
External audit 30 sessions

## Human Rights Risks

AUO conducts human rights risk assessment every quarter, aiming at eight major human rights issues, including sexual harassment, working hours, occupational safety and health, discrimination, personal information risk, salary and welfare, hampering free choice of occupation and freedom of association, to assess the Company's risk value. Affected by the epidemic in 2021, AUO also investigated on the mixed work model, in terms of physical and mental health, workplace safety, etc., to assess the possible risks through internal communication channel inventory and employee sentiments surveys and qualitative interviews. The high-risk human rights issues at sites mainly are two key points of working hours and occupational safety, and thus the training and communication promotion programs in mitigation measures have been strengthened accordingly.



## Implementation of Human Rights Indicators

Category	Items and Descriptions		Target	Status in 2021
Labor Human Rights	Working hours	Working hours in line with 40 hours per week At least one day off every seven days	Cases of Overtime, Working for Seven Consecutive Days: 0 Losses due to Labor Disputes: 0	Not met (Note)
	Non-discrimination	Recruitment announcements and advertisements do not show discrimination Total number of discrimination disputes	Recruitment announcements and recruitment advertisements are non-discriminatory Non-discrimination Incident	No discrimination incident
	Sexual Harassment	Sexual Harassment Complaint Case	Sexual Harassment Complaint Case: 0 case	Not met (Note)
	Youth Worker	Never hired child labor of the minimum employment age Youth workers are not engaged in work that may jeopardize health or safety, including night shift duty or overtime.	1. Percentage of hiring child labor (under 15 years old): 0% 2. Percentage of youth worker (under the age of 18) serving in dangerous post: 0% <small>* Dangerous post are works that endanger health or safety, including night shift duty or overtime</small>	Achieved
	Legal and Client Requirements	Regular self-assessment to ensure compliance with legal and client requirements	Regularly review labor-related laws and regulations and implement an internal audit system	Achieved

Note: A total of 3 cases of "Excessively Long Work Hours" and 2 cases of "Sexual Harassment", please refer to the Data Overview chapter for handling status

[Data Overview](#)

## Prevention Policy

### Human Rights Policy

Based on AUO's commitment to employee rights clearly documented through the "AUO Human Rights Policy", to formulate the "Employee Manual," "Work Regulations," "Recruitment/Appointment Policy," "Sexual Harassment Prevention Policy," "Unlawful Infringement Prevention Policy," "Employee Communication Policy," "Complaint Procedure" and "AUO Sustainability Policy." Employee human rights including regulatory compliance, freedom of employment, humane treatment, prohibition against discrimination and sexual harassment, and safeguarding of employees' right to file grievances are explicitly protected through these documents, and incorporated into our human rights education through the HR management process.

### Employee Selection, Training and Retention Policy

AUO's selection, training, and retention policies are based on the protection of human rights as the overriding principle. When hiring new employees, employees are not required to pay any costs upon employment, and employees will not be penalized for choosing to leave the Company or end their employment contract. We also ensure that employees are guaranteed freedom of movement on Company premises including their workplace and dormitory. There is also a ban on compelling employees to work overtime.

### Anti-Sexual Harassment Policy

AUO has clearly drawn up the "Sexual Harassment Prevention Policy", and has set up a dedicated sexual harassment grievance mailbox for employees subjected to sexual harassment to file a written or oral complaint with the competent unit. If a case of sexual harassment is identified or suspected, AUO must establish a "Sexual Harassment Grievance Committee" with no conflicts of interest, and at least half of the committee members must be female. In addition to the sexual harassment complaints received by the competent unit must remain confidential, the result of the investigation must also be reported to the Sexual Harassment Grievance Committee" for resolution processing.

### Occupational Health and Safety Policy

AUO works with the HR Center, Wellness Center, Environmental Safety and Health Units, and the heads of each unit together to build a safe and healthy workplace environment. We carry out prevention plans and supervision aiming at unlawful infringement in the workplace, provide employees with physical and mental health counseling services, strengthen strategic planning for workplace protection measures, and conduct risk assessments, education and training for workplaces, to provide necessary protection measures, smooth flow of communication channels, establish a grievance channel and publicize a grievance procedure for the investigation of reported cases.

## Mitigation Measures

Since 2016, AUO has implemented three mitigation measures for education and training, awareness promotion and communication, and system management to reduce the human rights impact for internal and external stakeholders.

Mitigation Measures	Employee	Customer / Partner
Education and Training	<ul style="list-style-type: none"> <li>Human rights issues training courses for new employees and management position</li> <li>Organize training and awareness promotion for unlawful infringement in the workplace every year</li> <li>Organize health seminars every year</li> </ul>	<ul style="list-style-type: none"> <li>Human rights issues communication mechanism</li> <li>Annual audits of training mechanisms</li> </ul>
Awareness Promotion and Communication	<ul style="list-style-type: none"> <li>Promote culture of reasonable work hours</li> <li>Provide diverse communication channels</li> <li>Hold Personal Information Education Month every year</li> <li>Organize health promoting activities every year</li> <li>Annual survey on issues of concern to stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Promote awareness at Supplier conference</li> <li>Signing of Code of Conduct Compliance Statement, Integrity Policy, Information Security Confidentiality Agreement, Non-disclosure Agreement/NDA</li> <li>Customer satisfaction survey</li> <li>Annual survey on issues of concern to stakeholders</li> <li>Organize education, training and awareness promotion activities</li> </ul>
System Management	<ul style="list-style-type: none"> <li>Personnel Time Management System (PTMS)</li> <li>Management system for culture of reasonable work hours</li> <li>Audit assessment</li> </ul>	<ul style="list-style-type: none"> <li>Risk self-assessment</li> <li>Audit assessment</li> </ul>



## Supervisory Mechanism

### Grievance Channel

AUO improves labor rights through a variety of internal communication channels, such as the system for responding to grievance or submissions, the mailbox of the Audit Committee, and enforces in accordance with the strictest possible personal information protection guidelines and the "AUO Personal Information Protection Management Regulations" to ensure the freedom and confidentiality of submissions by employees. Through our regular labor-management meetings, employees have the rights to organize, engage in collective bargaining to promote healthy and positive labor-management relations. Various human rights topics and policies are also monitored by different Committees, such as the ESG and Climate Committee, Personal Information Protection Committee, Information Security Committee, and Safety and Health Committee, to ensure that employees' rights and interests are protected.

### Audit System

AUO conducted a thorough review of each site's performance through the on-site audit, document review, and employee interviews in accordance with the RBA Code of Conduct, to ensure no human rights violations were found. In addition, in order to promote partners' understanding of AUO's emphasis and perseverance on integrity governance and human rights protection, we invited external consultants to conduct a corporate social responsibility auditing practice course, and a total of 75 seed trainees sent by suppliers to participate in the training.



# 4.4 Health and Safety



## 4.4.1 Health Care

The health of employees is an important asset of the Company. AUO's global sites not only pay close attention to the changes in the local epidemic situation and government health policies, but also flexibly adjust various epidemic prevention measures. The relevant epidemic prevention achievements have also been affirmed by winning the "Golden Award for Vanguard of Epidemic Prevention" (Note).

Note: The Taiwan Immunization Vision and Strategy and Taiwan Centers for Disease Control have joined forces since 2016 to call for the "Influenza Epidemic Prevention Alliance", emphasizing the importance of vaccination for employee care, and encouraging companies to obtain the Alliance Mark of "Influenza Epidemic Prevention Friendly and Healthy Workplace Certification"

### Epidemic Prevention

#### Epidemic Prevention Health Management

- Daily self-health management questionnaire surveys and care for the unwell

**75,489 person-times**

#### Strengthen Personal Health Protection

- Provide epidemic prevention pack for domestic and overseas business travelers
- Provide frontline personnel protective face shields, protective clothing and N-95 masks
- Health education for COVID-19 vaccines
- Encourage COVID-19 vaccine shot
- Organize COVID-19 outreach service to facilitate employees taking the shot
- Fully subsidized COVID-19 vaccinations for employees

**Provided epidemic prevention packs for 52 employees (business travel)**

**Two-dose COVID-19 vaccination rate of AUHQ 78%, AUCN 100%.**

**Influenza vaccination for 9,254 employees in Taiwan site**

#### Health Care for Confirmed Cases

- Regularly care for the physical and mental condition of the employees with confirmed cases
- Provide related protection for the employees with confirmed cases (home quarantine and provide Pulse Oximeter)
- Epidemic prevention care
- Temperature management for employees who are in home quarantine

**49,534 person-times**

#### Rapid Testing/Nucleic Acid Testing

- Complete rapid testing for foreign migrant workers in Taiwan sites
- Regular rapid testing for employees who live in accommodation and take shuttle bus
- Testing management of entering high-risk areas
- Suzhou new employee antibody testing

**63,358 person-times**

### Employee Health Care

It has been 5 years since AUO launched the "I care Health Plan" in 2016. This year, the Mainland China sites have also introduced the same "Health Risk Management System" as in the Taiwan site, hoping to take care of the health for all employees. Affected by the epidemic in 2021, health promotion activities were reduced in scale or presented in the form of static health education.

#### Health Risk Prediction

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

#### Number of users of Health Management System

**Taiwan site: 139,645 person-times**

**Mainland China site: 78,140 person-times**

#### Health Risk Management

According to the five special groups specified in the Occupational Safety and Health Act (exceptional workload, special work protection, maternal health protection, prevention of human-induced harm, and prevention of unlawful infringement in the workplace), occupational nurses and occupational physicians are arranged to provide special care.

In addition, the care for other ethnic groups, including physical and mental disabilities, traffic accident injuries, occupational injuries, dispatch and return to work are provided with the terms better than that of specified in the laws and regulations.

**Care for Special Ethnic Groups specified in the Occupational Safety and Health Act: 9,571 person-times**

**Other types of care 1,501 person-times**

#### Health Environment Establishment

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

**73,449 person-times**

#### Psychological Counseling/Work and Life Coaching Services

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

**456 person-times**

## Female Employee Health Care

AUO pays great attention to the health of female employees, and has long provided female employees with different levels of health care. Since the rate of breast cancer occurrence is the number one cancer among women in Taiwan, in addition to organizing female health examinations, we provide full subsidy for breast ultrasound examination fees for 35-year-old female employees for the first time, to encourage female employees to pay attention to their own health.



### Health Protection and Examination

- Women's exclusive on-site health examination (breast ultrasound, mammography, hysteroscopy, gynecological ultrasound, gynecological cancer blood test)
- Full subsidy of regular breast ultrasound examination for women on shift schedule



### Health Consultation Outpatient Service

- Female employees outpatient service with female physicians



### Pregnancy Care

- Pregnancy and postpartum health guidance from professional nurses
- Occupational physicians conduct pre/post-natal health assessments and plan for safe work environments
- Environmental safety unit conducts work hazard assessment
- Adjust working hours and choose work in the nearest site



### Exclusive Caring Service

- Provide epidemic prevention packages (masks, alcohol pads) and pregnancy gifts
- Provide flexible breastfeeding time and comfortable and spacious breastfeeding space
- Priority to apply for working from home (adjusted according to the level of the epidemic)

### 4.4.2 Safe Workplace

AUO upholds the principle of "people-oriented", and has spared no effort in promoting a safety culture over the years, hoping to build an intrinsically safe working environment through safety risk management and full employee participation. In 2021, all global manufacturing bases have completed the ISO 45001 Certification of Occupational Safety and Health Management System covering 99% of employees (Note), and the Taiwan site has obtained the CNS 45001 certificate simultaneously in response to laws and regulations.

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

Since 2012, AUO has established Safety and Life Saving Rules, in addition to regulating employees; it also protects employees. Employees are not allowed to engage in dangerous works without training or certification. Employees should refuse work assignments that violate the Safety and Life Saving Rules to protect their own safety and work rights. The relevant content is also announced during the new employee training.



## Hazard Identification and Risk Assessment

AUO follows the framework of the Occupational Safety and Health Management System to execute hazard identification and risk assessment, and uses the Engineering Data Analysis (EDA) system to visualize the hazard identification and risk assessment results of each site, and then classify the results into unacceptable risks and high risk, for control and follow-up management programs, to achieve the purpose of eliminating hazards and reducing risks.

In order to ensure the quality of hazard identification and risk assessment, we regulate the personnel who execute hazard identification and risk assessment must be trained and pass the assessment to become seed personnel, a total of 711 seed personnel were cultivated in 2021. Seed personnel regularly conduct Job Safety Analysis (JSA) for the high-risk operations identified in the area under management through the working group on a monthly basis, and implement engineering improvement or effective management programs based on the analysis results, to revise the high-risk operations downward to acceptable risk, and continue to improve the Occupational Safety and Health Management System.

In order to facilitate the execution of hazard identification and risk assessment operations, and to practice consistent management, AUO developed the "Environmental Safety and Health Risk Assessment Management System" in 2021, linking the "Environmental Safety and Health Abnormal Incident System" and "Change Management System" to dynamically identify hazards. The features include:

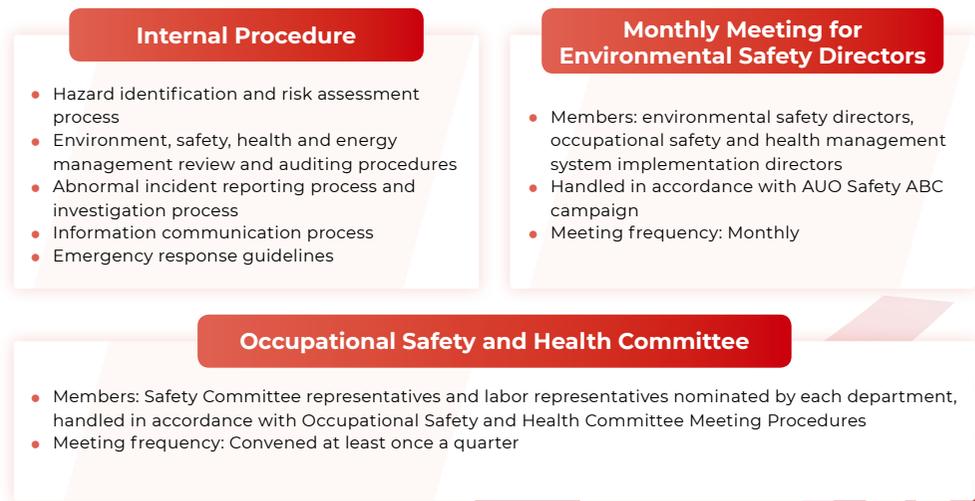
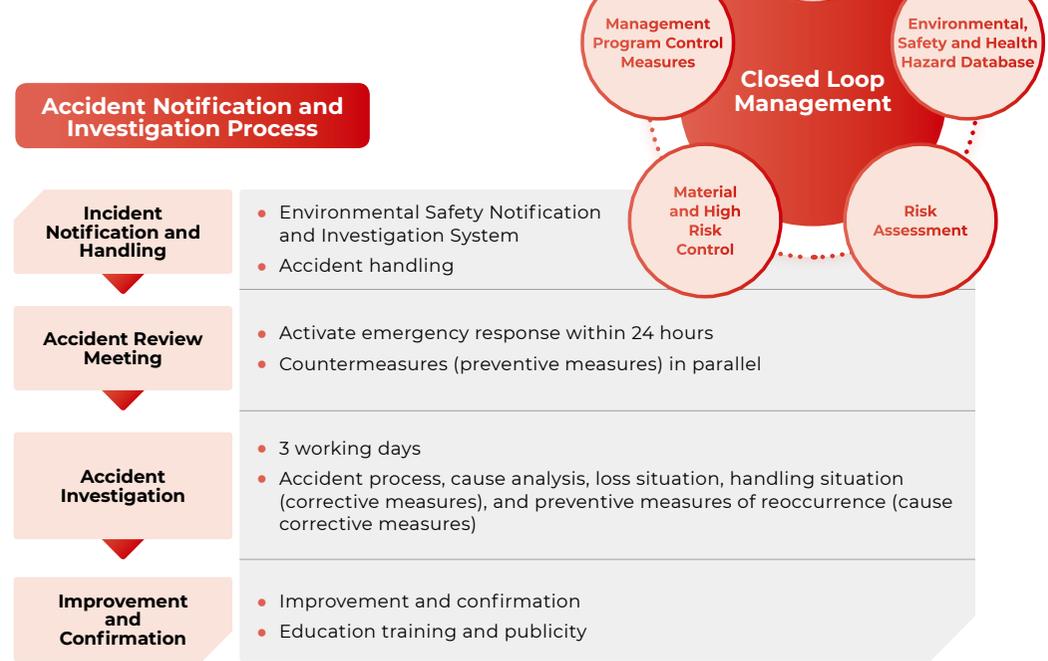
- Design risk history records to provide seed personnel to assess whether risks are reduced.
- Real-time risk bulletin board, focusing on key risks, connecting with the "Document Management System", to synchronously review the SOP documents and revision requirements, to achieve consistency in talking, writing and doing.
- Combined with the audit mechanism of the environmental, safety and health management personnel of each site to ensure process results and continuous improvement.

## Employee Engagement and Communication

AUO attaches importance to the consultation and participation of employees. According to the way of electing Safety and Health Labor Representatives specified in the Occupational Safety and Health Act in Taiwan, employees are authorized to jointly elect representatives, and with approval by the labor representatives at the labor-management conference, to participate in the Occupational Safety and Health Committee (Safety Committee) every quarter, and jointly revise safety and health work rules, accident investigation, implementation of operating environment monitoring, etc., and jointly making decisions of various safety and health-related issues. The Labor-Management Conference also discusses the penalties for employee violations of discipline and the election method of labor representatives, and discusses any needs related to safety and health issues in the Safety Committee and Labor-Management Conference to reach a consensus.

We have also incorporated the importance of safety communication into the "AUO Environmental Safety, Health and Energy Policy", and strengthened the communication mechanism through different communication channels, including the President's mailbox, internal communication mailbox, labor-management conference, internal communication mailbox, lunch meeting (Mainland China sites), etc., to collect safety-related opinions, and conduct handling and improvement tracking after fully discussed by the relevant units, and deal with and improve tracking after full discussion by relevant units. In 2021, there was a total of 35 safety communication cases (excluding European sites), all of which are 100% properly handled. We look forward to assure the employees' issues are truly responded through effective communication and continue to improve and make progress.

## E-based Architecture of Environmental Safety and Health Management System

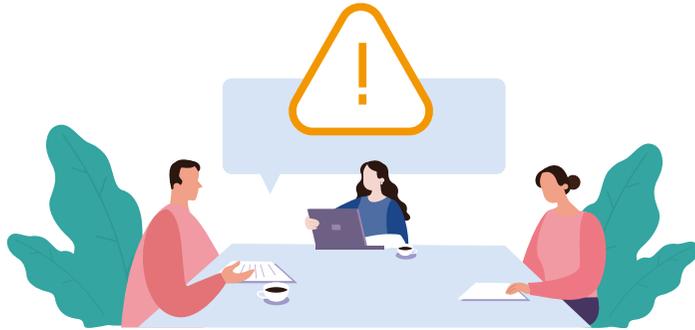


## Enhance Safety Awareness and Reduce Impact

In order to enhance employees' safety and health knowledge and safety awareness in the workplace, AUO has been working hard to promote safety culture activities for ten years, to strengthen the awareness of employees through continuous education, training and publicity, to reduce the industrial safety accidents caused by unsafe environments or unsafe behaviors. The annual education and training plan not only is incorporated with the statutory licenses, safety and health, fire management into the plan, but also plans and trains according to the theme of Company's Safety ABC safety culture publicity.

Taking 2021 as an example, in order to strengthen the safety awareness of employees in various operations, the main theme of safety culture promotion is "Implementing Work Safety", for the Safety and Health Department to establish monthly safety theme, and produce publicity teaching materials with graphics and texts, and explain the profound things in simple language to conduct publicity for all employees (excluding the European factory sites), and ensure that employees fully understand the importance of safety through tests. Besides, if a major accident occurs in the month, the publicity content and test focusing on the accident will be added.

In 2021, a total of 456 training courses were organized, with a total of 101,263 people trained. The publicity content and tests are all implemented online, to facilitate the employees viewing and taking test at any time, so as to promote the Company's safety culture management theme downward and deeply cultivate the safety DNA.



## Safety and Health Indicators

In order to implement the safety culture, AUO is committed to the improvement of potential hazards including false alarm events and safety behavior observation. 12 industrial safety accidents in 2021, which is lower than 22 accidents in 2020. 2 major accidents and 21 recordable occupational injuries in 2021 (17 for employees and 4 for contractors). The main types of occupational injuries are slip and fall, smash injury, collision and pinching, rolling, crushing injuries injury. The responsible unit has improved the management of equipment, maintenance operations and collaborative operations in the equipment room, and has conducted education and publicity through videos, hoping to increase the alertness of employees. We will focus on "Deepening Safety Culture" in 2022 to strengthen employees' safety awareness of the nature of operations and fully establish the concept of accident never happens twice.

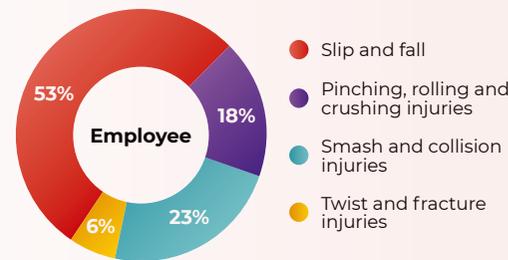
## Contractor Safety Management

Contractors are important partners of AUO. In order to jointly create a healthy and safe working environment, we have established an e-based Contractor Safety Management System, allowing the contractors to go online for self-management. Establish standard procedures according to the three stages of contracting, factory entry and construction, which must be followed before entering the factory and during the construction stage, to achieve effective management. In order to prevent and reduce contractor accidents and improve contractors' safety literacy, AUO has organized a total of 1,540 contractor education and training courses in 2021, including 1,118 qualification training sessions, 255 supervisor training sessions and 167 AUO safety supervisor training sessions.

