AUO ESG Insight

Founded in 1996, AUO operates across Asia, the U.S. and Europe, with a global workforce of 41,000 employees. We practice the Gung Ho belief, enthusiastic teamwork focusing on collaborative working culture to drive advancement and win-win for everyone.

In April 2024, AUO successfully completed the acquisition of the German company BHTC (Behr-Hella Thermocontrol GmbH). Through the close integration of the two companies, AUO leverage resource synergies and vertical integration capabilities, steadily executing its long-term strategic plan. This will accelerate the connection of the global automotive industry supply chain and value chain,complete the smart mobile ecosystem.

3 Pillars

Following our biaxial transformation strategy, AUO has continued to invest development resources and business planning in the two key strategic axes of adding value to advanced display technologies (Go Premium) and exploring vertical market applications (Go Vertical) over the past few years. Utilize both strategic partnerships, and mergers and acquisitions, to establish an investment portfolio in each vertical market to build an ecosystem of partners, hence accelerating the creation and refinement of value-added display solutions. These will serve to transform AUO into a solutions provider centered on display technology. In the future, the goal to develop with the frame of 3 Pillars (Display, Mobility Solution, Vertical Solution) is to make us transform from a company specializing in panel-based display components to a "solutions provider centered on display technology".

When we believe in creating greater user-value through all visual imagery in human life, whether starting with the provision of panel products or advancing toward more intelligent solutions, every field and application scenario can be improved with our technology and product as long as it involves imagery and displays. This belief will motivate us to reach our goal.

Sustainability Recognitions

S&P Global
AUO Corporation
Electronic Equipment, Instruments & Components
Top 5%
Corporate Sustainability Assessment (CSA) 2024 Score
88/100

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

MSCI ESG RATINGS
A
CCC | B | BB | BBB | A | AA | AAA

Climate
CDP
A List
2024

Climate Change A

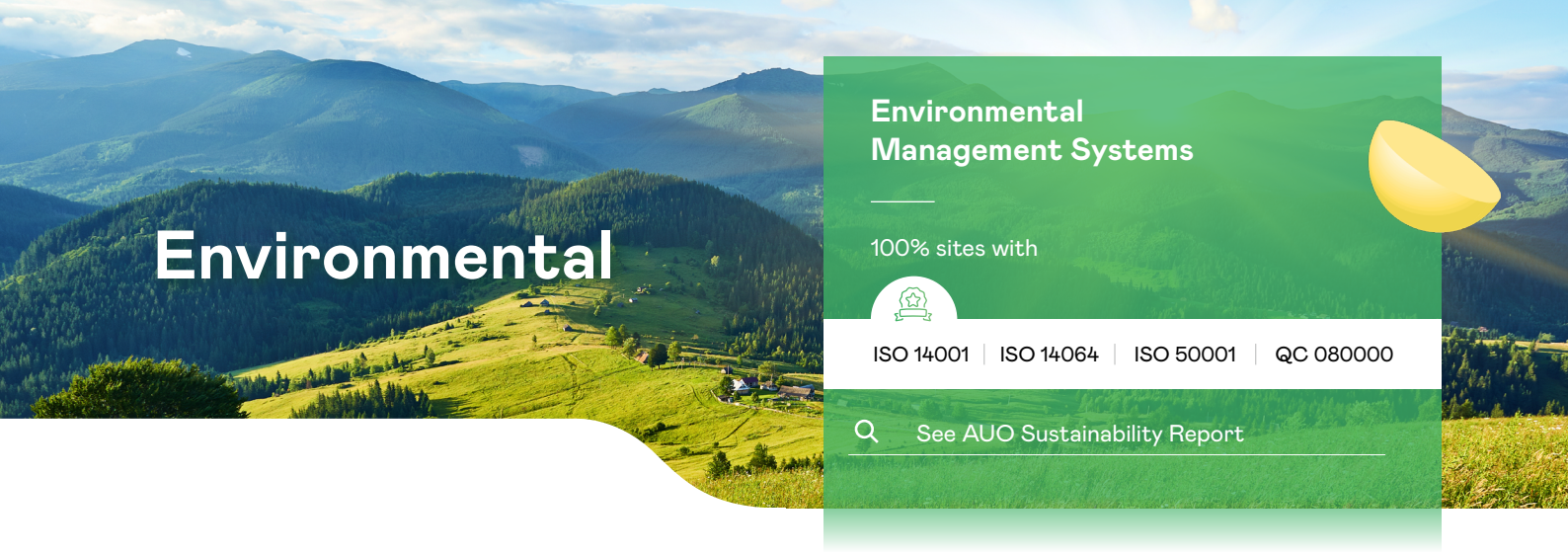
Corporate ESG Performance
Prime
RATED BY ISS ESG