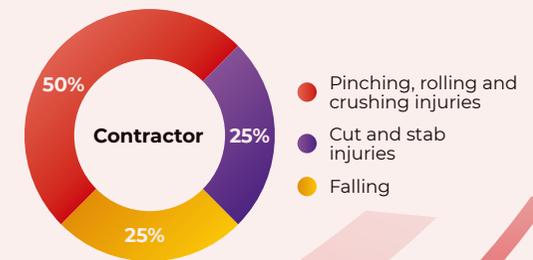


	Contractor Qualification Training	Contractor Supervisor Training	AUO Supervisor Training
Session	1,118	255	167
Person-times	35,365	6,516	4,007

Types and Percentage of Employee Occupational Injuries in 2021



Types and Percentage of Occupational Injury Accidents of Contractors in 2021



# 4.5 Social engagement

## 4.5.1 AUO Foundation

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

For details, please go to the AUO Foundation official website



## AUO Foundation's Four Areas of Interest

### Charity Volunteers

#### Caring for Society and Humanities

- Caring for the disadvantaged and helping others
- Care about society through companionship for the disadvantaged, emergency assistance, tutoring and donations in kind

### Green Volunteers

#### Green Living

- Caring about the environment and the land
- Participate in environmental protection initiatives and supporting local agriculture

### Education Volunteers

#### Environmental and Popular Science Education

- Transformational education and shared learning
- Combine AUO's expertise in opto-electronics with popular science and environmental education courses to cultivate future scientist

### Cultural Volunteers

#### Natural History and Culture

- Use the cultural venues on AUO sites to communicate local cultural treasures to the society.

## Social Investment in 2021

Category	Item	2021 Target	Actual Result	Achievement Rate	2022 Target
Cash	Fund-raising for the Honesty-Intelligence Scholarship	8 Million	8.82 Million	110.2%	8 Million
	Fund-raising for the "Wish Program"	3 Million	4.27 Million	142.3%	4 Million
	Sustainable Agriculture Alliance-local vegetables and fruits, agricultural gift boxes and other crops purchases	3 Million	2.73 Million	91.0%	3 Million
	Sustainable Agriculture Alliance-premium rice purchase	8 Million	6.25 Million	78.1%	8 Million
	Donations to AUO Foundation	6 Million	6 Million	100%	6 Million
Time	Hours of volunteer service	14,000 hours	4273 hours	30.3% (Note)	7,455 hours
Charitable Activities	Protect the green forest of Taiwan	1,000 plants	2,361 plants	236.1%	1,000 plants
	Popular science education	4,600 person-times	12,549 person-times	272.8%	4,600 persons
	Environmental education-Taichung site	3,000 persons	1,982 persons	66.1%	3,000 persons
	Environmental education-Longtan site	700 persons	2,554 persons	364.9%	700 persons

\*Some activities were not held in 2021 due to COVID-19 so the target for volunteer hours was not met

## 4.5.2 Charity Care

### Honest-Intelligent Scholarship

AUO launched a fund-raising campaign since 2006 in which employees voluntarily donated one or more days' of their salary towards scholarships for elementary/junior high school students of good character from disadvantaged families to go to school with peace of mind. Eligible students were nominated by school teachers through cooperation with the education bureaus of various counties and cities. So far, a total of NTD 147.04 million in scholarships has been raised, benefiting more than 39,000 students.

Since 2016, AUO has organized "DADA's Magic Science Camp", for the scholarship recipients from junior high school to participate and inspire students' interest in science. AUO cooperated with Teaching for Taiwan (TFT) to promote the "Campus Popular Science Environmental Education Program" to expand scholarship benefits. The environmental education program is for the teachers lead the students to develop in-depth topics related to science, environmental protection or cultural preservation according to the 2019 Curriculum Guideline and school-based curriculum development, enable the students to take the initiative to understand, explore problems and develop cross-domain learning and multiple thinking skills through fieldwork, workshops, citizen science and arts creation.



### Achievements in 2021

- Over 2,000 employees engaged in the program
- Donation amounted to over NTD 8.82 million, benefiting more than 2,700 students
- 13 online science camps, 720 participants, 87 education volunteers
- The campus popular science and environmental education program produced 7 case studies, benefiting 109 students and accumulating more than 1,500 hours of learning



🔍 For details, please go to AUO CSR official website-Honesty Intelligence Scholarship

### Charity Club Community

In order to practice the mission of social care and serve the local disadvantaged groups, AUO employees successively established 7 charity clubs on their own initiative at each site since 2013, and established deep connection with local social welfare organizations through charity activities, and become a driver of wish comes true for the disadvantaged groups through charity activities such as loving companionship, environmental protection, after-school tutoring, gifts for New Year and festivals and on-site fund raising, etc. In 2021, more than 370 people volunteered in the service, accumulating nearly 1,030 hours.



AUO launched the Christmas Wish Program since 2002, for the employees to nominate the charities in need of assistance, initiated gift donation to make the children's Christmas come true and initiated fund-raising for student scholarships simultaneously since 2013. In order to expand our influence and practice the idea of "It is better to teach a person how to fish than to give him a fish", we have cooperated with the Dodoker Crowd-funding Platform since 2020 to provide professional guidance for charities to cultivate their ability for project fundraising, and publically raised "Wish Program" by inviting the public to join in this grand event and expand the influence of fundraising. Over the past 20 years, more than 10,000 gifts and more than NTD 19 million have been donated over the past 20 years.

**Achievements in 2021**



**Christmas Presents**

- 772 Gifts were donated (Note)
- 13 Charities were benefited

Note: Each gift is worth about NTD500



**Wish Program**

- Raised NTD 4.27 million in donations
- Participated public welfare organizations: 16

**Wish Program**



**1.0 Public Welfare Investment**

Since 2002

Employee

**Wish Train Thousands of Kilometers Gift Delivery**

- Spontaneous public welfare associations
- Christmas wish gifts delivery for the disadvantaged in remote villages



**2.0 Crowd-funding for the Disadvantaged**

Since 2012

Volunteer

**Wish Scholarships**

- Employee proposals and fundraising
- Expanding support for disadvantaged groups



**3.0 Sustainable Development**

Since 2020

NGO/NPO

External expert

**Wish Fund**

- Public fundraising expended to external participation
- Cooperate with Dodoker to enhance NPOs operation capability

**Light up the Warmth of Food the Tribe**

During the school suspension due to epidemic in 2021, many families in the Naluo Tribe in Jianshi Township were faced with the dilemma that their children were not cared for at home. The AUO Foundation immediately contacted the tribal organization "Tayal Classroom" to provide immediate nutritional care for the tribe. During the summer vacation, the Foundation and tribal young people and tribal mothers visited more than 100 families, and found that 25 children who were left unattended at noon and 5 elderly people who were unable to move freely needed nutritional care, therefore, the tribal mothers were invited to harvest and cook their own food ingredients, and for the tribal young people to drive 40 minutes of trip delivering the meals to those families in need. The tribal kitchen is no longer just a tribal kitchen, but also a mutual aid network for the tribe. The cooperation among tribal members inspires the self-affirmation of young people, and the emotional cohesion of tribal mothers creates the endless service value for the tribe.



The Foundation has cooperated with Tayal Classroom and has become an indispensable gathering base in the local area, to provide tribal services of accompanying children, and also regularly organized activities and offered courses besides accompanying children doing their homework and reading. In 2021, the "I Love Naluo My Home" painting competition was held. Children drew their hometown "Naluo Tribe" through brushes and words, which will encourage the whole family to create together and connect with the land, so as to cultivate tribal identity and guard the local culture.

## Overseas Charity Achievement

### Volunteering Service

#### Book Shop Volunteer

Number of Volunteers: 36 people, 186 hours of service time (A greater impact due to the epidemic)

#### Charity Volunteer

Number of Volunteers: 89 people, 227.5 hours of service time

#### Safety Volunteer

Number of Volunteers: 935 people, 5,343 hours of service time

### June 1st Event Collection

On the day of June 1st, 103 books were collected through the charity book donation event and donated to the Foundation's Dream Library. A total of 50 wish gifts were collected, with a total amount of NTD 4,100, to help the poor children's wish come true

### 99 Giving day

Organized 5 sessions with 33 volunteers participated, AUO employees donated 795 person-times, and raised NTD 46,613 of charity fund in an accumulative total

### Monthly Donation

At the beginning of 2020, he Joined BenQ AUO's Charity Project "Monthly Donation" since the beginning of 2020 to help the impoverished people due to illness. Up to now, a total of 112 employees have joined the monthly WeChat automatic donation team, and raised NTD 38,096

### One Bag of Blood

In order to extend more lives, 154 AUO employees donated 49,000cc of blood in an accumulative total, building an oasis of life for those in need

## Support Medical Personnel, AUO can help

### Donated anti-epidemic masks to cherish medical personnel with action

The filtration level of the anti-epidemic mask is higher than that of N95, which provides a more comfortable wearing experience and helps reduce the discomfort of medical personnel when they perform long-term tasks. AUO supports the anti-epidemic heroes with actions, and cares for their safety and their mind.



### To help improve the efficiency of epidemic prevention communication, donated 86-inch displays to the Taichung Veterans General Hospital Situation Room

AUO was informed that Taichung Veterans General Hospital must have online conference with the Central Epidemic Command Center every day. Because the hospital's video equipment was outdated and the picture was unclear, AUO immediately donated two 86-inch large TVs to help improve the efficiency of epidemic prevention.

### Donated Positive Pressure Testing Booth to jointly protect the Science Park

At the time of epidemic is severe, the demand for COVID-19 testing has increased significantly. AUO donated Positive Pressure Testing Booth to the Central Taiwan Science Park. The Testing Booth uses safe positive pressure design and is equipped with a constant temperature air conditioner. The independent design reduces the concern of infection, improves the testing capacity, and provides protection for the hard-working front-line medical personnel.



### Reduce the infection rate in medical care, and jointly donate 20 public health computers for epidemic prevention in National Taiwan University Hospital

AUO extends our business expertise to create people-oriented smart healthcare. The epidemic prevention public health computer is jointly developed with ADLINK, which has antibacterial coating, easy-to-clean one-piece case and touch screen interface, to reduce the chance of infection in medical care.

### AUO Slovakia site donated masks to local government

AUO Slovakia site donated 2,000 medical masks to Trnava Region.

### 4.5.3 Friendly Land

#### Protect the Green Forest of Taiwan

The AUO Foundation is actively involved in environmental protection and social engagement, and launched the "Protect the Green Forest of Taiwan" ten-year tree planting program in 2020. Joined hands with the Hsinchu Forestry Bureau in 2021, the Chairman called on nearly 100 green volunteers of the Company to plant trees in No. 1341 Forest Reserve at Houlong, Miaoli. AUO has adopted 0.73 hectares of afforestation area in the Forest Reserve. Because it is located in the important living habitat of leopard cat, a variety of nectar plants and food plants were specifically added in the afforestation planning. A total of 1,825 plants were planted in 14 types including herbaceous, shrubs, and trees to build a natural complex layers of forest physiognomy, and create different habitat spaces, to connect the "National Ecological Network" with actions. The event site invited the Endemic Species Research Institute to explain the characteristics and habits of the leopard cat, to allow the volunteers to better understand the follow-up benefits of today's tree planting. Local NGOs "Leopard Cat Association of Taiwan" and "Miaoli County Natural Ecology Society" also attended to witness the achievements of public-private cooperation.



In 2020, the Dongshi Forest District Office adopted the No. 1436 Forest Reserve adjacent to the Gaomei Wetland, and call on volunteers from the Tree Protection Club to mow weeds every six months. In 2021, in response to the growth status of the plants on site, replanting a total of 536 plants of Taiwan Fragrant Pittosporum and Cajuput Tree which are more suitable for wind protection in coastal areas.

Paul Peng (left), Chairman of AUO and AUO Foundation, and Rong-Sheng Xia (right), Director of the Hsinchu Forest District Office of the Forestry Bureau, signed a commitment to continue Protect the Green Forest of Taiwan with actions.



#### Green Action for Energy Saving and Carbon Reduction

##### Earth Day Green Action



##### A month-long environmental action in response to Earth Day

- Online environmental creative relay competition to encourage employees to share photos or videos of daily environmental actions
- Take part in 21 Days of Green Living organized by Taiwan Environmental Information Association
- Assisted in Promotion: Climate Change Elementary and Middle School Painting Creation Competition organized by Taiwan Institute for Sustainable Energy

- More than **1,400** person-times participated
- More than **73,048** person-times like and share

##### Summer Energy Saving Action



##### Launched two online interactive mini-games during the summer electricity consumption season

- Energy Conservation Elementary School: The challenge of Energy Conservation and Carbon Reduction combining education with entertainment for all ages and children
- Green Energy Elementary School: Learn about green power and the current situation of green energy in Taiwan through games

- More than **2,200** person-times participated

## Sustainable Agriculture Alliance

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

### Achievements over the Years

- 14 consecutive years
- The purchasing amount exceeds NTD 22 million
- Purchased more than 820,000 catties of rice

### Achievements in 2021

- Employees purchased NTD 1.81 million to support environment-friendly fruits and other agricultural products
- Subscribed over NTD 6.25 million of quality local-grown rice
- A total of 1,538 neighborhood and contractor New Year Festival gift boxes purchases for more than NTD 900,000

## Overseas Achievements

### Small Farmer - I have one acre of farmland

Upholding the concept of being friendly to the land, protecting and benefiting farmers, AUO actively participated in the subscription activity of the ecological rice Health Farm one acre farmland in the construction of Blessing Health Farm project, and subscribed 10 acres of organic rice farmland to give the subscribed safe and pollution-free organic rice back to the Company employees.

### Sow Hope, AUO Filled with Spring

- Accompanying by the soft spring breeze and bright sunshine, nearly 800 employees and their family members from AUO's Kunshan Site, Suzhou Site, and Xiamen Site jointly planted trees in the three places to jointly support AUO's green business, planting a total of 2,361 trees including Winter Sweet, Rosa Chinensis, Prunus Mume & Chinese Hibiscus to add more greenness and vitality to the sites



### 1.0 Consumption

Since 2008

### Employee/ Small farmer

#### Support small farmers in neighboring villages

- Group purchase from the small farmers adjacent to the site
- Support quality local-grown rice



### 2.0 Crowd-funding

Since 2019

### Company group/Partner

#### Gather the strength of the Group

- Call on the Group partners to expand help
- Support slow-selling fruits



### 3.0 Alliance

Since 2020

### NPO&NGO/ Government

#### Agricultural Value Chain Alliance Promotion

- Responding to National Policies, Promoting Scientific and Technological Agriculture
- Cooperate with Council of Agriculture, Agricultural Products Transportation and Sales

## Community Feedback

### Longtan Site

- Purchased 15,618 kg of quality local-grown rice used for group meals and loving lunch box in caring for the elderly living alone in the neighborhood
- Scholarship Funding for a total of 68 local disadvantaged students received funding
- Local Mutualism: AUO adopted the road cleaning costs (NTD 630,000) for neighboring Gaoyuan Village.

### Houli Site

- Helping 50 residents and sponsoring local festivals
- Support local agriculture: All employee restaurants use Houli Farmers' Association's high-quality rice, directly purchased 5,720 kilograms of quality local-grown rice; purchased 225 boxes of local Oriental Pears as Mid-Autumn Festival gifts
- Scholarship Funding: Provided to 60 disadvantaged students from the five neighboring villages.
- Charity care: The volunteer club "Friendly Love" has been periodically offering their help and services to the neighboring Dajia Jenn Lann Children's Home, to send their love and care to the children there. A total of 3 loving companionships in 2021

### 4.5.4 General Science Education

"DADA's Magic Land" is committed to promote popular science education. Since its opening in 2015, it has sown popular science seeds for many children from all over Taiwan. In 2021, the Dada exhibition venue was newly installed by the AUO Foundation in cooperation with the National Museum of Natural Science once again to update and optimize the exhibits. The exhibition venue will officially reopen at the end of 2021, combined with the most popular "real-world puzzle game", to experience the exhibits and understand scientific principles in a puzzle-solving way, so that learning is no longer blunt reading or silent memorization. In addition to the update of the exhibits, the "Dada Elementary School" course jointly developed by AUO and the Yuan T. Lee Science Education for all held an experience ladder on the opening day. The course combined the exhibits and the spirit of the 2019 Curriculum Guideline. In 2021, a total of 106,295 person-times visited the "DADA's Magic Land". In the future, we will integrate online and offline resources to allow students to continue to learn and inspire their scientific interests, and cultivate scientific and environmental literacy.



### DADA's Magic Science Camp

AUO extends from the core of our business, donates the "Honesty-Intelligence Scholarship" every year through the love of employees, and cooperates with the National Museum of Natural Science and Yuan T. Lee Science Education for all to provide outstanding disadvantaged students with diverse learning opportunities, and specially creates one day of "DADA's Magic Science Camp". In 2021, we changed the physical camp to an online asynchronous method for the first time. Through the cooperation with Yuan T. Lee Science Education for All and science teachers, we presented scientific principles in the way of video teaching and paired with the scientific hand-made material package to encourage students to learn independently at home. The camp provided free participation for 790 scholarship recipients from junior high school. In addition to the course videos, the camp team also combined the most popular "live broadcast" to conduct online interactive teaching, escaping the traditional teaching mode and combining online interactive experience to stimulate students' willingness to learn by themselves, allowing students to develop scientific creativity and discover the fun of science.



### Environmental Education Facilities at Taichung Site

AUO's Taichung Site Environmental Education Facility has developed two sets of courses, "Energy" and "Culture," with the characteristics of green factories, solar energy, and Sidadun Kiln fields, not only responding to the goals of SDGs, but also connecting the 2019 Curriculum Guideline with lively and interesting, practical ways of exploration and experience. This year, we continued to cooperate with the NGO Ruro, with the theme of "Culture", allowing students from remote villages to visit the Sidadun Kiln Cultural Center to let the students can deeply understand the value and importance of culture, through the interactive exhibits in the Cultural Center.

In term of the cross-regional cooperation, AUO serves as the leader of the "Central Region Environmental Education Site Alliance", discusses the direction with the alliance partners, and cooperates with the annual direction through "Digital Marketing" to expand the influence of environmental education. In 2021, a total of 1,268 person-times participated in environmental education courses. In response to the trend of environmental changes, a series of digital courses on energy were launched, which were viewed by a total of 1,238 person-times.



## GreenArk at Longtan Site

Since 2018, AUO has used the Longtan Site 100% process water reclamation technology as the basis and combined it with "AUO GreenArk Water Resources Education Center" facility to design an easy to understand environmental education course for 5th and 6th grade students. In 2021, we developed digital learning, and produced videos with the theme of water pollution, to promote environmental education through online courses with "Zero Distance Learning"; In the second half of 2021, we crossed the domain to cooperate with the Laojie River Education Center and entered the campus together; the Water Resource Education Center also interviewed by the Da Ai Television, with the theme of "One Drop of Water is Used Five Times", to convey the principle of zero discharge and the idea of cherishing water resources to the public. We also continue to organize summer camps, with a total of 350 participants from 4 schools in 2021.



For details of AUO water resources online courses, please go to YouTube-AUOSEED AUO Popular Science Education

## Innovative Transformation under the Epidemic, AUO Popular Science Education Online Activities

Affected by the epidemic, children stay at home for epidemic prevention during the summer vacation. AUO Popular Science Education upholds to the idea of "Learning Never Stops", to let children continue to learn independently at home, and began to think about how to create a different kind of learning in addition to the existing physical curriculum activities, and began to invest in the development of online course activities. During the summer vacation, we first launched a series of online courses and events of "Learning Together at Home". The themes cover environmental aspects, scientific aspects and cultural aspects, to pass on popular science knowledge and cultural preservation idea through lively animations and interesting game experiences, allowing parents and children to break away from the traditional framework, and experience different knowledge learning methods with cross-domain multi-learning online. During the event, a total of 2,878 people participated. We look forward to continue passing on the energy of popular science education through online and offline resources in the future.

### 2021 Features and Results

Invested resources to develop online courses combined with offline promotion in schools to make learning more diversified and expand the targets of learning.



Long-term cultivation of water resources education



Samgabsui Environmental Education Vine Removal Activities

### Overall Achievements

Participation: 1,402 person-times  
Online video: 1,152 person- times

### Cross-domain Cooperation

- Cooperate with National Taichung University of Science and Technology to produce water pollution video
- Cooperate with Zhongli Laojie River Education Center to organize on-campus promotion activities
- Assist Samgabsui Environmental Education with vine removal

### Volunteer Participation

Number of Volunteers: 123 person- times  
Service: 346 hours



## 4.5.5 Cultural Preservation

### Sidadun Kiln



#### Sidadun Kiln Cultural Center

After the opening of Sidadun Kiln Cultural Center at the end of 2020, in order to allow employees of the Company to recognize and convey cultural influence, for the first time, the Smart Manufacturing Exhibition was combined for the first time this year, to allow employees of the Company to visit the high-tech past and present, and convey the concept of balance between technology and humanities through the interactive exhibits of the Cultural Center. We also plan for an exclusive day for employees of the Company. The content of the event is to combine the Cultural Center's exclusive guided tour experience with clay DIY, allowing the employees and their families to learn and understand the historical story of Sidadun Kiln from DIY. In 2021, due to the impact of the epidemic, the physical tour event has been suspended. In order to continue to promote and cultivate the concept of environmental and cultural literacy, we have begun to design online activities, with a 360-field surround view, allowing employees to bring their children to study together at home. In addition, we have also launched cross-domain cooperation. For the first time, we have combined with the Soil and Water Conservation Bureau to plan for online live broadcast activities, allowing employees and their families to create their own cultural works together. In 2021, a total of 3,113 people visited the Center.



### Shantou Village

AUO Xiamen has preserved the Minnan building, "Shantou Village", with more than 170 years of history, and has continued to explore the rich cultural meanings, dozens of guest visiting were hosted every year. In 2021, we diligent organized Minnan Culture Camp, inviting 29 employee's family dependents and children to participate, so that the new Xiamen children can understand the Minnan Culture and promote the connection between the family and business.



#### Fuke Walk-Study

The "Fuke Walk-Study" tour was co-developed by AUO Taichung Site with Junior High School, and more than 7,164 new students and teachers participated since 2010. Every year, new students are invited to learn about their home town environment, culture and industries by walking tour. The theme of the 2021 tour was "Cultural Preservation, Renewable Energy", combined with the Sidadun Kiln Cultural Center, to let the students better understand the importance of sustainable cultural heritage, while conveying the concept of local environment and energy saving, carbon reduction through the introduction of the Cultural Center and paired with guided tours and interaction provided by volunteers. In the future, we will incorporate the environmental-related topics to cultivate the environmental cultural literacy of future generation.



### Quatang Barns

In 2021, Quatang Barns hosted more than 400 guests in 30 tours from the government agencies, schools, business clients, and community neighbors. Quatang Barns Cultural Volunteers tell the story of Quatang Barns to all people of the society and to promote the traditional culture.