BRONZE | Top 35%
ecovadis
Sustainability Rating
APR 2024

AUO 2025 EPS Target

The 17 Sustainable Development Goals (SDGs) developed by the United Nations was used by AUO to define a corporate sustainability roadmap of "Go Beyond CSR, Create Shared Values." Nine key SDGs were identified through the ranking of scores and used to consolidate the company's medium and long-term 2025 sustainability strategies. Targets and actions plans are also set every year for the continued implementation of related initiatives. The three EPS (Environment, People and Society) themes focusing on environmental sustainability, inclusive growth and agile innovation.

	Categories	2025 Targets	SDGs	2018-2024 Cumulative Achievement Rate
Environment	Energy Optimization	Set reduction targets based on life-cycle and reduce carbon emissions by up to 6.5 million tones CO_2e cumulatively.		> 100%
	Water Optimization	Work with the value chain to combat the threat of water resource shortages and conserve up to 100,000 CMD in tap water cumulatively.		> 100%
	Circular Production	Spearhead the development of the circular value chain, expand its economic performance and achieve a growth rate of 135%.		> 100%
	Climate Adaptation	Increase the resilience of climate adaptation and continue to reduce the risk of financial impact from climate change issues.		Continue to manage risk
People	Quality Education	Provide diversified educational opportunities to more than 600,000 people and increase employee participation in AUO quality education by 20% each year.		> 100%
	Inclusive Growth	Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold		> 100%
	Enjoyable Workplace	Become the preferred enterprise and reach 80% in employee identification with the four dimensions in Primary demand, Management support, Team work and Learning and growth.		Continue achieved
Society	Adorable and Clean Energy	Improve capability in renewable technology, expand the installed capacity of renewable energy around the world and double the cumulative growth rate. (100% cumulative growth)		99%
	Smart Manufacturing	Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration.		> 100%
	Intelligent Life	Develop products and integrated services to expand the cumulative reach of education, health, finance, shopping, lifestyle, transport and other smart city applications so that it can reach one billion people		> 100%