# Ch5 Agile Innovation

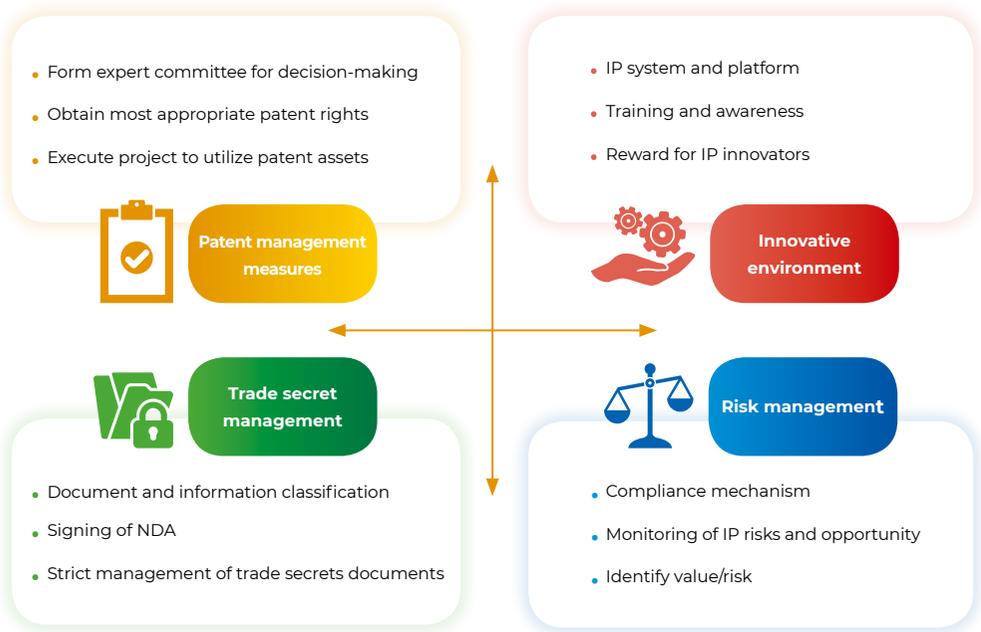


- 5.1** Intellectual Property Rights
- 5.2** Innovative Panel Technologies
- 5.3** Intelligent Life
- 5.4** Affordable and Clean Energy
- 5.5** Smart Manufacturing

# 5.1 Intellectual Property Rights

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

## Intellectual Property Strategy Blueprint



AUO values our own IP and respects the IP of other parties as well. Proactive IP management includes encouraging employee innovation and the creation of quality IP in order to enhance our competitive advantage and boost our corporate profitability; at the same time, the IP of other parties are carefully assessed to reduce the risk of patent violations. An active defense is also mounted against frivolous patent litigation to maximize company and shareholder value/interests.

## AUO IP Management Measures and System

### Patent Management

● **Patents applications are filed for IP protection and follow three produces**

- A.** Patent applications are made in each country based on the decision of the Innovation Proposal Evaluation Committee.
- B.** Proper controls are followed during the patent application process with every effort made to obtain the most suitable patent rights.
- C.** If the abandonment of a patent application is being considered due to being rejected or some other factors, a decision requires at least three officers from the IP Office.

● **After patent approval**

- A.** The IP Office maintains the validity of the patent and pays any related costs in accordance with the regulations of each national patent office of each country.
- B.** An analytical report is prepared through an evaluation of the patent asset. An IP evaluation meeting will then be convened to review the evaluation.
- C.** Develop patent asset utilization projects based on the requirements of patent management

### Trade Secret Management

● **Measures should be taken to protect confidential company documents. The following measures are taken to protect innovative concepts classified as trade secrets**

- A.** The content is labeled as confidential then managed as a confidential document.
- B.** A NDA is signed with the author of the content. The author is also notified that the content is now confidential information of value to the Company and should be managed in accordance with the management procedure.

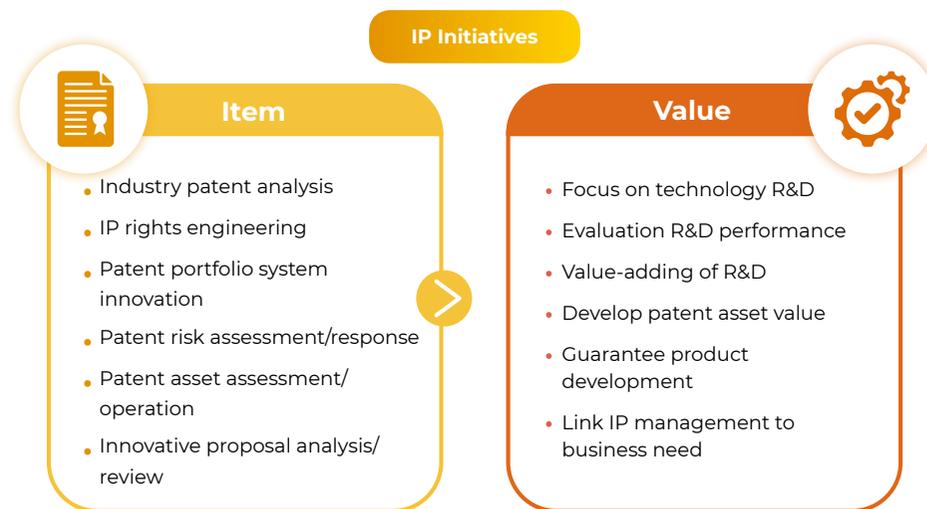
AUO has many inventors with creative minds spread around the world. To effectively implement and maintain the resources required for sustaining the IP management system, AUO goes to great lengths to develop an inventive environment. The IP Office was established as a unit dedicated to helping inventors propose new inventions.

## Role and Operation of the Intellectual Property Office

The IP Office briefs the Board of Directors on IP operations every year. In addition to proposing corrective measures based on the recommendations of the Board, the IP Office conducts regular internal reviews on the current state of technology, progress on patent applications, as well as existing products and technologies. A responsive feedback mechanism, industry information, and practical experience on the latest patent developments in each country are combined to amplify AUO's returns on IP investments.

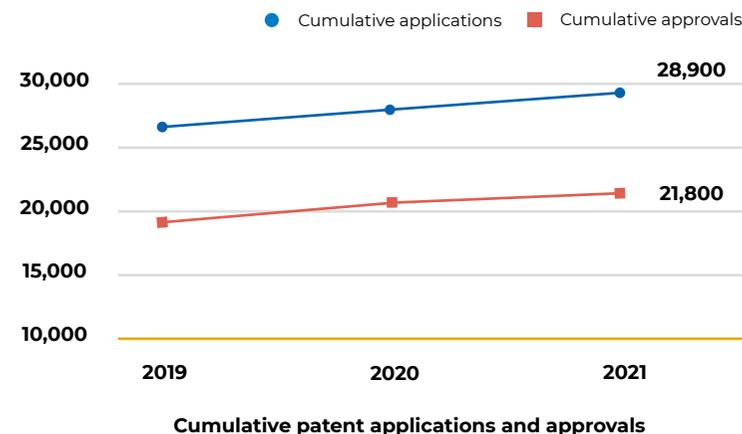
Key Items	Actions
Provide systems and platforms relating to innovation and patents	Tracking of innovative proposal numbers, patent application and management, and patent portfolio platform
Host training on IP-related topics	Combination of mandatory and optional courses tailored to the target and actual requirements.
Promote IP innovation activities and organize rewards for IP innovation	Rewards for patents, trade secrets, and external publications

Once a patent application filed by AUO is granted then the IP office coordinates with the relevant units to classify the patent to establish the value and status of the patent asset. To maintain our corporate competitiveness, AUO has constructed a comprehensive risk management mechanism to ensure that a legal mechanism is in place to monitor patent risks and opportunities during R&D and production. Decision-makers can use this as a reference for judging value and risks; a thorough and rigorous control mechanism is also in place for preventing and responding IP violations. The effective tracking of critical technology patents around the world protects the IP and market position of AUO. It also ensures the proper management of AUO IP assets and respect for the IP of other parties.



## AUO IP Strategy and Accomplishments

Technology development projects (patent incubation projects) were proposed by AUO aimed at the filing of patent applications in the three areas (Field Application, Panel Plus, and Non-Display) to continue reinforcing our patent portfolio for high value-added products. The number of patent incubation projects grew by around 30% in 2021 compared to 2020. The number of invention patents filed in the Field Application sector grew by approximately 82% compared to 2020. For example, in the number of uLED invention patents filed was 135 (89% increase compared to 2020); in the Non-display area, there were 51 fingerprint recognition invention patents in 2021 (168% increase compared to 2020). By focusing on re-optimization and value-adding, increasing process yields, strengthening of optical performance and extended applications, AUO was ranked No. 2 in the number of invention patents filed and approved by a Taiwanese legal person in 2021.



# 5.2 Innovative Panel Technologies

The encouragement of innovation and development of pioneering technologies embody the organizational culture of R&D. We build on innovative technologies, cultivate professional talent, develop cutting-edge technologies, and continue to provide customers with competitive, sustainable products through internal and external partnerships.

## Management Structure for Innovative Display Technologies



For IP rights, please refer to 5.1 Intellectual Property Rights

## Development of Low-Power Products

Environmental sustainable and efficient use of resources is a longstanding mission of AUO. The technologies for notebook/desktop computer and TV applications are constantly being refined to improve their energy efficiency. Panel transmittance is a clear-cut indicator for measuring product performance because higher transmittance means less power is needed to drive the backlight module. In 2021, AUO reduced the energy consumption of notebook displays by 45% and of desktop displays by 55% while increasing the transmittance of TVs by 60% (with 2017 as the baseline year).

For notebook displays, the number of mobile devices in the market has continued to grow in recent years. In addition to the introduction of the low temperature poly-silicon (LTPS) process two years ago for building panels with improved electron mobility, optimizations to optical characteristics of the backlight guide plate are now being used to improve backlight efficiency and reduce power consumption. In the future, work will continue on panels that support low operating frequencies for different system usage scenarios to achieve further reductions to power consumption.

For desktop displays, we worked with backlight vendors to develop a wide-gamut LED that can be combined with a proprietary high-transmittance color filter to deliver standard SRGB colors. New directional light guide plates have also been developed with light guide plate vendors to direct most of the light towards the user to overcome the problem of light leakage in conventional light guide plates.

## Cultivation of R&D Talent

### Expert and Reward Systems to Promote Innovation

AUO established an internal expert system to encourage the continued development of world-class technologies by employees. Annual technology awards are also presented by the Technology Advisory Committee (TAC). These work hand-in-hand with the performance management system to reward employees. A group collaborative R&D platform has also been set up to facilitate inter-company exchanges through technology seminars, expert forums and technology demonstrations. A co-development subsidy plan was also designed to encourage the commercialization of R&D results as well as the study of real-world user requirements in order to develop innovative and practical products.

AUO University has defined development roadmaps for each speciality. In 2021, the beginner, basic and advanced R&D courses consisted of around 30 courses of increasing difficulty. 10 technical forums and seminars were also held, and more than 4,680 employees took part in the training; the R&D education committees in each field hosted nearly a hundred professional courses of increasing difficulty that were attended by around 5,800 R&D personnel.

### Industry-Academia Integration for R&D

The "AUO-NTU Joint Research Center" was jointly established by AUO and National Taiwan University in 2021. The establishment of more joint research centers in collaboration with National Taipei University of Science and Technology and National Yang Ming Chiao Tung University is also in the pipeline. AUO hopes that the integration of different disciplines and faculties will not only cultivate new talent in cutting-edge display technology research but also help Taiwan's industries and academia break new ground.

For more on industry-academia cooperation, please refer to 4.1 Talent Recruitment and Retention

# Innovative Display Applications

## Innovative application of Micro-LED display

The 1.39" 326 PPI full-circle Micro Display LED developed by AUO employs high-precision mass transfer technology to transfer hundreds of thousands of Micro LEDs smaller than 30 um in size to a Low Temperature Polysilicon (LTPS) substrate. The superior brightness and wide-temperature operating range compared to conventional OLED displays makes the technology suitable for outdoor wearable devices and automotive dial displays.

The circular exterior, a result of exceptional shape cutting technology and integrated pixel circuit design delivers an exceptional user experience and a circular Micro LED display with the highest pixel density in the world.



1.39" 326 PPI full-circle Micro LED display

## Advanced AmLED Display Technology

AUO's proprietary Adaptive mini LED (AmLED) display technology takes mini LED backlight design to a new level through dynamic adjustment technology. A combination of "dynamic image processing" and "dynamic contrast and peak brightness adjustment" supports the high-precision, real-time, dynamic adjustment of backlight brightness, contrast, colors, refresh rate and power consumption by individual zones. Performance adjustments can be optimized for different user scenarios and displayed images to provide the best possible display experience and energy efficiency.

For more on AUO's AmLED technology, please refer to [amled.auo.com](http://amled.auo.com)



The extreme image quality and performance of AmLED technology

## A.R.T. Eye Care Display

Consumers are using electronic products longer than ever in the post-pandemic era. AUO launched an in-depth study from the user's perspective into environments during screen use, ergonomics, and eye fatigue. The Advanced Reflectionless Technology (A.R.T.) developed by AUO is a unique, industry-leading technology used to build anti-glare displays with non-reflective surfaces. A.R.T. offers a significant improvement in resistance to interference from ambient light on the displayed image compared to ordinary anti-glare/anti-reflection technologies in everyday environments. Image quality with high ambient contrast and high ambient saturation provides users with a superior everyday usage experience.



A.R.T. offers an effective solution to the interference from ambient light on the displayed image.

## High Fidelity, High Clarity, and High Refresh Rate Technology

CTSP Innovation Contest - Innovative Product Award

Product refresh rates have become a major selling point due to the popularity of e-Sports. Usage scenarios in the post-COVID era suggest that a greater proportion of everyday life, education and recreation will now take place indoors in the post-COVID era. As the leader in E-sports panels, AUO not only catered for conventional E-sports displays but also looked at the requirements of large TVs that support next-generation video game consoles. In 2021, we integrated the attributes of conventional TV and E-sports panels to release the first 85" 4K 240Hz panel in 2021. The new display combines UHD 4K resolution with ultra-fast 240Hz refresh rates. By overcoming the technical constraints that used to make high resolution and high refresh rates mutually exclusive, we were able to greatly increase the game display quality.



85" 4K ultra-high refresh rate E-sports TV panel

## Optical TFT Fingerprint Sensor Technology

The large TFT optical ultra-thin fingerprint sensor module integrated under the OLED overcomes the traditional limitations of limitation of being only able to scan one finger due to the small sensor size. Large fingerprint sensors can support multi-touch applications while also improving the security and privacy of fingerprint recognition. The large sensor area allows for unlocking without looking so greatly improves ease of use. The ultra-slim fingerprint sensor module can have an overall thickness lower than 0.4mm. This greatly reduces its footprint inside the mobile phone without impacting on the overall endurance of the mobile phone battery. When AUO's fingerprint sensor technology is compared to other optical fingerprint sensor products on the market, it offers a larger area, reduced thinness, and lower costs as well, making this a very competitive technology.



Large Area Optical TFT Fingerprint Sensor Technology

## X-Ray Sensor

AUO is actively working on display product technologies for non-commercial applications. The X Ray image sensor array is an example of a TFT-based core technology that forms the basis for X-ray penetrating imaging products used in medical and industrial inspections. In addition to product technologies based on a glass-substrate, we were successful in forming the image sensor array on a heat-resistant Polyimide (PI) plastic film then removing the PI thin film using a mechanical removal method we developed ourselves to create an X-Ray image sensor array on a flexible substrate. The resulting image sensor not only retains low noise and high photo-electric conversion efficiency but is also lightweight and shock-resistant, making it very well suited to mobile X-ray image sensor applications.



Flexible PCB X-Ray Image Sensor

## 5.3 Intelligent Life

AUO is leveraging our core technology to combine the display industry with our strength in end-user products and develop products and integration services based on innovative thinking and AI technology. Group resources also being harnessed on collaborative crossover developments with our partners to extend our value chain from displays to smart applications such as education, health, finance, shopping, lifestyle and transport. We are committed to building a smart IoT lifestyle.

### 5.3.1 Smart Retail

The increasingly online-oriented nature of consumer habits and lifestyles in the post-COVID era poses a tremendous challenge to traditional retail and physical stores. For the retail industry, the top priorities are now on using digital technology for transformation and the extension of their revenues, as well as the revitalization of physical stores to create an all-new shopping experience.

AUO Display Plus is an AUO subsidiary that specializes in industrial and commercial displays. The Public Information Display developed by AUO Display Plus can be set up as portrait or landscape displays depending on the environment for product promotions, advertising and real-time accessibility applications. It can serve as an important component of smart retail by replacing traditional posters and light boxes in convenience stores, fast food restaurants, food courts, book stores, and clothing shops.

#### Public Information Display (PID)

##### Highlight 1

Adoption of Haze 44% low-reflectivity display panels in the place of standard Haze 2% gloss panels to reduce glare and protect eyesight.

##### Highlight 2

The indoor display product for smart retail uses large-screen displays or touch-control smart signage. The provision of real-time product promotion information improves the shopping experience for consumers. The product has now been deployed by a well-known convenience store chain in Taiwan.

##### Highlight 3

Outdoor display product for smart retail uses wide-temperature LCD panel in a high-gloss, water-resistant and weather-resistant design that can be used for outdoor menu displays and signage. The smart display can replace conventional acrylic light boxes with fixed content and improve the consumer experience by displaying a variety of meal options in real-time. The product has now been deployed at the drive-through of a world-renowned fast food chain.



### 5.3.2 Smart Healthcare

#### Boundless Innovation in Smart Healthcare

The COVID-19 pandemic changed how people live and accelerated the deployment of telemedicine services. AUO Display Plus is working to deliver total medical solutions. While hospital administration requirements has often been discussed in recent years and interest remains strong, new types of hybrid operating rooms and their associate image integration requirements aimed at improving surgical efficiency are now attracting attention. We will continue to work with our field partners to develop the most appropriate Solution Ready Packages (SRP) to accelerate the process of digital healthcare transformation.

#### High-Quality Medical Display Applications

AUO's medical display division is well established in the healthcare field and counts international tier-1 vendors among its customers. AUO Display Plus not only builds on this expertise in medical displays, but has also embraced the mission of developing high-quality medical display applications and working closely with medical workers in the healthcare field to understand what they really need. It seeks to become the eyes and hands of medical workers by using super-realistic professional medical displays to provide a faithful representation of what it sees, and improving the productivity of medical workers in combination with different SRPs.

## Co-Creation with Field Partners

AUO first took part in the Healthcare Taiwan Expo at the invitation of Taiwan Display Union Association (TDUA) in 2021. AUO Display Plus carried on the baton in 2021 by showcasing a range of medical solutions that it co-developed with field partners over the past year. We focused on the three fields of smart operating room, medical testing, and healthcare administration by leveraging our core expertise in advanced medical display technology. By partnering with ecosystem partners in the healthcare field such as ADLINK, aetherAI, Cypress Technology, Jellox, and Medicaltek, we demonstrated our prowess in high-quality medical imaging and software and hardware integration through eight key solutions.

### Smart Operating Room Applications

The requirement for high-end medical imaging and highly integrated medical information is still developing. To overcome the inability of conventional operating rooms to integrate separate image sources, we worked with Cypress Technology to develop an integrated solution for recording, capturing, transferring and displaying images. The AUO Display Plus 55" 4K UHD medical display supports split screens and switching between multiple interfaces. Systemic integration of different streams enables the simultaneous display of multiple information sources so that physicians can concentrate on the procedure, improving the overall efficiency of the surgical process.

For operating rooms with a requirement for high-end medical imaging displays, the 3D medical imaging solution offers more than just the best image quality and specifications in the industry today. The advanced 3D vertical wide viewing angle technology provides physicians a wider visual range and optimum 3D image effects. When this solution is used in conjunction with the 2D-to-3D imaging technology from our field partner Medicaltek, it is possible to use 2D endoscopes to perform 3D endoscopy. The 3D image's depth of view can also be fine-tuned to suit each physician's personal preferences. The increase in user flexibility shortens the learning curve for physicians new to 3D surgery. AUO Display Plus has also developed a next-generation high-fidelity medical imaging solution incorporating advanced MiniLED image display technology. Details of medical images are enhanced to help physicians make a more precise assessment of tissue details and nidus.



### Medical Testing Applications

Healthcare personnel need high-end medical imaging displays to help them identify the lesion, take measurements, and keep count in order to realize precision diagnosis. This requirement highlighted the value and potential of combining high-end visualization interfaces with AI computing power in pathology. AUO Display released a 3D pathology imaging solution and pathology testing imaging solution aimed at pathology imaging precision, marking of tissues, and presentation of cellular structure. There is also a high-fidelity medical imaging solution intended for high-end diagnostic applications to assist physicians with their diagnosis and interpretation.

The 3D pathology testing imaging solution developed in conjunction with Jellox and ADLINK uses a 15.6" 4K naked-eye 3D display and a proprietary eye-tracking system. The system overcomes the limited viewing angle of conventional naked-eye 3D displays through rapid tracking of eye movements. When used with Jellox's 3D digital pathology imaging AI analysis platform and ADLINK's industrial computing power, patient samples are processed by AI technology into a high-resolution, continuous 3D pathology image. Physicians can use the 4K naked-eye 3D medical imaging display to view good-quality 3D images. This will provide them with an overall picture of the pathology tissue in either the vertical or horizontal direction so that the pathologist can make a clinical decision.

At the same time, we partnered with aetherAI develop a pathology testing imaging solution that scans glass slides whole to convert them into digital images. The aetherSlide digital pathology system provided by aetherAI encompasses teaching, research, and clinical applications. The 27" 4K A.R.T. Medical display featuring proprietary A.R.T. Anti-glare technology is immune to the effects of ambient light. Its high-fidelity presentation of pathological slides and pathologic features help physicians with subsequent diagnosis and treatment.

For radiographic imaging diagnosis applications, A.R.T. medical diagnostic display provides accurate presentation of medical images so that medical workers can view medical imaging identical to the real thing regardless of the time, space or platform, and arrive at a more precise diagnosis.



### Visualization Perform for Highly-Efficient Operations

For hospital process management, routine operational monitoring, response and operational efficiency requirements, we developed a hospital combat intelligence system solution based on large video wall displays and the information integration dashboard from AUO Care, another group company. Data integration and visualization design helps hospital develop a customized combat intelligence analysis system that conforms to the requirements of each hospital unit, shows critical information in real-time and boosts decision-making and operational efficiency.

### Paving the Way for the Smart Healthcare in Taiwan

The AUO Group is following a two-axis transformation strategy of Go Premium and Go Vertical by actively expanding into smart healthcare. Advanced medical display technology is being leveraged to work with partners in the healthcare field to co-develop total solutions that enhance efficiency, boost precision, and improve physician-patient relations. These solutions create more value for the healthcare field and health professionals. In the future, we will continue to form cross-industry alliances with healthcare ecosystem partners to complement, collaborate and co-create with each other to build a new age of smart healthcare.

# 5.4 Affordable and Clean Energy

## 5.4.1 Energy Business Strategy

The major electricity consumer legislation introduced by Taiwan in 2021 encourages enterprises to use green energy. The government has also announced its commitment to reach net zero carbon emissions by 2050. This objective means green energy is now a key driver of low-carbon transformation.

AUO first entered the energy industry more than a decade ago in 2008. Our energy business started out as the vertical integration of the photovoltaic (PV) module manufacturing and was expanded to include solar power plant development, operation & maintenance and power companies. The energy storage and energy management software business have also continued to grow thanks to the increasing proportion of green energy. AUO’s energy business developed “one-stop shop” for solar power kits. In 2021, COVID-19 and the trend towards digitization meant the kit sales channel was transferred from offline to online. The launch of an online AUO mall was the first of its kind in Taiwan’s solar power industry. We also developed BAPV/BIPV (Note), niche products and electric power generation and transmission solutions.

Note: BAPV stands for Building Attached Photovoltaic; BIPV stands for Building Integrated Photovoltaic.



For more about AUO’s energy business please go to [Solar.auo](http://Solar.auo)

### Energy Business Roadmap

The energy storage business and energy management have become increasingly important due to the need to maintain stability of power supply even as the proportion of green energy continues to increase. AUO was the only vendor chosen for the “Taichung Smart Energy-saving Community Demonstration Site” due to its many years of development experience. Software-wise, company-owned solar power plant sites were used to support the in-house development of the SunVeillance product range including data loggers, monitoring system and wireless IoT environmental sensors. AI simulation was also introduced and a smart monitoring system developed to expand the software business beyond energy generation to energy storage. This is to prepare for the dispatching and management of power from a distributed grid. The software business also extended its reach to facilitate the management and valuation of solar power project assets.

#### Power plant investment and operation

Long-term investment and operation of power plants, partner with citizen power plants to popularize small commercial and residential green energy.



#### Solar system component channel

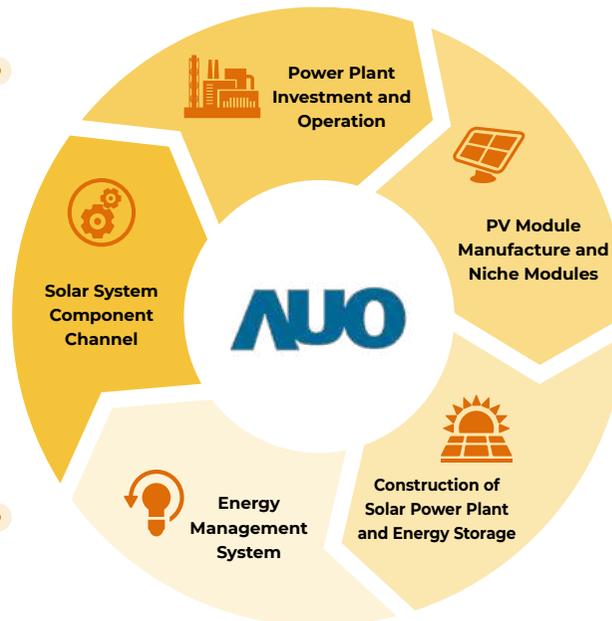
One-stop shop for solar system kits



#### Energy management system

Solar power plant and energy storage control

Comprehensive energy management services



#### PV module manufacture and niche modules

Efficient, high quality, high reliability



#### Construction of solar power plant and energy storage

Solutions for power plants and energy storage



## Power Plant Construction

AUO is helping public housing, communities and factories build power plants and power generation system in various sizes through our highly reliable solar power solution. These have been installed on rooftops, water, and the ground. AUO Longke Plant is the largest (note) rooftop solar power plant in Taiwan with an installed capacity of 9.8 MW. Our powerful R&D capability saw us win both the “Outstanding System Vendor Award” and “Outstanding Terrestrial System Award” at this year’s Top Solar Awards. For example, we built a large terrestrial solar power system over the landfill, turning the landfill into a solar power plant. Assigning new value will lead to the creation of more economic benefits. An AUO subsidiary constructed a power plant-grade floating solar power system at a public flood retention pond in Tainan. Aquatic bird watchers were also introduced to create a harmonious balance between green energy and ecology. Safety is critical to power plants so arrest point inspection mechanisms were introduced to both sites to enhance power generation security.

Note: Market intelligence gathered by AUO up until December 8, 2021, Taiwan time.

### Top Solar Awards - Outstanding System Vendor



A solar system was built over a landfill to become the solar power plant.

### Top Solar Awards - Outstanding Terrestrial System



Floating solar power plant at a public flood retention pond in Tainan.

## Combining PV with Building Aesthetics

Aesthetic PV modules use a special nano-coating and special dot design to strike a balance between the colorization and power output. The modules therefore not only supply a building with renewable energy but also deliver aesthetic, carbon reduction and thermal insulation benefits, resulting in the winning of the 2022 Taiwan Excellence Award.

### Taiwan Excellence Award



## Spurring the Popularization of Green Energy

AUO launched a one-stop shop channel to promote green energy through digital e-commerce platforms. The platform formally went online in July 2021. It included 9 categories and 14 brands. A recruitment drive was also made for online members to enhance after-sales services.



## 5.4.2 Green Energy Ecosystem

### Showcasing Taiwan's Solar Power Industry Internationally

The MOEA invited AUO to attend Taiwan Day at COP26 as a representative of Taiwan's solar power industry to share the latest industry developments. Taiwan’s location in Southeast Asia’s monsoon belt, hurricane-prone climate and demanding geographic environment became the forge of climate-resistant, high-quality PV module products that can be supplied to other countries around the world with similarly demanding climates and environments looking to develop their renewable energy sector. The international trend towards net zero carbon emissions has spurred not only the construction of solar power plants but also the design and production of building-integrated PV modules and automotive curved PV modules at AUO. These all demonstrate AUO’s commitment to the development of diversified energy solutions.



## Energy Management Solutions

AUO drew on its expertise in solar power and energy solutions to partner with the Taiwan Institute of Economic Research (TIER) in Taichung City Government projects. The result was the first two “Smart Energy-saving Community Demonstration Site” combining energy efficiency, energy storage and energy generation in Taichung. The two communities can each generate more than 30,000 kWh of green electricity each year and cut their common electricity consumption by 12%.



## Green Energy and Citizen Public Plants

AUO formed an alliance with “Sunnyfounder”, the largest citizen power plant platform in Taiwan, to apply its expertise in PV module products, power plant construction, operation and maintenance to the objective of building 10MWp of solar power plants each year. The project is expected to attract 30,000 participants each year. We are also continuing to expand our green energy ecosystem. Star Shining Energy, an AUO company, has set up a wheeling arrangement through Sunnyfounder to supply 2MW of green electricity to major domestic power consumers. The collaboration will provide the electricity consuming enterprise with a reliable source of renewable energy. AUO is also applying its expertise in power plant construction and supply of reliable green electricity to promote the liberalization of the Taiwanese electricity market, and revitalize the green energy economy. We were also invited to take part in Sunnyfounder online forums to share the green energy transformation initiatives of large enterprises.

## Public Solar Power Policy Advocacy

Mr. TY Lin, Vice President of AUO’s energy business, presented in his role as the Chairman of the SEMI PV Public Advocacy Committee a public policy recommendation to the Executive Yuan calling for strengthening of Taiwan’s development environment for net zero transformation, maintaining the stability and integrity of feed-in tariffs, greater emphasis on policy communication and stability, strengthening of the voluntary product verification schemes, and promotion of sustainable PV development.

We also took part in a SEMI-led delegation to the Office of the President and made recommendations on the development of Taiwan’s solar power industry as the industry representative. We also discussed how Taiwan can accelerate and stabilize the roll-out of green electricity, and realize the goals of carbon neutrality and net zero transformation by 2050.



Taking part in a SEMI delegation to the Presidential Office as an solar industry representative.

## 5.4.3 Quality Solutions and Services

### Development of Innovative PV Metal Roofing and Lightweight Modules

Solar power can be accessed anywhere unlike centralized power plants. The amount of solar power collected can therefore be increased through the integration of power generation and lifestyle. To this end, AUO launched the SunSteel PV metal roofing and SunCurva lightweight module to provide businesses and households with an easy way to generate solar power with unused space.

SunSteel PV metal roofing allows vendors to install the PV system in one go instead of having to lay down the corrugated roofing first. Dispensing with the traditional metal brackets reduced the overall weight by up to 25%, speeding up installations and reducing the carbon footprint. The SunCurva light weight module features unique materials and an optimized structure that lets it weigh 50% less than conventional PV modules. Its lightweight and wrap-ability makes it particularly well-suited to car rooftops, car ports, or curved building roofs/walls.

We also showed off our first lightweight module for installation on car roofs. Its lightweight and high conformity makes it suitable for integration with electric vehicles where weight is critical. The increasing popularity of EVs around the world means that the development and application of this technology offers great potential.

### Optimizing Power Generation Efficiency through AIoT

The AUO SunVeillance solar smart cloud monitoring solution, currently monitors more than 750MW of solar power plants at over 2,000 sites around the world. Its remote diagnostic function can be used for troubleshooting system problems and administrators can log into the system via an app to quickly establish the status of their site and track each individual device. AI performance analysis can identify aging series early and identify the exact location to reduce errors; the data collector has also been upgraded to improve offline backup, and the lighting isolation design has been upgraded to keep a more complete record of power generation data and deliver another boost to reliability. The energy management platform can be integrated with energy storage systems as well to store peak electricity generated from solar power. The stored electricity can then be supplied through the micro-grid during off-peak. Flexible dispatching of electricity improves grid stability and satisfies the major electricity consumers’ need for diversified energy management.



The light weight and wrap-ability of SunCurva modules makes them particularly well-suited to car rooftops, car ports, or curved roofs/walls.



SunVeillance can carry out remote troubleshooting and identify anomalies early through AI analysis.

## Create Zero-Energy Buildings

### Building-integrated Photovoltaics (BIPV) Materialize Benefits of Energy, Carbon Reduction, Heat Insulation, and Aesthetics

In the past, architectural aesthetics was lack due to the independent nature of the photovoltaic equipment and the buildings. The aesthetic PV building solution developed by AUO embed custom motifs into PV building materials to deliver four key benefits: energy, carbon reduction, health insulation and aesthetics. To satisfy the esthetic needs of the buildings, general stone materials and world-renowned paintings are complemented by multi-busbar photovoltaic cell technology and narrow wire technology to minimize the frontal visibility of the metal wire grid, in turn endowing photovoltaic cells with artistic and high-tech qualities. The product shatters the stereotype of photovoltaic modules.

### Frameless Module Installation Defines Cutting-edge BIPV Aesthetics

Unlike the fixed mounts and exposed brackets of traditional construction methods, which are not only unaesthetic but also dangerous, AUO's concealed wall photovoltaic modules can be preinstalled in system brackets, while the hidden mounts are located on the sides of the brackets to resolve the problem of exposed brackets. Such arrangement not only decreases the distance between adjacent modules but also retains the joining effect of the motifs as well as enhances convenience and safety. Furthermore, AUO has applied nano-coating technology to the photovoltaic panels, preserving the balance between the vibrantly colored exterior and glass transmittance, while the customized motifs endow the photovoltaic panels with artistic and high-tech qualities.



Photovoltaic cells with artistic and high-tech qualities shatters the stereotype of photovoltaic modules.

### Residential Smart Micro-Grid for Optimal Power Quality

The BIPV solution integrates solar power, energy storage, and energy management system. The software/hardware integration of the energy storage system enables the balancing of peak and off-peak supply for greater flexibility on energy use. Data can also be visualized by the platform so that an efficient power consumption strategy can be devised to realize the ideal of zero-energy buildings.



### Continuing to follow the path of sustainable clean energy through environmentally friendly engineering and humility

AUO set up Star Shining Energy as a joint venture with Taiwan Life Insurance and Fubon Life Insurance focusing on renewable energy development projects in support of the government's policy and to promote Taiwan's energy transformation. Shengli Pingtung site is being developed by a professional team from Star Shining Energy. The project is a fully compliant development that emphasizes cultural preservation and ecological conservation. When the ruins of World War 2 military bunkers were discovered during early development, efforts were made to preserve all the cultural heritage within the site and conduct ecological rehabilitation. The three principles of "construction bypass", "change of method" and "partial non-development" were also devised.

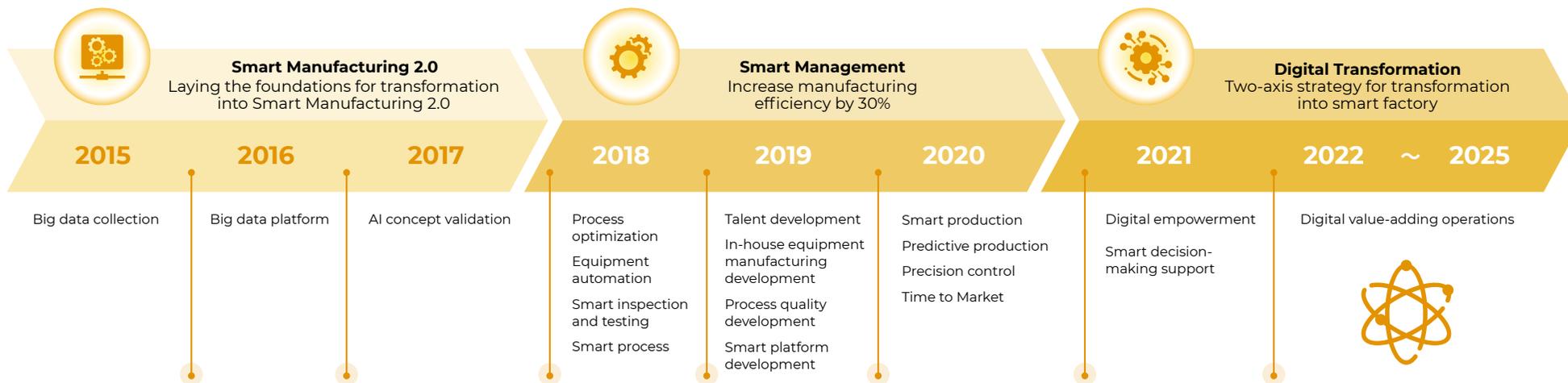
The site is a low-density development so large tracts of forest cover were retained and soil-water conservation measures implemented. A "Shitoying Bunker Protection Plan" was introduced for the bunker area as well to ensure that the cultural assets were not impacted by the construction work. A "Green Energy Culture Park" will be built in the future with green belts, ecological reserves, cultural tours and workshops. The PV site will become a national role-model for the integration of cultural heritage and green energy. We hope that our efforts will support the government's energy policy while also realizing the fusion of energy development, cultural heritage and ecological conservation.



# 5.5 Smart Manufacturing

AUO has many years of experience in the industry and is very competitive on pioneering technologies. We play a particularly vital role in smart manufacturing as well. The Smart Manufacturing 2.0 project was launched in 2015 to actively integrate internal and external information. These in conjunction with Germany’s Industry 4.0 concept focused on realizing the digital transformation of AUO employees. Reading clubs were organized at every level of the company under the leadership of the company chairperson to increase familiarity with and introduce smart manufacturing processes and work modes. By building consensus on the promotion of manufacturing reform, an AUO smart manufacturing mindset and strategic roadmap was successfully developed. After realizing the goal of increasing manufacturing efficiency by 30% in 2020, we embarked on the next stage of the “digital transformation” project. The two-axis transformation strategy was embraced to increase productivity through digital transformation, develop high-value products and services, and enhance our industry competitiveness.

## Smart Manufacturing Milestones and Vision



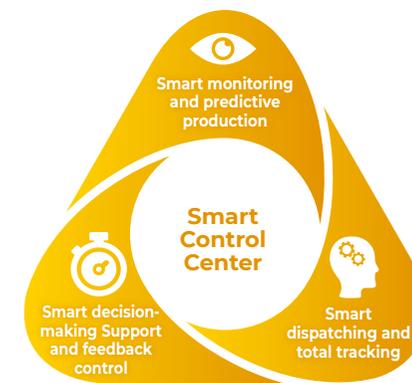
### 2018 ~ 2021 Key Accomplishments in Smart Manufacturing

- Manufacturing efficiency increased by 44% and qualification rate reached 110% (with 2017 as the baseline year)
- AUO University set up AI course and 873 employees completed the advanced courses on theory and practice
- Industry-academia cooperation and establishment of joint research center for cross-industry exchange on the latest AI applications and developments in smart manufacturing
- Hosted annual smart manufacturing exhibition to showcase smart and innovative applications, and to continue promoting the spirit of manufacturing reform
- Selected for “Global Lighthouse Network” and leads the charge on 4IR transformation in manufacturing

## Digital Transformation Operations

### Development of Smart Control Center<sup>+</sup>

During the smart management stage, AUO developed an internal ecosystem for connecting all smart applications within the factory. The establishment off a smart control center that acts as the brains of the factory completely transformed existing modes of operation. In 2021, AUO entered the digital transformation age and began focusing on the twin dimensions of “Digital empowerment and smart decision-making support.” Digital empowerment was used to review the credibility and validity of data to realize precision sampling, precision representation, effective referencing, and effective driving. Digital engineering was used to drive digital transformation and the importance of digital empowerment reinforced through training courses. At the same time, professional consultants and industry-academic cooperation were harnessed for the development of smart decision-making support and continued optimization of the smart control center.



## Digital Capacity

A human-oriented approach lies at the core of the Fourth Industrial Revolution (4IR). AUO focused on employee capacity building, independence and accountability through the systematic cultivation of 4IR talent. Employee empowerment was also enforced by encouraging every employee to convert experience from every successful project into technical modules, and efficiently rolled out to every factory to inspire a positive feedback cycle of creativity. We began promoting digital talent cultivation for all employees. AI courses were offered by AUO University and smart manufacturing education and training was modularized. Internal and resources were integrated then reorganized into different specializations. Hands-on learning was implemented through site-specific projects. Customized courses were designed based on the requirements for each project. Training was also organized for the managers involved with digital transformation to give key decision-makers an understanding of the big picture.

We recruited talented people from a broad range of specialties to create more talent diversification and promote greater innovation. R&D capacity was also strengthened through industry-academia cooperation. AUO not only strengthened technology R&D and exchanges but also began laying the groundwork for future recruitment of talented personnel.



Cultivating specialists through mentoring



Accelerating transformation and guiding the development of digital managers

### Named as “Global Lighthouse” for Spearheading the 4IR Transformation of the Manufacturing Industry

The “Global Lighthouse Network” is judged by the WEF and is based on smart factories that demonstrate excellence in the application of automation, industrial Internet-of-Things (IIOT), AI, AIoT, digitization, big data analytics and 5G technologies. In total there are 90 sites globally. The naming of AUO as a member of the Global Lighthouse Network showed that the Taiwanese manufacturing industry has the capacity to embrace Industry 4.0. It represented not only recognition of AUO’s longstanding capabilities and accomplishments but was also an important breakthrough in our push to promote the adoption of smart manufacturing throughout the industry.

Investment in 4IR technologies such as automated transportation, equipment early warning system, automatic inspection and repair of products through machine learning and machine vision, integration of IoT architecture with automated cleaning solutions, and development of AI application integration systems, AUO’s Lighthouse factory (Taichung site) increased its overall production capacity by 32% over three years between 2018 and 2022, and



boosted its advanced process yields by 560%. At the same time, it also accelerated AUO’s efforts in environmental sustainability. AIoT digitization and data science technologies were harnessed to develop a smart grid for water and electricity that reduced Taichung plant’s water consumption by 23%, carbon emissions by 20% and electricity consumption by 6.4% over the same 3-year period.

In the future, we will continue to focus on developments in digitization, democratization, automation, and intelligentization. By focusing on the six technologies of IoT, data science, smart imaging, equipment early warning, automation and automated-feedback technologies. We will continue to move towards the realization of our digital transformation vision and goals.



For more on AUO’s 4IR highlights please refer to p.26 ~ 27 of the Global Lighthouse Network Impact Paper

# Data Overview



# Subsidiaries Overview

## AUO Crystal

Since characteristics of the manufacturing process have risks of environmental and social aspects, AUO Crystal takes the initiative to simultaneously disclose material issues and corporate concerned aspects in 2021 to respond to the concerns of stakeholders.