Environmental

Environmental Management Systems

100% sites with

ISO 14001 | ISO 14064 | ISO 50001 | QC 080000

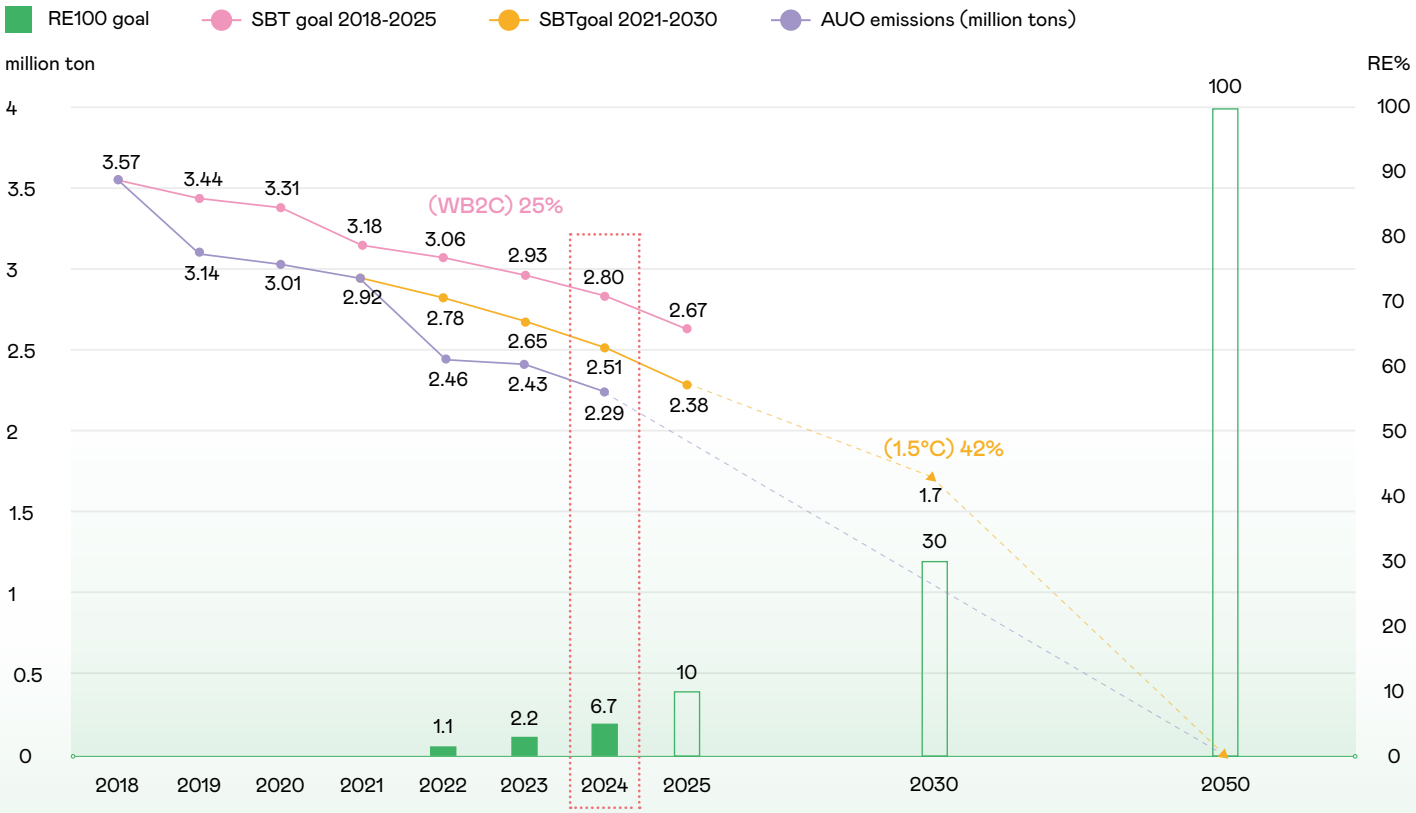
See AUO Sustainability Report

Responding to Climate Initiatives

AUO is committed to achieving net zero emissions and actively participates in international climate initiatives. It has also set more challenging carbon reduction goals, passing the SBT for a 1.5°C warming scenario in 2024. As a member of RE100, AUO has pledged to achieve 100% renewable energy by 2050, making us the first global display manufacturer to do so.

SCIENCE BASED TARGETS	RE 100	TCFD	Taiwan Climate Partnership 台灣氣候聯盟	TANZE 台灣淨零行動聯盟
AUO set a Science Based Target, which was approved by SBTi, to achieve an absolute 42% carbon reduction by 2030 with a 1.5°C warming scenario and use 2021 as the base year.	AUO joined RE100 and committed to using 30% renewable energy by 2030 and 100% renewable energy by 2050.	AUO publish climate-related financial disclosure reports to enable external stakeholders to fully understand the achievements and information regarding climate-related risks and opportunities.	AUO worked with enterprises to establish Taiwan Climate Partnership to promote the implementation of energy saving and carbon reduction and drive industry chain suppliers towards net zero.	Joined the Taiwan Alliance for Net Zero Emission and committed to achieve net zero in the corporate headquarters building by 2023, net zero in all offices building by 2030, and towards net zero.

Net Zero & RE 100 by 2050



AUO TCFD transition risk case study

See AUO TCFD Report

International Initiative Goals Tightened

Scenario

The carbon emissions produced during the manufacturing process of ICT products do not meet the expectations of green customers.

Financial impact

- Border Carbon Adjustment Mechanism (CBAM): Carbon tax imposed by exporting countries, affecting AUO's financial expenditures by approximately 0.2 to 0.3 billion NTD per year.
- Carbon fee is set to be implemented in Taiwan by 2025: Estimated to affect AUO's financial expenditures by approximately about 0.8 billion NTD per year.
- Revenue impact of order cancellations: Failure to meet green customer expectations leads to order transfers, resulting in a quarterly revenue decrease of about 1.4 to 5.8 billion NTD per quarter.