### Corresponding Chapter 1.1 Subsidiary Overview

Aspect	Materials issues	Item	Item Description	Unit	AUO Crystal	
Corporate Governance	Supply Chain Management	Supplier environmental assessment	The percentage of procurement amount filtered by environmental standards	%	The New suppliers must to sign three declaration documents on integrity, confidentiality and non-infringement.	
		Supplier social evaluation	The percentage of procurement amount filtered by social standards	%	Request new suppliers to sign three declaration documents on integrity, confidentiality and non-infringement.	
	Technology and Innovation	Patents			-	37
		Incentive scheme to encourage internal innovation			-	Provide high proposal bonuses and bonuses to encourage internal innovation
		Customer relations	Customer satisfaction management		%	87
	Governance and Operations	Diversified operations of the Board of Directors	Number of independent directors		Seats	0
			Gender of Board Members		Persons	Male 1   Female 0
			The percentage of Directors who are also company officers		%	100
	Operating Risk	Information Security Management	Establish an organization to control and manage information security of the entire Company		-	Information Security Officer of all Units
			The number of annual information security response drills		Times	1
			The number of major cyber attacks that have impacted the Company's operations		Times	0
			Hours of employee information security related courses organized		Person-hour	11
Response to epidemic			Times	5		
Environmental aspect	Climate Change	Scope 1		tCO <sub>2</sub> e	125.65	
		Scope 2		tCO <sub>2</sub> e	49,603.58	
		Scope 3		tCO <sub>2</sub> e	NA (Note 1)	
		ODS Usage		Tons	0	
		Greenhouse Gas Intensity (Note 2)		tCO <sub>2</sub> e	0.01	
	Energy Management (Note 3)	Purchased electricity		GJ	355,722.88	
		Natural gas		GJ	NA	
		LPG		GJ	NA	
		Diesel		GJ	110.40	
		Renewable Energy		GJ	NA	
	Circular Production	Waste produced	Hazardous Business Waste		Tons	2.05
			Non-hazardous Business Waste		Tons	3,259
		Percentage of Waste Recycled		%	89	
		Ratio of raw and recycled materials	V-Poly Usage		Tons	786
	Recycled V-poly usage		%	52		

	Water Resource Management	Quantity of tap water intake (Note 4)		m <sup>3</sup>	526,949.00			
		Water discharge		m <sup>3</sup>	392,097			
		Production Water Recycling Rate (Note 5)		%	89			
	Sustainable Products	Product hazardous substance management		%	100			
		Annual Environmental Violations		Incident	0			
Social Aspect	Occupational Health and Safety	Frequency of Disabling Injuries (FR)		(Millions of Work Hours) %	4.05			
		Severity of Disabling Injuries (SR)		(Millions of Work Hours) %	17			
		Number and ratio of deaths caused by occupational injuries		-	0			
		Number and rate of severe occupational injuries (excluding deaths)		-	0			
		Number and ratio of recordable occupational injuries		-	6 Incidents / A total of 25 days			
		Main Types of Occupational Injuries		-	Cut wounds			
		Working Hours		Hours	1,479,888			
		Employee Representatives in the Labor Safety Committee		%	55			
		Safety and Health Compliance Incidents in the Year		Incident	0			
	Compensation and Benefits	Compensation decision process		-	In accordance with Company Executive Manuals and Salary Adjustment Regulations			
		Ratio of standard salary for entry-level personnel of both genders to the local minimum wage		%	Male 1.13	Female 1.13		
	Talent Attraction and Retention	New Employees		Person	Male 64	Female 18		
		New Employee Rate		%	11			
		Number of Resignations		Person	Male 74	Female 44		
		Separation Rate		%	16			
		Education opportunity		Person-hour	5.66			
		Training Information	Global employees learning hours		Hours	Direct Labor 1,011	Indirect Labor 3,068	
					Hours	Management Positions 868	Non-management Positions 3,211	
			Global average course satisfaction		10-point scale	9.68		
	Global course training costs		TWD	336,514				
	Social Engagement	Volunteer	Volunteer participation		Person-times	116		
			Hours of Volunteer Service		Hours	98		
		Fundraising	Fundraising Amount		Ten thousand	21.8		
		Support	Cooperation with social enterprises or disadvantaged farmers		Groups	13		

Note 1: Not included in the calculations yet

Note 2: The calculation method is: Scope 1 + Scope 2/annual revenue

Note 3: The coefficients of purchased electricity and diesel are based on data referenced to the Bureau of Energy, Ministry of Economic Affairs

Note 4: All of the Company's factory sites water use comes from tap water, and the factory sites are located in a water-stressed area

Note 5: The calculation method is: recovered water / total process water

# I. Corporate Governance

## AUO Asset Structure

GRI 102-7 GRI 201-1

Asset Disclosure Item	Unit	2021	2020	2019
Total Capital	NTD Million	96,242	96,242	96,242
Asset-liability Ratio	%	43.98	52.73%	52.42%
Shareholders' Equity Ratio	%	56.02	47.27%	47.58%
Total Liabilities (before Distribution)	NTD	186,844,575	209,660,842	213,479,930
Shareholders' Equity (before Distribution)	NTD	237,966,471	187,976,749	193,790,365

The scope is the same as the 2021 consolidated statement

## Economic Value Distribution

GRI 201-1

Item	Unit	2021	2020	2019
Generated Direct Economic Values	Total annual revenue (Net sales)	370,685.14	270,955.38	268,791.69
	Other income (note)	4,179.65	3,696.96	4,511.44
Economic Value of Distribution	Operating costs	257,503.07	232,735.80	253,705.79
	Employee salary and benefit expenses	52,007.08	36,954.93	38,154.14
	Payments to shareholders	2,850.97	0	4,812.12
	Community investment	9.76	29.45	25.40
	Payments to government	1,885.79	2,024.74	3,017.22
Total distributed economic values		314,256.67	271,744.92	299,714.67
Retained economic values		60,608.13	2,907.43	- 26,411.54

Note: Other income includes interest, rental income, dividend income, subsidy income, net benefit of disposal and retirement of fixed assets, net amount of disposal investment and financial assets

## Financial Assistance Received from Government

GRI 201-04

Region	Government Shareholding (%)	Total Government Assistance (NTD Million)		
	2021	2021	2020	2019
Taiwan	1.21	55.79	14.50	66.01
Mainland China	0	309.82	2,326.79	2,717.18
Japan		0	0	0
Korea		0	0	0
Singapore		8.18	6.16	11.21
Slovakia		0	1.92	0
Germany		0	0	0
The Netherlands		0.15	0.10	0
Canada		0.50	0	0

## Board Composition and Diversity

GRI 102-22

Item	Number of People
Total Number of Directors	8
Number of Executive Directors	2
Number of Non-Executive Directors (Including Independent Directors)	6
Number of Independent Directors	5

GRI 102-22 GRI 405-1

Gender/Age	Number of Directors under the Age of 55	Number of Directors Age 56-65	Number of Directors Age 66-75
Female	1	0	1
Male	1	1	4
Total	2	0	5

## Board of Directors Remuneration

### GRI 102-35

The remuneration of the directors of the company is in accordance with the authorization of the company's policy of association, according to the director's participation in the company's operation and contribution value, and with reference to the "remuneration rules for directors and functional committee members" stipulated by domestic and foreign industry standards. If the company has profits, the board of directors shall decide on the amount of directors' remuneration in accordance with the provisions of the company's articles of association.

## Remuneration Ratio

### GRI 102-38

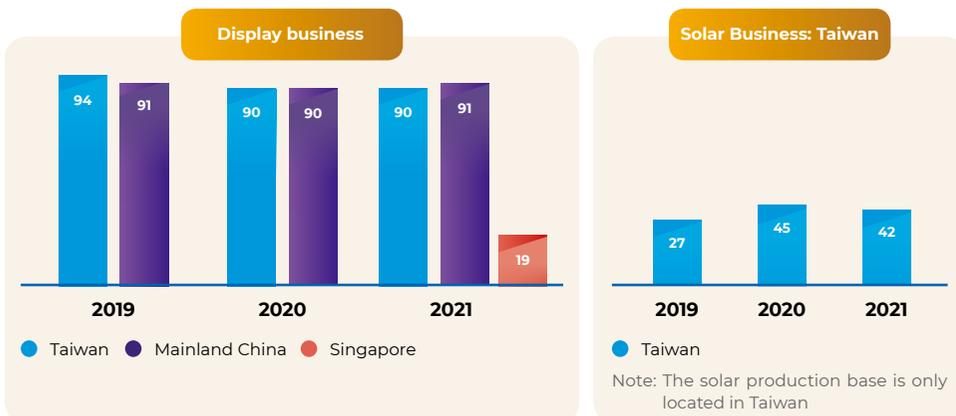
### GRI 102-39

Region	Ratio of the annual total compensation of the highest-paid individual to the median annual total compensation	Ratio of the annual total compensation percentage increase of the highest-paid individual to the median annual total compensation percentage
Taiwan	98.86	7.74
Suzhou (Note)	23.16	2.01
Xiamen	22.63	2.45
Kunshan	16.01	1.23
Japan	2.68	2.21
Korea	2.66	2.34
Slovakia	3.17	0.83
The Netherlands	N/A	N/A
Germany	2.29	1.01
Americas	2.57	1.07

Note: Shenzhen employee information is included in the statistics of Suzhou

## Percentage of Local Procurement

### GRI 204-1



## Supply Chain Formation

### GRI 102-9

	Supplier Type	Number of Suppliers
Display	Stable cooperative supplier	311
	Stable cooperative outsourcer	72
	New cooperative supplier	49
	New cooperative outsourcer	8
PV	Stable cooperative supplier	130
	New cooperative outsourcer	70
Waste	Stable cooperative manufacturer	105
	Waste new cooperative manufacturer	21
Manpower Outsourcing	Stable cooperative manufacturer	17
	New cooperative manufacturer	0
Service Outsourcing	Stable cooperative manufacturer	22
	New cooperative manufacturer	0

Note: Stable cooperation refers to suppliers that AUO has continuously cooperated with for more than 1 year

## Annual Violations

Category	Case	Amount of fine (NTD)	Responding Improvement Measures
Environment	No Environmental Violations in 2021		
Occupational Safety	The employee with last name Chang of Houli site was hospitalized for surgery due to work injury on duty in August 2019, the competent authority was not notified within 8 hours.	30,000	Conducted publicity and training on accident reporting procedures for managers at all levels of the site
Labor	August 2019, the competent authority was not notified within 8 hours.	50,000	1. Aiming at employee working hour management, the Company takes the initiative to provide working hour reports to the management level for personnel care and work arrangement 2. The supervisor controls the overtime hours of employees under management and takes care of the situation on a regular basis 3. Regularly strengthen the publicity of overtime application standards and procedures
	Taichung site-employees working overtime issue	50,000	
	Hsinchu site-employees working overtime issue	50,000	

## 2.Environment

### Materials

#### GRI 301-1

Category	Item	Item Description	Unit	2021	2020	2019	
Input	Glass Substrate	Nonrenewable	Tons	91,769.86	91,994.92	91,465.65	
	Glass Input Substrate Area		Meter-square	67,994,388	68,637,000	65,748,838	
	Liquid Crystal		Tons	88.6	92	89	
	Process Thinner (Array/CF)		Tons	1,957	1,795	1,500	
	Developer		Tons	11,385	11,747	11,966	
	Aluminum Etchant		Tons	8,251	8,516	8,882	
	Process Stripper (Array)		Nonrenewable	Tons	7,651	8,807	7,618
			Renewable	Tons	50,107	55,340	58,914
			Renewable ratio	%	86.75	86.27	88.55
	Photoresist		Nonrenewable	Tons	3,012	2,995	2,954
PFCs Usage	Nonrenewable	Tons	1,185.91	1,049.62	913.3		

#### GRI 301-03

★ The performance of packaging material recycling rate for three consecutive years has exceeded the established target

Category	Item	Unit	2021	2020	2019
Supplier Packaging	Actual	%	★ 93.6	★ 96	★ 92.6
	Target		93	93	92

Category	Item	Unit	2021	2020	2019
Product Packaging Material Recycling	volume	Sets	206,412	314,101	270,431
	Rate	%	38.97	44.64	37

Note: The packaging material recycling rate is calculated as the recycling quantity / shipping quantity of television panel packaging materials can be recycled by customers.

### Energy

#### GRI 302-1

Category	Item	Item Description	Unit	2021	2020	2019
Input	Total Energy Consumed	-	GJ	19,056,414.56	19,305,552.10	19,360,777.72
	Purchased Electricity	Nonrenewable		18,264,773.14	18,557,654.86	18,637,259.09
	Natural Gas			668,187.88	644,922.15	621,292.42
	Lpg			26,717.99	24,587.75	13,468.03
	Diesel			76,490.01	58,249.22	68,614.04
	Gasoline			774.01	952.52	863.49
	Self-Generated Electricity Consumption			Renewable	19,471.54	19,185.60
Output	Self-Generation and Parallel Sale	Renewable	198,977.86	200,707.37	187,288.20	

Note 3: The conversion coefficients of natural gas, liquefied petroleum gas, diesel and gasoline are referred to the calorific value data announced by the Bureau of Energy, Ministry of Economic Affairs

**GRI 302-3**

	Item	Unit	2021	2020	2019
Energy Density	Electricity Consumption Per Input Sheet Substrate Area	GJ/m <sup>2</sup>	0.27	0.27	0.29
	Energy Consumption Per Input Sheet Substrate Area	GJ/m <sup>2</sup>	0.28	0.28	0.29
	Electricity Consumption Per Unit Revenue	GJ/10,000 NTD	0.50	0.69	0.70
	Energy Consumption Per Unit Revenue	GJ/10,000 NTD	0.51	0.71	0.72

**Water**

**GRI 303-3**

**GRI 303-4**

Category	Item	Item Description	Unit	Quantity of Water Intake			Water Discharge
				2021	2020	2019	2021
All regions	Quantity of total water intake	-	Megaliter	24,991.78	26,460.38	27,955.25	17,280.86
	Surface water (including rain water)	Fresh water		15.37	9.58		1,878.38
		Other water		0	0		0
	Ground Water	Fresh water		417.56	153.96		0
		Other water		0	0		0
	Sea water	Fresh water		0	0		0
		Other water		0	0		0
	Produced water	Fresh water		0	0		0
		Other water		0	0		0
	Third party water	Fresh water		22,463.35	24,532.31		15,402.48
		Reclaimed water		2,095.50	1,764.53		0
		Other water		0	0		0
Water Shortage Pressure Zones (Taichung and Houli)	Quantity of total water intake	-	Megaliter	13,165.71	14,799.55	-	9,884.06
	Surface water (including rain water)	Fresh water		0.59	0.16		0
		Other water		0	0		0
	Ground Water	Fresh water		0	0		0
		Other water		0	0		0
	Sea water	Fresh water		0	0		0
		Other water		0	0		0
	Produced water	Fresh water		0	0		0
		Other water		0	0		0
	Third party water	Fresh water		13,165.12	14,799.39		9,884.06
		Reclaimed water		0	0		0
		Other water		0	0		0

**GRI 303-4**

	Item	Unit	2021	2020	2019
Water Pollutant Discharge	Waste water	Megaliter	17,280.86	18,624.45	20,508.57
	COD	Tons	547.25	527.95	583.05
	BOD	Tons	56.04	45.81	55.70
	SS	Tons	111.66	85.16	160.52

Item	Unit	2021	2020	2019
Process Water Consumption	Megaliter	137.57	158.46	145.41
Process Water Intensity	%	94.47	93.81	92.29

**Discharge**

**GRI 305-6**

**GRI 305-07**

Category	Item	Unit	2021	2020	2019
Greenhouse Gas	Scope 1	10,000 tCO <sub>2</sub> e	7.92	10.22	9.86
	Scope 2	10,000 tCO <sub>2</sub> e	284.12	290.93	304.59
	Scope 3	10,000 tCO <sub>2</sub> e	128.61	147.18	1,522
Air Emissions	Ozone Depleting Substances (ODS) Emissions	Metric tons CFC-11 equivalent	0.068	0.05	0.11
	Nitrogen oxides (NOx)	Tons	72.52	70.88	74.6
	Sulfur oxides (SOx)	Tons	49.96	51.93	50.1
	Persistent Organic Pollutants (POPs)	Tons	0	0	0
	Volatile Organic Compounds (VOCs)	Tons	168.46	142.28	131.5
	Hazardous Air Pollutants (HAPs)	Tons	0	0	0
Particulate Matter (PM)	Tons	0	0	0	

## Waste

### GRI 306-03

Waste Generation	Item	Unit	2021			2020	2019
			Generation of Waste	Disposal and Transfer of Waste	Direct Disposal of Waste	Generation of Waste	Generation of Waste
	Hazardous Waste	Tons	18,099.85	11,934.01	6,165.84	19,326.73	22,475.73
	Non-hazardous Waste	Tons	64,554.67	56,557.25	7,997.42	62,184.21	67,080.28

### GRI 306-04

### GRI 306-05

Category	Item	Unit	2021			
			On-site	Off-site	Total	
Hazardous Waste	Direct Disposal	Tons	Total	0	6,165.84	6,165.84
			Incineration (Including energy recycling)	0	0	0
			Incineration (Excluding energy recycling)	0	3,267.88	3,267.88
			Landfill	0	469.92	469.92
			Other Disposal Operations	0	2,428.04	2,428.04
Hazardous Waste	Recycled	Tons	Total	0	11,934.01	11,934.01
			Reuse Preparation	0	5,131.98	5,131.98
			Recycling	0	6,802.03	6,802.03
			Other Recycling Operations	0	0	0
Non-hazardous Waste	Direct Disposal	Tons	Total	0	7,997.42	7,997.42
			Incineration (including energy recycling)	0	0	0
			Incineration (excluding energy recycling)	0	4,764.82	4,764.82
			Landfill	0	3,040.97	3,040.97
			Other Disposal Operations	0	191.63	191.63
Non-Hazardous Waste	Recycled	Tons	Total	0	56,557.25	56,557.25
			Reuse Preparation	0	0	0
			Recycling	0	56,557.25	56,557.25
			Other Recycling Operations	0	0	0

Note: Including chemical and overseas disposal methods

## Environmental Accounting

AUO pushed the environmental accounting system since 2009. The global roll-out of the system was completed in 2012. Environmental accounting has gradually become relevant necessary information for environmental management. 2021 environmental protection expenditures totaled approximately TWD 1.983 billion.

Expenditure Categories	Unit	2021		2020		2019	
		Current Expenditure	Capital Expenditures	Current Expenditure	Capital Expenditures	Current Expenditure	Capital Expenditures
Operating Costs	Pollution Control Costs	629,756	282,714	471,622	40,976	627,656	19,215
	Global Environmental Protection Costs	29,192	3,486	37,176	1,995	50,794	2,016
	Resource Sustainability Usage Costs	591,935	0	483,034	9,870	740,693	7,770
Upstream and Downstream Related Costs		209,635	0	188,464	0	207,283	0
Management Costs		52,743	0	44,270	0	59,744	0
R&D Costs	1,000 NTD	3,696	0	13,270	0	19,187	0
Social Activity Costs		3,197	0	3,996	0	4,880	0
Loss and Remedy Costs		0	0	0	0	0	0
Other Environmental Protection Costs		177,089	0	201,015	0	227,870	0
Subtotal		1,697,243	286,200	1,442,847	52,841	1,938,107	29,001
Total Costs		1,983,443		1,495,688		1,967,108	

### 3.Social

**Corresponding Chapter: 4.1.1 Workforce Structure**

Basic Definition Description

AUO Manufacturing Sites and Offices in each region are defined as follows, which are applicable to various labor distribution statistics.

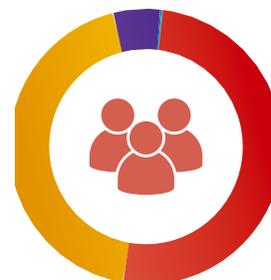
Taiwan	Mainland China	Other Asian Regions	Europe	Americas
Taipei, Huaya, Longke, Longtan, Hsinchu, Taichung, Houli, Tainan, and Kaohsiung	Kunshan, Suzhou and Xiamen	Japan, Korea and Singapore	Slovakia, the Netherlands and Germany	United States

#### Number of Employees by Hiring Type

GRI 102-7 GRI 102-8

Gender	Nature of Employment	Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	General Employees	6,305	3,770	81	54	7	10,217
	Contract Employees	649	490	100	0	0	1,239
	Temporary Employees	7	485	0	0	0	492
	Part-Time/Interns	0	1,009	0	0	0	1,009
	Total	6,961	5,754	181	54	7	12,957
Male	General Employees	11,762	7,090	235	54	22	19,163
	Contract Employees	1,358	1,424	237	0	0	3,019
	Temporary Employees	19	2,061	0	0	0	2,080
	Part-Time/Interns	0	2,261	0	0	0	2,261
	Total	13,139	12,836	472	54	22	26,523
Gender Neutral	General Employees	18,067	10,860	316	108	29	29,380
	Contract Employees	2,007	1,914	337	0	0	4,258
	Temporary Employees	26	2,546	0	0	0	2,572
	Part-Time/Interns	0	3,270	0	0	0	3,270
	Total	20,100	18,590	653	108	29	39,480

#### 2021 Global Employee Distribution



**AUO has 39,480 employees worldwide.**

- Taiwan 50.91% 20,100 persons
- Mainland China 47.09% 18,590 persons
- Other Asian Regions 1.65% 653 persons
- Europe 0.27% 108 persons
- America 0.07% 29 persons

#### 2021 Number of Employees by Category

GRI 405-01

Category	Item	Male	Female	Under 29	30~49	Over 50	Physical and Mental Disabilities	
Overall Employees	Overall Employees (%)	67.18	32.82	32.36	63.56	4.08	232 (in Taiwan)	
Management (Note)	Direct Labor	Management (%)	50.20	49.80	1.17	90.22		8.61
		Senior Level Management (%)	71.72	28.28	0.67	87.10		12.24
	Indirect Labor	Mid-level Management (%)	87.12	12.88	0	59.51		40.49
		Junior Level Management (%)	90.74	9.26	0	33.33		66.67
	Overall	Management (%)	72.65	27.35	0.63	85.16		14.21
Employee Structure	Indirect Labor (%)	74.94	25.06	14.97	77.84	7.19		
	Direct Labor (%)	64.13	35.87	39.21	57.94	2.85		

Note:  
 The Senior Level Management: Management of two levels lower than the CEO and COO  
 The Mid-Level Management: Management of three to four levels lower than the CEO and COO  
 The Junior Level Management: Management of directly leading personnel, managing non-management employees  
 Direct Labor Management: Team leader and Foreman

## Percentage of Local Hiring for Management Positions in 2021

### GRI 202-2

Item	Taiwan	Mainland China	Other Asian Regions	Europe	Americas
Direct Labor Management	100	100	100	100	100
Junior Level Management	100	83.14	95.97	95.65	100
Mid-level Management	100	28.57	75	100	100
Senior Level Management	97.92	0	0	N/A	
All Management	99.97	80.03	94.81	95.83	100

## Number of New Employees in 2021

### GRI 401-1

Gender	Age	Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	Under 29	271	10,657	10	1	1	10,940
	30~49	329	1,813	12	0	2	2,156
	Over 50	1	0	0	0	0	1
	Total	601	12,470	22	1	3	13,097
Male	Under 29	761	32,772	31	0	0	33,564
	30~49	731	5,844	25	0	1	6,601
	Over 50	20	2	1	0	1	24
	Total	1,512	38,618	57	0	2	40,189
Total		2,113	51,088	79	1	5	53,286

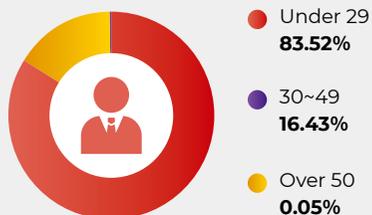
## New Employee Ratio in 2021

### GRI 401-1

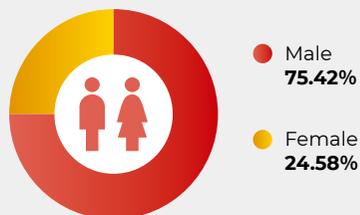
Gender	Age	Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	Regardless of Age	2.99	67.08	3.37	3.45	2.78	33.17
	Under 29	1.35	57.33	1.53	3.45	0.93	27.71
	30~49	1.64	9.75	1.84	0	1.85	5.46
	Over 50	0	0	0	0	0	0
Male	Regardless of Age	7.52	207.74	8.73	0	1.85	101.80
	Under 29	3.79	176.29	4.75	0	0	85.02
	30~49	3.64	31.94	3.83	0	0.93	16.72
	Over 50	0.10	0.01	0.15	0	0.93	0.06
Total		10.51	274.81	12.10	3.45	4.63	134.97

New Employee Ratio is calculated as: Local number of new employees of this age and gender / Total number of local employees of the year

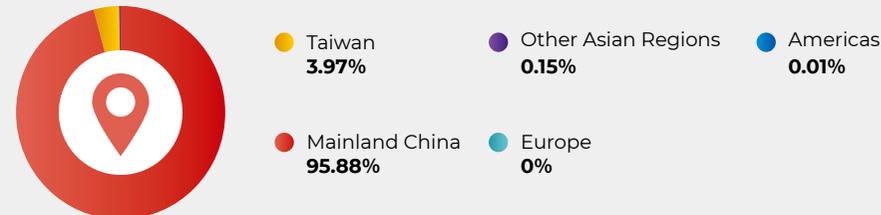
Age distribution of new employees in the current year



Gender distribution of new employees in the current year



Geographic distribution of new employees in the current year



## Number of Resignations in 2021

### GRI 401-1

Gender	Age	Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	Under 29	79	1,671	26	0	1	1,777
	30~49	226	501	36	1	1	765
	Over 50	18	0	2	0	1	21
	Total	323	2,172	64	1	3	2,563
Male	Under 29	215	4,422	52	1	0	4,690
	30~49	573	1,037	89	2	1	1,702
	Over 50	34	1	14	0	0	49
	Total	822	5,460	155	3	1	6,441
Total		1,145	7,632	219	4	4	9,004

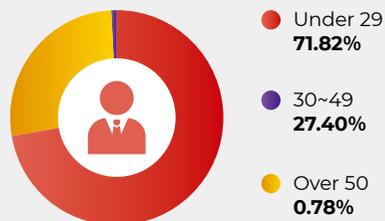
## Turnover Rate in 2021

### GRI 401-1

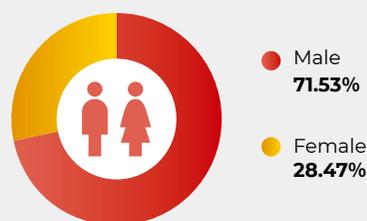
Gender	Age	Taiwan	Mainland China	Other Asian Regions	Europe	Americas	Total
Female	Regardless of Age	1.61	11.68	9.8	3.45	2.78	6.49
	Under 29	0.39	8.99	3.98	0	0.93	4.50
	30~49	1.12	2.69	5.51	3.45	0.93	1.94
	Over 50	0.09	0	0.31	0	0.93	0.05
Male	Regardless of Age	4.09	29.37	23.74	10.34	0.93	16.31
	Under 29	1.07	23.79	7.96	3.45	0	11.88
	30~49	2.85	5.58	13.63	6.90	0.93	4.31
	Over 50	0.17	0.01	2.14	0	0	0.12
Total		5.70	41.05	33.54	13.79	3.70	22.81

Turnover Rate Calculation Method: Local number of resigned employees of this age and gender / Total number of local employees of the year

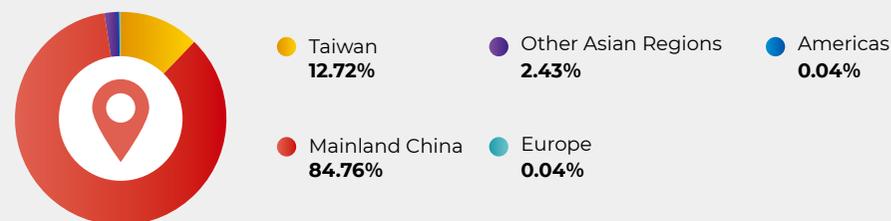
Age distribution of resigned employees in the current year



Gender distribution of resigned employees in the current year



Region distribution of resigned employees in the current year



Corresponding Chapter: 4.1.3 Remuneration and Benefits

## Salary of Full-time Non-management Employees

Item	Unit	2021	2020	2019
Number of Full-Time Non-Management Employees	Person	19,811	20,432	21,955
Total Salary of Full-Time Non-Management Employees		29,226,072	19,854,479	20,038,867
Average Salary of Full-Time Non-Management Employees	1,000 NTD	1,475	972	913
Median Salary of Full-Time Non-Management Employees		972	783	730

## 2021 Standard-to-local-minimum Salary Ratio

### GRI 202-01

	Standard-to-local-minimum salary ratio for entry-level male personnel	Standard-to-local-minimum salary ratio for entry-level female personnel
Taiwan	1.38	1.37
Suzhou	1.51	1.58
Kunshan	1.60	1.60
Xiamen	1.75	1.78
Slovakia	1.75	1.35

## 2021 Ratio of Basic Salary and Remuneration by Gender

### GRI 405-02

Item		Taiwan	Shenzhen	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Direct Labor	Management	0.99	No Direct Labor	1.01	1	1.02	No Direct Labor		0.95	0.85	No Direct Labor		
	Non-management	0.98		1.05	1.05	1.01			0.86	0.81			
Indirect Labor	Junior Level Management	0.95	0.86	1.03	0.94	1	0.70	1.04	1.03	1.07	0	0	0.77
	Mid Level Management	1.02	No Mid and Senior Level Management	0.99	0.74	0.97	No Mid Level Management		0	0	No Mid and Senior Level Management		
	Senior Level Management	1.17		0.99	No Senior Level Management								
	Non-management	0.89	0.96	1.04	0.99	1.03	0.88	1.43	0.92	0.73	0.84	0	0.84

Note 1: Taking male as the baseline, the proportion of male and female gender in the work attribute, field, and seniority is different, so the salary ratio will be slightly different

Note 2: 0 means there are no local female employees and management

## Retirement Provision

### GRI 201-3

### GRI 401-2

Item		Taiwan	Suzhou	Kunshan	Xiamen	Japan	Korea	Singapore	Slovakia	Germany	The Netherlands	United States
Ratio of Salary Counted for by Pension Appropriation	Employer %	Old System: 2	16	16	14	9.15	4.5	7.5-17	14	9.3	2.9-17.9	5
		New System: 6										
	Employee %	Old System: 0	8	8	8	9.15	4.5	5~20	4	9.3	1.5~8.9	19,500 USD
		New System: 0~6										
Pension Plan		Old System: Company Pension Account	Endowment Life Insurance (Employee Account)			Employee Pension Insurance (Government's Labor Insurance)	National Pension	CPF Central Provident Fund (Note)	Retirement Insurance	Gesetzliche Rentenversicherung (GRV)	Centraal Beheer Algemeen Pensioenfonds	Social security
		New System: Personal Pension Account										
Degree of Employee Participation in Retirement Plan		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note 1: The information for Singapore and Slovakia comes from the Department of Investment Services, Ministry of Economic Affairs; the data for Singapore and Slovakia are year and month data; Suzhou includes Shenzhen data

Note 2: Central Provident Fund (CPF) is a central provident fund scheme unique to Singapore. Contributions to the Central Provident Fund go to three separate accounts at pre-determined proportions: "ordinary account, special account and medical saving account".

## Parental Leave

Corresponding Chapter: 4.1.4 Happy Workplace

### GRI 401-2

Item	Male	Female
Number of Employees Eligible for Parental Leave	849	470
Total Number of Employees Actually Using Parental Leave	68	114
The Number of Employees Expected Returning to Job after Parental Leave During The Year	52	103
The Total Number of Employees Actually Returning to Job After Parental Leave	44	88
The Total Number of Employees Returning to Job and Still on The Job for 12 Months after Parental Leave	29	63
Reinstatement Rate After Parental Care Leave	85%	85%
Retention Rate After Parental Care Leave	74%	78%

Note 1: The calculation method of Re-instatement Rate: Actual number of re-instatements during the year / Number of people expected to be re-instated during the year \*100%

Note 2: The calculation method of Retention Rate: Number of employees re-instated and continued to work for 1 year in the previous year/Actual number of employees re-instated in the previous year \*100%

## Internal Communication Cases in 2021

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

## Labor Union in 2021

### GRI 102-41

Region	Number of Participants (person)	Ratio of Participation (%)
Taiwan	Union has not yet organized	
Suzhou (Note)	5,458	100
Xiamen	4,678	34
Kunshan	Union has not yet organized	
Singapore	In order to protect labor rights and interests, the Singapore Labor Union will not provide the number of memberships to employers	
Slovakia	Union has not yet organized	
Japan		
Korea		
The Netherlands		
Germany		
Americas		

Note: Shenzhen employee information is included in the statistics of Suzhou

## 2021 Average Hours of Training

Corresponding Chapter: 4.2 Talent Development

### GRI 404-1

Region	DL	IDL	Non-management	Management	
Taiwan	0.7	45	18.2	25.7	
Mainland China	Suzhou	3.9	36.3	8.1	7.3
	Kunshan	9.2	60.2	22.8	16.6
	Xiamen	1.4	56.7	7.6	1.6
Other Asian Regions	Japan	N/A	3.2	3.1	3.7
	Korea	N/A	3.4	3.3	3.7
	Singapore	1.3	23	12.6	5.1
Europe	Slovakia	0.1	0.6	0.3	0
	Germany	N/A	2.0	2.0	1.5
	The Netherlands	N/A	5.0	5.0	0
Americas	United States	N/A	2.0	2.1	1.6
Global	2.2	44.6	13.9	20.4	

Note 1: AUO follows the principle of non-discrimination in organizing employee education and training, and there is no difference in training due to gender, so no hourly statistics are conducted for gender

Note 2: Japan, South Korea, Germany, the Netherlands, and the United States are customer service locations and have no Direct Labor, so the calculation of direct employee hours is not applicable

**Corresponding Chapter: 4.3 Human Rights Protection**

**Human Rights Related Disputes in 2021**

GRI 406-1    GRI 407-1    GRI 408-1    GRI 409-1    GRI 411-1

	Taiwan	Mainland China	Singapore	Slovakia	Regional Office
Number of Discrimination Cases	0	0	0	0	0
Incidents Involving the Rights of Aborigines	0	0	0	0	0
Incidents Involving Forced Labor	0	0	0	0	0
Incidents Involving Child Labor	0	0	0	0	0
Hampering Freedom of Association (Labor Union) Organization	0	0	0	0	0

Note: Disputes include cases of Discrimination, Aboriginal Rights, Forced Labor, Child Labor, Hampering Freedom of Association

**Employee Training on Human Rights**

GRI 412-2

Region	Total number of hours (hr)	Percentage (%)
Taiwan	4,683	99
Suzhou	485.60	99.70
Kunshan	99.87	100
Xiamen	1,965.48	100
Singapore	52.50	100
Slovakia	0	0

**Corresponding Chapter: 4.4 Health and Safety**

**2021 Work-related Injuries**

GRI 403-9

**Explanation**

The total working hour calculation is different in response to the labor conditions of each location and the calculation required by the competent authority. The calculation principles for each location are as follows.

- Taiwan: (1) Direct Labor = Working days of the month (excluding Company holidays) × 8 hours/day × Total number of indirect labor/month + (2) Indirect labor = 15 days/month × 10 hours/day × Total number of indirect labor/month (use 14 days for February)
- Mainland China: According to the Company's vacation attendance system
- Singapore: (Direct Labor x 10 hrs x 15 days) + (Indirect Labor x 8.75 hrs x Working days per month)
- Slovakia: (Direct Labor x 11 hrs x Working days per month + Indirect Labor x 8 hrs x Working days per month)

Employees	All	Male	Female	Taiwan Factory	Xiamen Factory	Suzhou Factory	Kunshan Factory	Singapore Factory	Slovakia Factory
Number of Occupational Injury Deaths	1.00	1.00	0	0	0	0	1.00	0	0
Ratio of Occupational Injury Deaths	0.01	0.02	0	0	0	0	0.24	0	0
Number of Serious Occupational Injuries	0	0	0	0	0	0	0	0	0
Ratio of Serious Occupational Injuries	0	0	0	0	0	0	0	0	0
Number of Recordable Occupational Injuries	17.00	11.00	6.00	11.00	1.00	2.00	3.00	0	0
Recordable Lost-Time Injury Frequency Rate	0.20	0.19	0.24	1.38	0.05	0.09	0.73	0	0
Working Hours	84,610,090	59,227,063	25,383,027	38,030,992	19,208,362	21,814,250	4,112,120	1,264,030	180,336

Contractor	All	Male	Female	Taiwan Factory	Mainland China Factory	Singapore Factory	Slovakia Factory
Number of Occupational Injury Deaths	0	0	0	0	0	0	0
Ratio of Occupational Injury Deaths	0	0	0	0	0	0	0
Number of Serious Occupational Injuries	0	0	0	0	0	0	0
Ratio of Serious Occupational Injuries	0	0	0	0	0	0	0
Number of Recordable Occupational Injuries	3	3	0	2	1	0	0
Recordable Lost-Time Injury Frequency Rate	0.18	0.21	0	0.36	0.09	0	0
Working Hours	17,136,783	14,566,265	2,570,518	5,562,293	11,369,101	200,235	5,154

Note 1: Occupational injury refers to the disease, injury, disability or death of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, steam, dust, etc. in the workplace, or work activities and other occupational causes. Excluding traffic injuries

Note 2: Ratio of occupational injury deaths calculation method is number of occupational injury deaths \*1,000,000 / Working hours that is the ratio of occupational injury deaths of every 1,000,000 working hours

Note 3: Serious occupational injury refers to occupational injury with disability for more than 180 days

Note 4: The number of recordable occupational injuries refers to the number of occupational injuries legally reported to the occupational safety and health administration

## 2021 Work-related ill health

### GRI 403-10

Employees	All	Male	Female
Number of Recordable Occupational Diseases	0	0	0
Number of Occupational Disease Deaths	0	0	0
Ratio of Occupational Disease Deaths	0	0	0
Main Types of Occupational Diseases	0	0	0

Other Workers (Contractor)	All	Male	Female
Number of Recordable Occupational Diseases	0	0	0
Number of Occupational Disease Deaths	0	0	0
Ratio of Occupational Disease Deaths	0	0	0
Main Types of Occupational Diseases	0	0	0

Note: Occupational disease refers to the disease, injury, disability or death of workers caused by buildings, machinery, equipment, raw materials, materials, chemicals, gases, steam, dust, etc. in the workplace, or work activities and other occupational causes. Excluding traffic injuries.

# Appendix

- Progress on 2021 Material Issue management
- GRI Standard Index
- SASB Index
- ISO 26000 Comparison Table
- UN Global Compact
- Abbreviations
- ISO 14064 Verification Statement
- Independent Assurance Statement



## Progress on 2020 Material Issue Management

Aspect	Material Issue	Item	2021 Target	Achieved status	Our Response	Corresponding Chapter
Environmental	Circular Production	Waste reduction and reuse technologies	Waste generated is less than 80,000 tons/year	✘	Affected by the increased production capacity of the Kunshan and Suzhou sites, the total waste generated was 82,596 tons.	Data Overview
			Hazardous waste generated is less than 19,200 tons/year	✔	Hazardous waste amounted to 18,100 tons.	Data Overview
		Mechanism for promoting circular production	Promote circular economy, organized an external exhibition	✔	Participated in the “Touch Taiwan” to convey new understanding of circular economy in the panel industry to the public.	2.3 Stakeholder Management
			Expand collaboration with value chain	✔	Signed an MOU with the Industrial Development Bureau of the Ministry of Economic Affairs to promote the application of reclaimed plastics.	3.3 Circular and Clean Production
		Circular production and market applications	Bringing circular production and products financial benefits to reach 4.8 billion	✔	Combined performance was 6.67 billion.	3.3 Circular and Clean Production
			Promote the circular use of packaging materials to an economic scale of 850 million	✔	Work with customers and suppliers to recycle packaging materials and converted into recycling benefits of 1.32 billion.	3.3 Circular and Clean Production
	Water Resource Management	Reach water resources management goals linked to the SDG	Keep total process water consumption less than 23 million tons while the production capacity is increased	✔	Applied big data to optimize the management of the water intelligence center platform, reducing the total water consumption to 22.13 million tons.	3.2 Water Resource Management
			Complete ISO46001 system certification (Taichung Factory)	✔	The Taichung Site received the ISO 46001 Water Resource Performance Management System Certification, the first one in Taiwan.	
	Green product	Establishment and obtain certification of product-related green information	Complete scope 3 inventory and the ISO 14064 verification for a total of 8 items	✔	Passed the ISO 14064:2018 new version of Greenhouse Gas Verification, the first one in the global panel industry.	3.1 Climate Change
			The shipment of green products reached 5 million pieces that comply with US ENERGY STAR 8.0	✔	Shipments of green products greatly exceeded the targets, reaching 192.6 million pieces that complied with US ENERGY STAR 8.0.	-
			The shipment of UL 3600 certified series of products reach 60 million pieces	✔	Launch green monitors and notebook panels with shipments reaching 820,000 pieces.	3.3 Circular and Clean Production
		Green product design and capability training	Work with brand customers and develop a green product partnership	✔	Green notebook panel used recycled materials was used in Acer's Aspire Vero, giving new life to reclaimed materials and creating differentiated brand value for customers.	3.3 Circular and Clean Production
			Conduct the preliminary evaluation of the ENERGY STAR 9.0, and -Reduced the notebook energy consumption by 45% -Reduced the monitor energy consumption by 27% -Increased TV penetration rate by 37% (base year 2017)	✔	Taking 2017 as the base year, we achieved a 45% reduction in energy consumption for notebook monitors, a 55% reduction in energy consumption for desktop monitors, and a 60% increase in TV penetration. We conducted a preliminary evaluation of the new energy consumption standard (ES9.0) simultaneously.	5.2 Innovative Panel Technologies
			Ensure green R&D energy is equipped with competitive technologies	✔	Our innovative technologies were mainly aimed at reducing power consumption and replacing energy to make specific technological achievements, and further obtain patents to consolidate product competitiveness, such as mini LED, micro LED, OLED, LED light bar, E-paper, Solar Cell and other product technologies and related processes and equipment	5.2 Innovative Panel Technologies
			Organize seminars and trainings to increase technical capabilities of employees	✔	Invite external experts to introduce circular economy circular material certification and evaluate the circular certification requirements of future products.	3.3 Circular and Clean Production

Corporate Governance	Governance Operation	Promotion of sustainability targets and culture	Shape the CSR DNA, implement CSR cognition testing for all employees	✔	Implemented the survey with customized 50-question Sustainability Literacy Test, to correspond to our sustainability goals. AUO colleagues scored an average of 84.5 points.	4.2 Talent Development
			Design energy-conservation courses through to build employees' knowledge. A total of 6 classic courses will be launched in 2021. The training completion rate for the total number of participants reaches 90%	✔	4 courses were opened in 2020, 2 courses were be opened in 2021, and the completion rate of training reached 100%	3.1 Climate Change
			Promote all types of carbon reduction green actions through different forms	✔	Multiple activities including Intelligent Manufacturing Exhibition, Touch Taiwan Exhibition, Tree Planting Project and Green Living 21-day, etc.	3.3 Circular and Clean Production 4.5.3 Friendly Land
			The IPMVP energy conservation program review, with a review rate of 100%	✔	All AUO energy-saving solutions were reviewed by the IPMVP seeds to ensure 100% review rate is achieved	3.1 Climate Change
			Increase the participation of all employees through energy-conservation ESCO proposal incentives	✔	Carried out the reward competition to each site, and the scores of each site are presented on a common platform to encourage all employees to participate.	3.1 Climate Change
	Supply Chain Management	Supplier ESG risk management	A total of 10 co-prosperity courses were organized since 2019	✔	A total of 10 sessions accumulated since 2019 including Circular Economy, Waste Management and Occupational Health and Safety, RBA, Energy Conservation Management	2.5 Responsible Supply Chain
			Complete the construction of the platform to connect actual ESG data of supplier	✔	Developed the SCM CSR portal system platform to systematically organize the annual audit data of RBA, water, electricity, carbon emission, etc., so as to facilitate the long-term tracking.	2.5 Responsible Supply Chain
			The RBA audit rate of the implementation target reaches 100%. Note: Suppliers with high-risk in the annual risk questionnaire, the top 70% of procurement amount, and key counseling suppliers	✔	A total of 30 RBA Audits in 2021, with the audit rate of implementation objects reaching 100%.	
		The supplier participation rate of the CSR co-prosperity activities is not less than 90%	✔	We organized 4 CSR co-prosperity activities and invited supply chain partners to attend, 95% of specific suppliers were attended.	2.5 Responsible Supply Chain	
	Supplier sustainability partner advocacy and cooperation	✔	Together with no less than 30 supplier partners on external initiatives or trend issues	✔	Calling on more than 36 key suppliers to invest in the goal of co-prosperity, extends core advantages and explores potential opportunities for suppliers, to create social value.	2.5 Responsible Supply Chain
	Integrity Management	Draw up and implement codes of conduct and ethics to avoid violations of anti-corruption and anti-competitive behaviors	Declared AUO integrity policy to the colleague through education, training, broadcasting, and e-newsletter, with the completion rate of 100%	✔	The completion rate of the seven Major Preventive Behavior Code of Integrity was 96%, the Information Security course was 97%, the IDL Anti-corruption course was 90.91%, and the New Employee Integrity course was 100% and 100% completed and signed the Integrity Declaration.	1.4 Business Integrity
			Require the colleagues of the job duty with integrity to conduct the "Conflict of Interest Report" every year, with the annual achievement rate of 100%	✔	Conducted the "Conflicts of Interest Report" for 100% of global colleagues of the job duty with integrity and Headquarter management positions.	
			Implement the internal audit and internal control system, regularly review the establishment and supervise/execute the integrity management policy and prevention plan. Performances are report to the Board of Directors every year	✔	Established an internal control mechanism in accordance with the law. The audit unit regularly evaluated the Company's risks and formulates the audit plan, executed relevant audits according to the audit plan, and regularly reported the audit results to the Audit Committee and the Board of Directors, for the management to understand and achieve the purpose of management	
	Stakeholder	Stakeholder management mechanism and supporting facilities	Cultivate more than 50 CSR employee spokespersons of the Company	✔	Cultivate 65 AUO CSR employee spokespersons	2.3 Stakeholder Management
			Implement customized business strategies for the nine major stakeholders, complete exchanges for at least 120 person-time	✔	We had deep communication with 131 people	
			Enhance the substantive and representativeness of the annual survey questionnaire. The number of questionnaires for the entire year reaches 450	✔	426 Material Issues Identifications and 108 Risk Identification Questionnaires	

Corporate Governance	Stakeholder	Diversity of external interaction channels and branding	Pay attention to external expectations and hold meetings with specific stakeholders for at least 3 sessions	✔	A total of 33 sessions of expert exchange on ESG Issues.	2.3 Stakeholder Management		
			Participate in the initiatives of the government, associations, NPOs to provide industry experience and suggestions for no less than 3 sessions	✔	A total of 12 ESG projects/engagements.			
			Interact with stakeholders via social media	✔	A total of 85 articles on FB throughout the year, with the click through rate of 100,000+ and 68 articles on LinkedIn throughout the year, with the exposure rate of 280,000+.			
Social	Occupational Health and Safety	Employee health and safety management targets and promotion	FR<0.2	✘	FR is 0.201	4.4 Health and Safety		
			0 case of serious occupational disaster	✘	2 cases, namely, a colleague's hip bone fracture caused by a fall from a work ladder, and a death caused by a machine hit on the head.			
			Participation rate of health promotion activities planned according to the health risks of different ethnic groups reaches more than 70%	✘	The participation rate of health promotion activities was 52.5% (affected by Covid-19)			
			Complete health risk management measures 100% of those in the high-risk group	✔	Implement the I care Health Plan to ensure that health high-risk groups complete all health risk management measures.			
	Social Engagement	Contractor's construction safety management	Youth empowerment	Zero compromise on the safety of contractor partners, zero major occupational accidents, and a 30% reduction in FR	✘	0 major occupational accidents; FR is 0.18, reduction of more than 64% compared to 2020.	4.4 Health and Safety	
				Encourage employees, suppliers and customers to participate in social engagement activities with us	Cultivate youth employability and provide internships and job opportunities up to 7,500 person-times worldwide	✔	We provide global internship and employment opportunities up to 14,198 people through the "GOLF", Summer Internships and industry-university collaboration.	4.2 Talent Development
					The number of participants of each stakeholder increased by 10% compared to 2020 (due to the impact of the Covid-19 epidemic in 2020, the indicator is revised in 2021)	✔	A total of 20,775 stakeholders participated, an increase of 62.2% over 2020.	4.5 Social Engagement
		The number of people benefited through the AUO Foundation's multiple charity activities reached 5,000 people	✔	The AUO Foundation organized multiple charity activities, including environmental and general science Education with a total of 5,557 people benefited.				