Response strategy

In response to the development of SBTi goals, AUO is continuously committed to reducing carbon emissions caused by the production process by setting more aggressive carbon reduction goals, improving electricity efficiency, optimizing power management systems, and introducing energy-saving equipment.

Carbon Price

AUO has converted the carbon costs derived from external climate regulation policies into an internal carbon price, continuously applying this carbon price to the benefit assessment of energy-saving investment projects in green manufacturing. This allows AUO can more accurately evaluate the carbon reduction costs of manufacturing activities under future net-zero pathways. In 2024, AUO's carbon price was TWD 6,999 per ton.

AUO's GRC Headquarters Building has passed ISO 14068-1 Carbon Neutral Verification

AUO, a company that actively practices sustainability, has passed the ISO 14068-1:2023 carbon neutrality management verification. As the first company in the global display industry, as well as in Taiwan, to create a "carbon neutral building*", AUO has become a standard of excellence in carbon neutrality as it aligns with the global trend and pursues pragmatic GHG management with a focus on quantifying, reducing and retiring GHG emissions. The Company has also pledged to achieve the same goal at all of its office locations in Taiwan by 2030.

AUO declared its commitment to carbon neutrality in buildings in 2013, based on the PAS 2060 standard and the Taiwan Guidelines for the Demonstration and Declaration of Carbon Neutrality. Starting with its GRC building in 2023, AUO has taken the lead in advancing carbon reduction by adhering to the principle of carbon neutrality, which prioritizes reducing emissions at the source before offsetting the remaining amount, and following a four-step process of accounting, reduction, energy generation and offsetting to achieve carbon neutral verification in buildings.

Note*: The term "Buildings" in this context regarding Carbon Neutrality refers specifically to the emissions generated by AUO's headquarters building, GRC, during its operational phase.

GHG Emissions Management

GHG Emissions (tons CO_2e)	2022	2023	2024
Scope 1 (Direct Emissions)	0.07M	0.07M	0.06M
Scope 2 (Indirect Emissions: Imported Energy)	2.37M	2.36M	2.23 M
Scope 3 (Indirect Emissions: Other)	1.00M	2.17M	4.64 M
GHG Emissions Intensity ($kgCO_2e/m^2$)	51.46	44.06	38.64

Energy Management

Strategy

- Promote Renewable Energys
- Increase Energy Efficiency

2025 Target

- Annual electricity saving rate 4.5%

Achievement

- 2024 annual electricity saving rate 4.72%

Biodiversity Vision and Management

The "AUO Biodiversity, and Ecosystems, and zero-deforestation Policy" released in 2023 in response to the "Kunming-Montreal Global Biodiversity Framework" and the international community's consensus to stop the trend of biodiversity loss. This policy outlines AUO's commitment to biodiversity and establishes a corresponding policy framework to avoid, reduce, and repair the potential impacts of AUO's business operations on nature. Promote a transition towards a positive nature for nature, aiming to achieve the vision of a net positive impact on biodiversity by 2050.

AUO refers to the AR^{3}T (Avoid, Reduce, Restore & Regenerate, Transform) framework to promote nature-related measures and actions, including avoidance, reduction, repair, regeneration, and transformation. In the future, AUO will continue to explore various actions and opportunities to avoid and reduce investment in natural impacts, deepen the restoration and regeneration of the ecosystem around the factory site, and promote the transformation towards a positive nature with the vision of promoting the positive development of nature.

Avoid

Regarding air, water and pollutant issues, implementing and improving pollutant processing technologies.

Reduce

By reducing water consumption of manufacturing process, optimizing water recycling efficiency and increasing the use of reclaimed wastewater to reduce the impact. Reducing non-reusable waste generated from production.

Restore and Regenerate

Environmental monitoring round the Longtan site and the Xiaoli River. And Removing invasive plants along the Xiaoli River together with local stakeholders.

Transform

- AUO Green Party –promoting tree planting and awareness on deforestation and forest conservation.
- AUO Ocean Party –promoting beach cleaning and awareness on marine waste.
- AUO GreenArk -promoting environmental education on water resource to the public and local communities.