## GRI Standard Index

### GRI Standard Index:General Standard Disclosure

GRI 102 : General Disclosures 2016				
Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>1. Organization Overview</b>				
102-1	Name of the organization	1.1 Company Profile	08	Assured by KPMG
102-2	Activities, brands, products, and services	1.1 Company Profile The company does not sell any disputable products.	08	
102-3	Location of headquarters	1.1 Company Profile	08	
102-4	Location of operations	1.1 Company Profile	08	
102-5	Ownership and legal form	1.1 Company Profile	08	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>1. Organization Overview</b>				
102-6	Markets served	1.1 Company Profile	08	Assured by KPMG
102-7	Scale of the organization	1.1 Company Profile	08	
102-8	Information on employees and other workers	4.1.1 Talent Distribution Data Overview	85	
102-9	Supply chain	2.5.1 Supply Chain Management Strategy 2.5.2 Supply Chain Risk Management	49	
102-10	Significant changes to the organization and its supply chain	No major changes in the company's supply chain in 2021.	-	
102-11	Precautionary Principle or approach	1.5 Risk Management	22	
102-12	External initiatives	Appendix - UN Global Compact	158	
102-13	Membership of associations	1.1 Company Profile	08	
<b>2.Strategy</b>				
102-14	Statement from senior decision-maker	Letter from the Chairman/ Chief Sustainability Officer	05 / 06	Assured by KPMG
102-15	Key impacts, risks, and opportunities	1.5.1 Risk Evaluation and Management	22	
<b>3.Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	1.4 Business Integrity	19	Assured by KPMG
102-17	Mechanisms for advice and concerns about ethics	1.4 Business Integrity	19	
<b>4.Governance</b>				
102-18	Governance structure	1.3 Governance Organization 2.1 ESG and Climate Committee	14	Assured by KPMG
102-19	Delegating authority	1.3 Governance Organization 2.1 ESG and Climate Committee	14 30	
102-20	Executive-level responsibility for economic, environmental, and social topics	1.3 Governance Organization 2.1 ESG and Climate Committee	30 34	
102-21	Consulting stakeholders on economic, environmental, and social topics	2.3 Stakeholder Management 2.1 ESG and Climate Committee	14	
102-22	Composition of the highest governance body and its committees	1.3 Governance Organization	-	
102-23	Chair of the highest governance body	Since November 2015, the position of Chairman has been held by CEO, Paul SL Peng.	14	
102-24	Nominating and selecting the highest governance body	11.3 Governance Organization A selection system has been established, and the nomination criteria for directors include CSR.	14	
102-25	Conflicts of interest	1.3 Governance Organization	14	
102-26	Role of highest governance body in setting purpose, values, and strategy	2.1 ESG and Climate Committee	30	
102-27	Collective knowledge of highest governance body	1.3 Governance Organization	14	
102-28	Evaluating the highest governance body's performance	Internal performance evaluation assignments, including corporate governance and social aspects.	14	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>4.Governance</b>				
102-29	Identifying and managing economic, environmental, and social impacts	The Risk Governance sub-committee of the ESG and Climate Committee is responsible for identifying and reporting regularly	-	Assured by KPMG
102-30	Effectiveness of risk management processes	2.1 ESG and Climate Committee 1.5.1 Risk Evaluation and Management	22 30	
102-31	Review of economic, environmental, and social topics	2.1 ESG and Climate Committee 1.5.1 Risk Evaluation and Management	22 30	
102-32	Highest governance body' s role in sustainability reporting	Reviewed by chairman of the ESG and Climate Committee and reported to the Board of Directors	-	
102-33	Communicating critical concerns	2.1 ESG and Climate Committee	30	
102-34	Nature and total number of critical concerns	2.1 ESG and Climate Committee A mechanism for reporting and handling key events has been established. There were no such incidents in 2021.	30	
102-35	Remuneration policies	1.3 Governance Organization The remuneration of the directors of the company is in accordance with the authorization of the company's articles of association. According to the director's participation in the company's operation and contribution value, and with reference to the "remuneration rules for directors and functional committee members". If the company has profits, the board of directors shall decide on the amount of directors' remuneration in accordance with the provisions of the company's articles of association.	14	
102-36	Process for determining remuneration	1.3 Governance Organization	14	
102-37	Stakeholders' involvement in remuneration	Stakeholders can feedback via mailbox.	-	
102-38	Annual total compensation ratio	1.3 Governance Organization Data Overview	14 127	
102-39	Percentage increase in annual total compensation ratio	1.3 Governance Organization Data Overview	14 127	
<b>5.Stakeholder engagement</b>				
102-40	List of stakeholder groups	2.3 Stakeholder Management	34	Assured by KPMG
102-41	Collective bargaining agreements	4.1.4 Enjoyable Workplace Data Overview	90 127	
102-42	Identifying and selecting stakeholders	2.3 Stakeholder Management	34	
102-43	Approach to stakeholder engagement	2.3 Stakeholder Management 2.4 Customer Relations	34 46	
102-44	Key topics and concerns raised	2.3 Stakeholder Management 2.4 Customer Relations	34 46	
<b>6.Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	About the Report	03	Assured by KPMG
102-46	Defining report content and topic Boundaries	2.3.1 Identifying and Responding to Material Issues	38	
102-47	List of material topics	2.3.1 Identifying and Responding to Material Issues	38	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>6.Reporting practice</b>				
102-48	Restatements of information	No	-	Assured by KPMG
102-49	Changes in reporting	No major changes in 2021.	-	
102-50	Reporting period	About the Report	03	
102-51	Date of most recent report	About the Report	03	
102-52	Reporting cycle	About the Report	03	
102-53	Contact point for questions regarding the report	About the Report	03	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report	03	
102-55	GRI content index	Appendix - GRI Standard Index	145	
102-56	External assurance	About the Report	03	
103-1	Explanation of the material topic and its Boundary	2.3.1 Identifying and Responding to Material Issues	38	

**GRI Standard Index:Specific Standard Disclosure**

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 201 : Economic Performance 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.2 Economic Performance 1.4 Business Integrity 3.1.4 Climate Adaptation 4.1.3 Remuneration and Benefits	12 19 65 88	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
201-1	Direct economic value generated and distributed	1.2 Economic Performance	12	
201-2	Financial implications and other risks and opportunities due to climate change	3.1.4 Climate Adaption	65	
201-3	Defined benefit plan obligations and other retirement plans	4.1.3 Remuneration and Benefits Data Overview	88 127	
201-4	Financial assistance received from government	Data Overview	127	
<b>GRI 202 : Market Presence 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 1.4 Business Integrity	84 30	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 2.1 ESG and Climate Committee	84 30	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	2.5.2 Supply Chain Risk Management 4.1.3 Remuneration and Benefits Data Overview	52 88 127	
202-2	Proportion of senior management hired from the local community	4.1.1 Talent Distribution Data Overview	85 127	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 203 : Indirect Economic Impacts 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 1.4 Business Integrity	84 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 2.1 ESG and Climate Committee	84 30	
203-1	Infrastructure investments and services supported	4.5 Social Engagement	105	
203-2	Significant indirect economic impacts	4.5 Social Engagement	105	
<b>GRI204 : Procurement Practices 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch2. Sustainable Management 1.4 Business Integrity	29 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch2. Sustainable Management 2.1 ESG and Climate Committee	29 30	
204-1	Proportion of spending on local suppliers	2.5.1 Supply Chain Management Strategy Data Overview	49 127	
<b>GRI205 : Anti-corruption 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
205-1	Operations assessed for risks related to corruption	In 2021, 100% of business units have already conducted anti-corruption risk assessment; of which the European and Singapore sites use self-evaluation written review method for such audits without material risks.	-	
205-2	Communication and training about anti-corruption policies and procedures	90 percent of members of the corporate governance have received anti-corruption training and communication. Please refer to 1.4 Business Integrity for more information.	19	
205-3	Confirmed incidents of corruption and actions taken	The anti-corruption incident in 2020 has been investigated. Improvement measures have been formulated and reply on company's website. There was no anti-corruption case in 2021.	-	
<b>GRI 206 : Anti-competitive Behavior 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1.4 Business Integrity	19	
<b>GRI 207 : Tax2019</b>				
207-1	Approach to tax	1.2.2 Tax Management	13	Assured by KPMG
207-2	Tax governance, control, and risk management	1.2.2 Tax Management	13	
207-3	Stakeholder engagement and management of concerns related to tax	1.2.2 Tax Management	13	
207-4	Country-by-country reporting	The company has operations or production sites around the world, and submits country-by-country reporting information to tax-related authorities every year.	-	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 301 : Materials 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch3. Environmental Suustainability 1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	Ch3. Environmental Suustainability 2.1 ESG and Climate Committee	30	
301-1	Materials used by weight or volume	Data Overview	127	
301-2	Recycled input materials used	Data Overview	127	
301-3	Reclaimed products and their packaging materials	Data Overview	127	
<b>GRI 302 : Energy 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch3. Environmental Suustainability 1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	Ch3. Environmental Suustainability 2.1 ESG and Climate Committee	30	
302-1	Energy consumption within the organization	Data Overview	127	
302-2	Energy consumption outside of the organization	Data Overview	127	
302-3	Energy intensity	3.1.3 Inventory and Climate Mitigation Data Overview	60 127	
302-4	Reduction of energy consumption	3.1.3 Inventory and Climate Mitigation	60 127	
302-5	Reductions in energy requirements of products and services	3.1.6 Life Cycle Energy Conservation and Carbon Reduction Project	70	
<b>GRI 303 : Water and Effluents 2018</b>				
103-1	The management approach and its components	3.2 Water Resource Management	73	Assured by KPMG
103-2	Evaluation of the management approach	3.2 Water Resource Management	73	
303-1	Interactions with water as a shared resource	3.2 Water Resource Management	73	
303-2	Management of water discharge-related impacts	3.3 Waste Water Management Data Overview	73 127	
303-3	Water withdrawal	Data Overview	127	
303-4	Water discharge	Data Overview	127	
303-5	Water consumption	Data Overview	127	
<b>GRI 305 : Emissions 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch3. Environmental Suustainability 1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	Ch3. Environmental Suustainability 2.1 ESG and Climate Committee	30	
305-1	Direct (Scope 1) GHG emissions	3.1.3 Inventory and Climate Mitigation Data Overview	60	
305-2	Energy indirect (Scope 2) GHG emissions	3.1.3 Inventory and Climate Mitigation Data Overview	60	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 305 : Emissions 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
305-3	Other indirect (Scope 3) GHG emissions	Ch3. Environmental Sustainability 1.4 Business Integrity	60 127	Assured by KPMG
305-4	GHG emissions intensity	Ch3. Environmental Sustainability 2.1 ESG and Climate Committee	60 127	
305-5	Reduction of GHG emissions	3.1.3 Inventory and Climate Mitigation	60	
305-6	Emissions of ozone-depleting substances (ODS)	Data Overview	127	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other	Data Overview	127	
<b>GRI 306 : Waste 2020</b>				
306-1	Waste generation and significant waste-related impacts	3.3.4 Reuse of Waste	82	Assured by KPMG
306-2	Management of significant waste-related impacts	3.3.4 Reuse of Waste	82	
306-3	Waste generated	3.3.4 Reuse of Waste Data Overview	82 127	
306-4	Waste diverted from disposal	3.3.4 Reuse of Waste Data Overview	82 127	
306-5	Waste directed to disposal	3.3.4 Reuse of Waste Data Overview	82 127	
<b>GRI 307 : Environmental Compliance 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity Data Overview	19	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
307-1	Non-compliance with environmental laws and regulations	No violations in environmental laws and regulations in 2021.	-	
<b>GRI 308 : Supplier Environmental Assessment 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity Ch2. Sustainable Management	29 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch2. Sustainable Management 2.1 ESG and Climate Committee	29 30	
308-1	New suppliers that were screened using environmental criteria	2.5.1 Supply Chain Management Strategy	49	
308-2	Negative environmental impacts in the supply chain and actions taken	2.5.2 Supply Chain Risk Management	52	
<b>GRI 401 : Employment 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
401-1	New employee hires and employee turnover	Data Overview	127	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.3 Remuneration and Benefits Data Overview	88 127	
401-3	Parental leave	4.1.3 Remuneration and Benefits Data Overview	88 127	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 402 : Labor/Management Relations 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
402-1	Minimum notice periods regarding operational changes	All major operations of the company comply with local relevant laws.	-	
<b>GRI 403 : Occupational Health and Safety 2018</b>				
403-1	Occupational health and safety management system	4.4.2 Safe Workplace	102	Assured by KPMG
403-2	Occupational health and safety management system	4.4.2 Safe Workplace	102	
403-3	Occupational health services	4.4.2 Safe Workplace	102	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.4.2 Safe Workplace	102	
403-5	Worker training on occupational health and safety	4.4.2 Safe Workplace	102	
403-6	Promotion of worker health	4.4.1 Health Care	101	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.4.2 Safe Workplace	102	
403-8	Workers covered by an occupational health and safety management system	4.4.2 Safe Workplace	102	
403-9	Work-related injuries	4.4.2 Safe Workplace	102	
403-10	Work-related ill health	4.4.2 Safe Workplace Data Overview	102 127	
<b>GRI 404 : Training and Education 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity Ch4. Inclusive Growth	84 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 2.1 ESG and Climate Committee	84 30	
404-1	Training and Education	Data Overview	127	
404-2	Programs for upgrading employee skills and transition assistance programs	4.2 Talent Development	95	
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.3 Remuneration and Benefits	88	
<b>GRI 405 : Diversity and Equal Opportunity 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity Ch4. Inclusive Growth	84 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 2.1 ESG and Climate Committee	84 30	
405-1	Diversity of governance bodies and employees	1.3 Governance Organization 4.1.1 Talent Distribution Data Overview	14 85 127	
405-2	Ratio of basic salary and remuneration of women to men	Data Overview	127	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 406 : Non-discrimination 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
406-1	Incidents of discrimination and corrective actions taken	There was no incident of discrimination occurred in 2021. 4.3 Human Rights Protection Data Overview	98 127	
<b>GRI 407 : Freedom of Association and Collective Bargaining 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.3 Human Rights Protection Data Overview The suppliers did not have risks of using child labor.	98 127	
<b>GRI 408 : Child Labor 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
408-1	Operations and suppliers at significant risk for incidents of child labor	4.3 Human Rights Protection Data Overview The suppliers did not have major risks of labor incidents.	98 127	
<b>GRI 409 : Forced or Compulsory Labor 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
409-1	Forced or Compulsory Labor	2.5.2 Supply Chain Risk Management 4.3 Human Rights Protection Data Overview	52 98 127	
<b>GRI 411 : Rights of Indigenous Peoples 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
411-1	Incidents of violations involving rights of indigenous peoples	No incidents of violations involving rights of indigenous peoples in 2021. Data Overview	127	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 412 : Human Rights Assessment 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 4.3 Human Rights Protection	84 98	
412-1	Operations that have been subject to human rights reviews or impact assessments	The percentage of the business group that the Company has conducted human rights verification through internal audit in 2021 was 100%.	-	
412-2	Employee training on human rights policies or procedures	4.3 Human Rights Protection Data Overview	98 127	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	If the company has a merger or acquisition case approved by the board of directors, will provide legal protection for the rights and benefits of the employees of the target company. The company has no merger and acquisition case in 2021. The company will add human rights protection clauses in M&A contracts, or conducts a human rights protection review for the target company.	-	
<b>GRI 413 : Local Communities 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity Ch4. Inclusive Growth	84 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch4. Inclusive Growth 2.1 ESG and Climate Committee	84 30	
413-1	Operations with local community engagement, impact assessments, and development programs	4.5 Social Engagement The main production bases in Taiwan and Mainland China have communicated with local communities and implemented development plans.	105	
413-2	Operations with significant actual and potential negative impacts on local communities	In 2021, there were no operational activities with significant negative impact.	-	
<b>GRI 414 : Supplier Social Assessment 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch2. Sustainable Management 1.4 Business Integrity	29 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch2. Sustainable Management 2.1 ESG and Climate Committee	29 30	
414-1	New suppliers that were screened using social criteria	2.5.2 Supply Chain Risk Management	52	
414-2	Negative social impacts in the supply chain and actions taken	2.5.2 Supply Chain Risk Management	52	
<b>GRI 415 : Public Policy 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
415-1	Political contributions	The Company did not have political donations in 2021.	0	

Indicator	Indicator Description	Chapter and Description	Page	External Confirmation
<b>GRI 416 : Customer Health and Safety 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity 2.4.2 Hazardous Substance Management	19 48	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee 2.4.2 Hazardous Substance Management	30 48	
416-1	Assessment of the health and safety impacts of product and service categories	2.4.2 Hazardous Substance Management	48	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	All of the products researched, developed and manufactured by the company comply with relevant laws and regulations such that there are no penalties due to violation of regulations.	-	
<b>GRI 417 : Marketing and Labeling 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	Ch3. Environmental Sustainability 1.4 Business Integrity	56 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch3. Environmental Sustainability 2.1 ESG and Climate Committee	56 30	
417-1	Requirements for product and service information and labeling	1. Product Parts and Composition: All products shall indicate the main parts and material numbers in the specifications. 2. Substances with an Impact on the Society and Environment: All display products are attached with the ROHS and lead-free labels. 3. Product Subsequent Handling: Since display products are not end products (endproduct, there are no relevant labels). Solar products qualifying for IEC and ETL Listed certifications are labeled on the (Shipping Label). All of the products are under the Management System according to the international regulations (Recycle and UL, Green product, NARK)	-	
417-2	Incidents of non-compliance concerning product and service information and labeling	In 2021, the company had no violations against any regulations or voluntary regulations	-	
417-3	Incidents of non-compliance concerning marketing communications	In 2021, the company had no violations against any regulations or voluntary regulations	-	
<b>GRI 418 : Customer Privacy 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2021, there were no actual complaints of the company in violating customer privacy rights or loss of customer information	-	
<b>GRI 419 : Socioeconomic Compliance 2016</b>				
<b>GRI 103 : Management Approach 2016</b>				
103-2	The management approach and its components	1.4 Business Integrity	19	Assured by KPMG
103-3	Evaluation of the management approach	2.1 ESG and Climate Committee	30	
419-1	Non-compliance with laws and regulations in the social and economic area	No violations in laws and regulations in the social and economic area in 2021.	-	

Operational Risk Management				
GRI 103 : Management Approach 2016				
103-2	The management approach and its components	Ch2. Sustainable Management 1.4 Business Integrity	19 22	Assured by KPMG
103-3	Evaluation of the management approach	Ch2. Sustainable Management 2.1 ESG and Climate Committee	22 30	
Governance				
GRI 103 : Management Approach 2016				
103-2	The management approach and its components	Ch1. Business Operation 1.4 Business Integrity	07 19	Assured by KPMG
103-3	Evaluation of the management approach	Ch1. Business Operation 2.1 ESG and Climate Committee	07 30	

## SASB Index

Topic/Code	Accounting Metric	Category	Summary	Reference Chapter	Page															
Product Security/ TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion and Analysis	The AUO Information Security Committee is responsible for the promotion of various information security activities. It has set up a product security team dedicated to the information security of networking products. In the future, the security development principles will be followed in the product design stage, through black and white box detection, vulnerability scanning and penetration testing, authentication process to ensure the security of networking products.	1.5.4 Information Security and Risk Management	26															
Employee Diversity & Inclusion/ TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	<p>AUO employee structure by gender information as follow:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Senior Level Management (%)</td> <td>90.74</td> <td>9.26</td> </tr> <tr> <td>Technical Staff / Indirect Labor (%)</td> <td>74.94</td> <td>25.06</td> </tr> <tr> <td>All other employees/ Direct Labor (%)</td> <td>64.13</td> <td>35.87</td> </tr> <tr> <td>Overall Employees (%)</td> <td>67.18</td> <td>32.82</td> </tr> </tbody> </table> <p>AUO follows the principle of "equal treatment" and respects the privacy of personal data, so we does not collect statistics on the ethnicity of employees. For complete data please refer to Data Overview.</p>		Male	Female	Senior Level Management (%)	90.74	9.26	Technical Staff / Indirect Labor (%)	74.94	25.06	All other employees/ Direct Labor (%)	64.13	35.87	Overall Employees (%)	67.18	32.82	4.1.1 Talent Distribution	85
	Male	Female																		
Senior Level Management (%)	90.74	9.26																		
Technical Staff / Indirect Labor (%)	74.94	25.06																		
All other employees/ Direct Labor (%)	64.13	35.87																		
Overall Employees (%)	67.18	32.82																		
Product Lifecycle Management/ TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	AUO regularly updates the AUO Green Products Hazardous Substances Management Regulations in response to domestic and international regulations on environmental protection and prohibited substances, which covers the list of declarable controlled substances listed in IEC 62474. Although limited by the fact that some materials cannot be replaced due to current industrial technology or a trace amount remains in the product, the content of the IEC 62474 declarable controlled substances contained in the product does not reach the declared proportion required by the directive.	2.4.2 Hazardous Substance Management	48															
Product Lifecycle Management/ TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	AUO' s product are not end product. However, AUO continues to develop and support our customers with products that meet the standards and specifications, such as installation of fluorinated gas destruction and removal equipment which EPEAT required .	3.1.3 Inventory and Mitigation	60															
Product Lifecycle Management/ TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	AUO' s product are not end product. However, AUO continues to develop and support our customers with products that meet the standards and specifications. For desktop display modules, in 2021,17.95% of product by revenue assisting customers to meet the standards.	5.2 Innovative Panel Technologies	117															
Product Lifecycle Management/ TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	Not applicable, due to AUO' s product are not end product, it is difficult to collect data.	3.3.4 Reuse of Waste	82															

Supply Chain Management/TC-HW-430a.1	Percentage of tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Quantitative	In 2021, percentage of tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities is 3.31% and (b) high-risk facilities is 51.55%.	2.5.2 Supply Chain Risk Management	52
Supply Chain Management/TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	In 2021, tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent is 33.33%, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances are both 100%.	2.5.2 Supply Chain Risk Management	52
Materials Sourcing/TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	AUO establishes the Conflict-free Minerals policy according to the due diligence investigation procedures of the Organization for Economic Cooperation and Development (OECD), and requests suppliers to attach importance, fulfill jointly, and submit related documents to regular monitoring to ensure the implementation of the conflict-free mineral policy.	2.5.2 Supply Chain Risk Management	50

Code	Activity Metric	Category	Summary	Reference Chapter	Page
TC-HW-000.A	Number of units produced by product category	Quantitative	In 2021, Shipment of panels are 25,712,000 square meters. (Calculated based on shipments area due to most of product are customized)	-	-
TC-HW-000.A	Area of manufacturing facilities	Quantitative	The total floor area of manufacturing facilities is 6.801 million square meters.	-	-
TC-HW-000.A	Area of manufacturing facilities	Quantitative	In 2021, production of panels from owned facilities is 87.92%, which is calculated by plant input cost and without outsourcing.)	-	-

## ISO 26000 Comparison Table

	Issues	Chapter	Page
Governance Organization	Decision and implementation system for execution of objectives	1.3 Governance Organization	88
Human Rights	Compliance audit	4.1.3 Remuneration and Benefits	88
	Risk situation of human rights	4.1.3 Remuneration and Benefits	14
	Complicit relationship prevention - direct, interested and implied complicit relationships	1.3 Governance Organization	98
	Resolve labor complaints	4.3 Human Rights Protection	87 88
	Discriminated and disadvantaged groups	4.1.2 Diversity and Tolerance 4.1.3 Remuneration and Benefits	98
	Citizen and political rights	4.3 Human Rights Protection	87 88
	Economic society and culture rights	4.1.2 Diversity and Tolerance 4.1.3 Remuneration and Benefits	87 88
	Basic rights of working	4.3 Human Rights Protection	98
	Labor Practices	Employment and employment relationship	4.1.3 Remuneration and Benefits
Working criteria and social protection		4.1.3 Remuneration and Benefits	88
Social dialogue		4.5 Social Engagement	105
Work health and safety		4.4 Health and Safety	101
Personnel development and training		4.2 Talent Development	95
Environment	Pollution prevention	3.3.2 Wastewater Management 3.3.3 Air Pollution Management 3.3.4 Reuse of Waste	79 80 82
	Sustainable resource utilization	3.3.4 Reuse of Waste	82

	Issues	Chapter	Page
Environment	Lessening and adapting to climate change	3.1 Climate Change	57
	Protection and restoration of the natural environment	No participation in the protection and restoration of the natural environment in the report year.	-
Fair Operation Practices	Anti-corruption	1.4 Business Integrity	19
	Responsible political participation	No participation in political activities in the report year.	-
	Fair competition	1.4 Business Integrity	19
	Promote social responsibility of influential groups	1.1 Company Profile 2.5 Responsible Supply Chain Data Overview	08 49 127
	Respect intellectual property rights	2.4 Customer Relations	46
Consumer Issues	Fair marketing, information and contract practices	1.4 Business Integrity	19
	Protect health and safety of consumers	2.4.2 Hazardous Substance Management	48
	Sustainable consumption	Ch3.Environmental Sustainability	56
	Consumer service, support, complaint and dispute resolution	2.4 Customer Relations	46
	Consumer data protection and privacy	2.4 Customer Relations	46
	Provide necessary services	2.4 Customer Relations	46
	Education and awareness	2.4.2 Hazardous Substance Management	48
Social Participation Developmen	Community participation	4.5.3 Friendly Land	109
	Education and culture	4.5.4 General Science Education	111
	Create job opportunities and technological development	4.2 Talent Development	195

Social Participation Development	Technology development	5.2 Innovative Panel Technologies	117
		5.4 Affordable and Clean Energy	121
	Create Wealth and Income	1.2 Economic Performance	12
	Health	4.4 Health and Safety	101
	Social investments	4.5.2 Charity care	106

## UN Global Compact

Category	Ten Principles	Chapter	Page
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	4.3 Human Rights Protection	98
	Make sure that they are not complicit in human rights abuses	4.3 Human Rights Protection	98
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	4.3 Human Rights Protection	98
	The elimination of all forms of forced and compulsory labor	4.3 Human Rights Protection	98
	The effective abolition of child labor	4.3 Human Rights Protection	98
	The elimination of discrimination in respect of employment and occupation	4.3 Human Rights Protection	98
Environment	Businesses should support a precautionary approach to environmental challenges	Ch3.Environmental Sustainability	56
	Undertake initiatives to promote greater environmental responsibility	Ch3.Environmental Sustainability	56
	Encourage the development and diffusion of environmentally friendly technologies	5.2 Innovative Panel Technologies	117
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery	1.4 Business Integrity	19

## Abbreviations

Abbreviation	Short for
3DIDA	3D interaction & Display Association
4IR	4th Industrial Revolution
AA1000 SES	AA1000 Stakeholder Engagement Standard
AGS	AUO Green Solution
AIAG-VDA FMEA	AIAG-VDA Failure Mode and Effect Analysis
AIoT	Artificial Intelligence of Things
ALC	AUO Learning College
ALCD	Altra Liquid Crystal Display
AMOLED	Active- matrix Organic Light Emitting Diode
AQI	Air Quality Index
AREA	Asia Responsible Enterprise Awards

Abbreviation	Short for
a-Si TFT	a-Si Thin-Film Transistor
ASIP	The Allied Association For Science Park Industries
AUO EPS	Environment, People, Society
AVM	Automatic Virtual Metrology
B2B	Business to Business
BAPV	Building Attached Photovoltaic
BCP	Business Continuity Plan
BEPS	Base Erosion and Profit Shifting
BIPV	Building Integrated Photovoltaic
BOM	Bill of Material
CCS	Center Of Corporate Sustainability

Abbreviation	Short for
CDP	Carbon Disclosure Project
CMD	Cubic Meter per Day
CO <sub>2</sub> e	CO <sub>2</sub> Equivalent
COP	UN Climate Change Conference
CPS	Cyber Physical System
CSR	Corporate Social Responsibility
CSS	Customer Service System
DDS	Developer Dilution System
DJSI World Index	Dow Jones Sustainability Indexes
DPFS	Developer Purification Filtration System
ECAs	Enterprise Carbon Accounting System
EDA	Engineer Data Analysis
EDR	Endpoint Detection and Response
EI	Eco-efficiency Index System
EOS	End of Support
ES 8.0	ENERGY STAR Computers Version 8.0
ESCO	Energy Services Company
ESG	Environment · Social · Governance
FR	Disabling Frequency Rate
GCSA	Global Corporate Sustainability Award
GCSF	Global Corporate Sustainability Forum
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GOLF	Gap of Learning & Field
GPS	Global Positioning System
GRI	Global Reporting Initiative
GRS	Global Recycled Standard
IEA	The International Energy Agency
IoT	Internet of Things
IPCC AR6	Intergovernmental Panel on Climate Change-the Sixth Assessment Report

Abbreviation	Short for
IPMVP	International Performance Measurement & Verification Protocol
ISAE 3000	International Standard on Assurance Engagements 3000
ISO 14001	International Organization for Standardization 14001
ISO 14064-1	International Organization for Standardization 14064-1
ISO 14971	International Organization for Standardization 14971
ISO 31000	International Organization for Standardization 31000
ISO 45001	International Organization for Standardization 45001
ISO 46001	International Organization for Standardization 46001
ISO 50001	International Organization for Standardization 50001
JSA	Job Safety Analysis
LED	Light-emitting Diode
LTPS	Low Temperature Poly-Silicon
MBR	Membrane Bio-Reactor
MSCI	Morgan Stanley Capital International
NPO	Nonprofit Organization
NPS	Net Promoter Score
OECD	Organization for Economic Cooperation and Development
OLED	Organic Light Emitting Diode
PCR	Product Category Rules
PFCs	Perfluorinated Compounds
PPI	Pixels Per Inch
PV	Photovoltaic
QBR	Quarterly Business Review
RBA	Responsible Business Alliance
RMA	Return Materials Authorization
RO	Reverse Osmosis
RoHS	Restriction of Hazardous Substances Directive
SA8000	Social Accountability 8000
SASB	Sustainability Accounting Standards Board
SBT	Science Based Targets
Scope 1	Direct Greenhouse Gas Emission

Abbreviation	Short for
Scope 2	Energy Indirect Greenhouse Gas Emission
Scope 3	Other Indirect Greenhouse Gas Emission
SDGs	Sustainable Development Goals
SEMI	Semiconductor Equipment and Materials International
SID	Society for Information Display
SMAT	Smart Mobility Association Taiwan
SPC	Statistical Process Control
SRS	Stripper Recycle System
TADA	Taiwan Advanced Automotive Technology Development Association
TANZE	Taiwan Alliance for Net Zero Emission
TCA	Taipei Computer Association
TCFD	Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures
TCP	Taiwan Climate Partnership
TDUA	Taiwan Display Union Association
TEEMA	Taiwan Electrical and Electronic Manufacturers' Association

Abbreviation	Short for
TFT	Teach for Taiwan
TFT-LCD	Thin Film Transistor Liquid Crystal Display
TMAH	Tetramethylammonium hydroxide
TMA-Taiwan	Turnaround Management Association of Taiwan
TPSA	Taiwan Panel & Solution Association
TPVIA	TaiWan Photovoltaic Industry Association
TWSE	Taiwan Stock Exchange
UL 2809	Underwriters Laboratories 2809
UL 3600	Underwriters Laboratories 3600
USR	University Social Responsibility
VESA	Video Electronics Standards Association
VOCs	Volatile Organic Compounds
WB2C	Well below 2° C
WEF	The World Economic Forum
WRI	World Resources Institute
YoY	Year on Year

# ISO 14064 Verification Statement



## Independent Assurance Statement

Statement No.: CS22937-2021-DNV-TWN

Issued date: 30 May, 2022

Page 1 of 3

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2021) of

### AU Optronics Corporation

#### Scope of Verification

DNV Business Assurance (DNV) has been commissioned by AU Optronics Corporation to perform a verification of the greenhouse gas assertion of Greenhouse Gas Inventory Management Report (2021) (hereafter the "Inventory Report") with respect to the sites listed in Appendix.

The scope of indirect emissions, other than Imported Energy with specified/limited list of sources, was defined by AUO's own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory:

Category	Subcategory	Boundary
Indirect GHG emissions from transportation	Upstream transportation and distribution	Transportation of selected purchased goods, such as glass substrate - P1 spacer - target - gaseous chemical...etc.
	Business travel	Transportation of employees for business-related activities
	Employee commuting	Transportation of employees travelling between company and residence place, factory shuttle bus included (employees located at Mainland and overseas plants were not included)
Indirect GHG emissions from products used by organization	Downstream transportation and distribution	Transportation of products sold by the Company
	Upstream leased assets	Operation of assets leased by AUO and not included in scope 1 and scope 2 - reported by lessee.
	Purchased goods and services	Upstream (supplier-target) emissions of selected purchased goods, such as glass substrate, liquid crystals, photoresist, developer, etchant, stripper and thinner...etc.
Indirect GHG emissions associated with the use of products from the organization	Fuel-and-energy-related activities (not included in Scope 1 or 2)	Upstream emissions of purchased fuels (Diesel Oil, Liquefied Petroleum Gases, Motor Gasoline and Natural Gas) and electricity
	Waste generated in operations	Transportation and disposal or treatment of waste (waste generated in Mainland and overseas plants were not included)
Indirect GHG emissions associated with the use of products from the organization	Investments	Emissions of subsidiary, AUO Crystal Corp., from energy use (Diesel Oil and electricity)

#### Verification Criteria and GHG Programme

The verification was performed on the basis of ISO 14064-1:2018, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, as well as IPCC 2006 Tier 2b methodology for fluorinated GHG emissions inventory, given to provide for consistent GHG emission identification, calculation, monitoring and reporting. The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2013 and ISO 14064-3:2006.

#### Verification Statement

It is DNV's opinion that the Inventory Report (2021), which was published on April 30, 2022, is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches:

- For the Direct GHG emissions and Indirect GHG emissions from imported energy, the reliability of the information within the Inventory Report (2021) were verified with reasonable level of assurance.
- For the other indirect GHG emissions and the fluorinated greenhouse gases emission reduction, the involved information were verified and tested using agreed-upon procedures, AUP, defined in Inventory Report.

Chun-Nan Lin  
GHG Verifier

Place and date:  
Taipei, 30 May, 2022

For the issuing office:  
DNV Business Assurance Co., Ltd.  
29FL, No. 293, Sec. 2, Wenhua Rd.,  
Banqiao District, New Taipei City 220,  
Taiwan

Management Representative

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.  
立思達國際驗證股份有限公司, 新北市板橋區文治路二段 293 號 29 樓, TEL: +886-2-82537800, website: www.dnv.com.tw



Statement No.: CS22937-2021-DNV-TWN  
Place and date: Taipei, 30 May, 2022

Page 2 of 3

### Supplement to Statement

#### Process and Methodology

The reviews of the Inventory Report and relevant documents, and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfillment of stated criteria.

#### Quantification of Greenhouse Gas Emission

The Inventory Report covering the period 1<sup>st</sup> January, 2021 to 31<sup>st</sup> December, 2021, it is DNV's opinion that the Inventory Report results in quantification of GHG emissions that are real, transparent and measurable.

#### Organizational Boundary of Verification

Financial Management Control  Operational Management Control  Equity Share

#### GHGs Verified

CO<sub>2</sub>  CH<sub>4</sub>  N<sub>2</sub>O  HFCs  PFCs  SF<sub>6</sub>  NF<sub>3</sub>

Direct Emissions: 79,186.29 tonnes CO<sub>2</sub>e

Imported Energy Indirect Emissions: 2,841,287.55 tonnes CO<sub>2</sub>e

Quantification of the other indirect emissions:

Category	Subcategory	Tonnes CO <sub>2</sub> e
Indirect GHG emissions from transportation	Upstream transportation and distribution	7,972.00
	Business travel	869.04
	Employee commuting	38,732.73
Indirect GHG emissions from products used by organization	Downstream transportation and distribution	67,284.00
	Upstream leased assets	168.63
Indirect GHG emissions associated with the use of products from the organization	Purchased goods and services	616,395.10
	Fuel-and-energy-related activities (not included in Scope 1 or 2)	479,272.02
	Waste generated in operations	25,660.99
Indirect GHG emissions associated with the use of products from the organization	Investments	49,729.23

The indirect GHG emissions from imported energy of operations located at Taiwan were calculated based on 2020 electricity emission factor of 0.502 kg CO<sub>2</sub>-e/kwh, which was announced by Bureau of Energy, Ministry of Economic Affairs. The Global Warming Potential (GWP) of IPCC AR4 (2007) was applied for Direct and Imported Energy Indirect Emissions, while IPCC AR5 (2013) was applied for the other Indirect Emissions.

The fluorinated greenhouse gases ("FCs" defined by 2006 IPCC Guidelines) emissions in year 2021 with implementing abatement equipment was calculated as 14,114.33 Tonnes CO<sub>2</sub>-e, and self-declared 1,937,601.85 Tonnes CO<sub>2</sub>-e emission reduction, according to the Tier 2b method referred to 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 3 Industrial Processes and Product Use, Chapter 6 Electronics Industry Emissions.

#### Verification Opinion

unmodified  
 modified  
 adverse

Lack of fulfillment of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.  
立思達國際驗證股份有限公司, 新北市板橋區文治路二段 293 號 29 樓, TEL: +886-2-82537800, website: www.dnv.com.tw

# ISO 14064 Verification Statement



Statement No.: CS22937-2021-DNV-TWN  
Place and date: Taipei, 30 May, 2022

Page 3 of 3

## Appendix

The greenhouse gas assertion of AU Optronics Corporation Greenhouse Gas Inventory Management Report (2021) with respect to the following sites:

Site	Fab	Address	Total Emissions (Tonnes CO2-e)	Total Direct Emissions (Tonnes CO2-e)	Total Energy Indirect Emissions (Tonnes CO2-e)
AUHC	Headquarters/ L3B	No. 1, Li-Hsin Rd. 2, Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	19,751.02	1,540.67	18,210.35
	Global Research Center	No. 1, Gongye E. 3rd Rd., Hsinchu City, Taiwan (R.O.C.)	1,316.97	36.07	1,280.90
	L3C	No. 23, Li-Hsin Rd., Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	43,189.65	1,062.41	42,127.24
	Dormitory	Mabuville at Beipu Township, Hsinchu County, Taiwan, R.O.C	743.72	7.38	736.33
AULT	L4A/L5A/L5B	No. 1, Xinde Rd., Aspire Park, Lungtan, Taoyuan, Taiwan, R.O.C.	230,992.61	9,135.86	221,856.75
AULK	L6B	No. 228, Lungke St., Lungtan, Taoyuan, Taiwan, R.O.C. / No. 288, No. 338, No. 338-1, Lunghuan Rd. 1, Lungtan, Taoyuan, Taiwan, R.O.C.	296,139.71	10,700.61	285,439.10
AUHY	L3D/L5D	No. 189, Hwaya Rd. 2, Kueishan, Taoyuan, Taiwan, R.O.C.	267,807.61	8,022.52	259,785.09
AUTC	L5C/L6A/L7A/L7B/L8A	No. 1, Zhongke Rd., Central Taiwan Science Park, Taichung, Taiwan, R.O.C. / No. 2, No. 3, Keya Rd., Central Taiwan Science Park, Taichung, Taiwan, R.O.C.	1,015,674.05	20,977.68	994,696.37
AUHL	L8B	No. 1, Machang Rd., Houli Dist., Taichung City, Taiwan, R.O.C.	345,261.40	7,118.97	338,142.43
AUTN	C4A/C5D/C6C	No. 36, Keji 1st Rd., Annan Dist., Tainan City, Taiwan, R.O.C.	63,830.61	363.35	63,467.26
AUKH	C5E	No. 9, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Taiwan, R.O.C.	28,577.97	150.89	28,427.08
AUSZ	S01/S02/S06	No. 398, Suhong Zhong Road, Suzhou Industrial Park, 215021, China	124,069.17	3,408.56	120,660.61
AUXM	S11/S13/S17	No. 1009, Xiang'an North Road, Xiang'an Branch, Torch Hi-tech Industrial Development Zone, Xiamen, 361102, China	93,200.74	2,530.15	90,670.59
AUKS	L6K	No. 6, Longteng Rd., Kunshan Economic-Technological Development Area, China	307,768.97	10,158.77	297,610.20
AUST	L4B	No. 10, Tampines Industrial Avenue 3, Singapore 526798	80,476.72	3,801.77	76,674.95
AUSK	E11/E12	Bratislavská 517, 911 05 Trenčín, Slovak Republic	318.10	135.94	182.16
AUSH	Kunshan office	No. 6, Longteng Rd., Kunshan Economic & Technical Development Zone, Kunshan City 215300, China	1,354.82	34.69	1,320.13
Total			2,920,473.84	79,186.29	2,841,287.55

Lack of Affirmation of conditions as set out in the Certification Agreement may render this Certificate invalid. This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.  
 此項核證聲明係基於客戶提供之資訊及核證協議中詳述之條件。因此，DNV 無法保證資訊之準確性或正確性。DNV 不對任何依賴或採取行動之人士負責。  
 北京德華國際驗證有限公司, 北京中關村大街29號, TEL: +86-10-82537800, website: www.dnv.com.cn

# Independent Assurance Statement



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666

Fax 傳真 + 886 2 8101 6667

Internet 網址 home.kpmg/tw

## Independent Limited Assurance Report

### To AU Optronics Corp.:

We have been engaged by AU Optronics Corp. ('AUO') to provide limited assurance on the Sustainability Report ('the Report') of AUO for the year ended December 31, 2021.

### Reporting Criteria

In preparing the report, AUO applied the Comprehensive option of Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board ("GSSB") and the Sustainability Accounting Standards for Hardware Industry issued by Sustainability Accounting Standards Board ("SASB") as set forth in "About This report" section of the Report.

### AUO's Responsibilities

AUO is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the information included in the Report. AUO is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Report that is free from material misstatement, whether due to fraud or error.

### Our Responsibilities

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board and to issue a limited assurance report on whether the Report is free from material misstatement.

However, the Report section on any related data concerning Greenhouse Gas Emissions (Scope 1, 2 and 3) and PFCs reduction, of which the disclosures will be verified (and modified, if necessary) independently by a third party verification company. Consequently, this assurance engagement will not express any conclusion on any related data regarding Greenhouse Gas Emissions (Scope 1, 2 and 3) and PFCs reduction.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### Independence, professional standards and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental



principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In addition, we applied Statements of Auditing Standard No. 46 – "Quality Control for Public Accounting Firms" in the Republic of China. Accordingly, we maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

### Summary of Work Performed

As stated in reporting criteria of the Report, our main work on the Report included:

- Obtain and review the Report;
- Inquiries of responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the information reported.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the report and if necessary, inspect related documents to gather sufficient and appropriate evidence for a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Report, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion.

### Inherent limitations

The Report for the year ended 2021 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of AUO. Therefore, the different stakeholders may have different interpretations of such information.

### Conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report of AUO for the year ended December 31, 2021 has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

### Other Matters

The management of AUO is responsible for the maintenance of its website, which according to its report, we shall not be responsible for any further changes on the information or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Report.

### KPMG

Taipei, Taiwan (Republic of China)

Jun 24, 2022

### Notes to reader

The limited assurance report is the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report, the Chinese version shall prevail.



# AUO

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

**Sustainability Award**  
Silver Class 2022  
**S&P Global**

Copyright© June 2020 AU Optronics Corp. All rights reserved. Information may change without notice.