Plastic Neutrality

AUO set 2023 as the base year to achieve "plastic neutrality" in 2030. By formulating a "3R+1" strategy: Replace, Reduce, Recycle and Rethink, a cross-unit plastic working group was established to coordinate plastic reduction tasks. In addition, AUO also announced its plastic neutrality goal at the annual Supplier Co-Prosperity Conference and called on value chain partners to jointly participate in plastic reduction actions to reduce the impact of plastic on the environment.

Hazardous Substance Management

AUO annually revises "The Green Products Hazardous Substance Management Regulation" according to international regulation, the requirements of customers, and environmental protection trends. In 2024, AUO has managed and controlled 155 hazardous substances, and the hazardous substances under control can cover the requirement of all key customer specifications.

Banned Class A	The Test Report is required to prove it does not contain AUO banned substances	12 items
Banned Class B	The Suppliers could self-declare that it does not contain substances banned by AUO	64 items
Reporting	The controlled substance that the supplier needs to specify the content or concentration	79 items

Sustainable Products

AUO's green thinking implements product innovation and applies its strengths in the three major display technologies of AmLED (Adaptive mini LED), Low Temperature Poly-silicon (LTPS) and Bi-Stable Display Technology to expand into smart mobile applications. For high-end laptop applications, we will create energy-saving, power-saving, lightweight products with low carbon characteristics. In the future, we will continue to develop in the realm of sustainable recycling and create more business opportunities and applications.

AmLED (Adaptive mini LED)

AUO's AmLED technology uses exclusive dynamic control technology to achieve high-brightness, high-contrast color performance, stable quality, and power saving advantages, making information color presentation more vivid and without color cast. AmLED was widely used in automotive products in 2024 to save energy. 25 automotive products was newly launched in 2024, achieving a more than 20% reduction in energy consumption comparing to 2021.

Low Temperature Poly-silicon

AUO combines the ultra-narrow bezel and power-saving advantages of LTPS technology and applies it to the high-end notebook market that are thin, light, narrow bezel, and has long standby time. The integrated IC design reduces the material allows the notebook to be lightweight, and through the high luminous efficiency backlight module, energy consumption can be further reduced, which can extend the use time, achieve energy savings and carbon reduction, and create a combination for users Lightweight experience with high performance and power saving.

Bi-Stable Display Technology

Bi-Stable Display Technology has the characteristics of power saving, high color saturation and environmental protection. It can display images by reflecting ambient light. It still has excellent color saturation even under direct sunlight and can cope with various severe outdoor light and temperature conditions. There is no backlight and the use of cholesteric liquid crystal material with bistable characteristics (no power consumption when the screen is not changed), it is extremely power-saving when displaying static images, and the image will not disappear even if the power is turned off. The power consumption of bistable display technology can be reduced by more than 90% compared to ordinary LCD monitors, making it an extremely power-saving display technology.

Energy Business Development

AUO has transitioned from a solar module manufacturer to investing in and constructing power plants, continuously striving to accumulate comprehensive capabilities in solar engineering from development, design, procurement to construction. AUO offers a diverse range of product services, complemented by its integration capabilities and rich experience in power plant construction and operation, as well as smart energy management, providing customers with high-quality, high-efficiency, and fully integrated customized solutions. In addition, AUO is actively entering the low-carbon building industry, perfectly combining solar applications with building structures to achieve a vision of energy self-sufficiency for buildings in urban planning.

Four Key Markets

Energy creation

- PV modules
- Investment and construction of diversified solar and geothermal power plants
- Operation and maintenance technology in the field of EPC

Storage

- Frequency support systems, behind-the-meter energy storage, micro-grid system construction
- Energy storage services for enterprises and households

AUO Green Energy

Green management

- Solar asset management
- Micro-grid energy management
- One-stop online shopping platform - Energy Shop

Operation & Maintenance

- Efficient arc protection to prevent PV system fires
- Navigational cleaning robots to improve cleaning efficiency and increase power generation

Achievement

2024 solar power modules shipment achieved 313 MW

Accumulative solar power plant installation achieved 524 MW

The estimated annual electricity generation of 670 million kw which result in a reduction of 330,000 metric tons of carbon emissions.

Social

Social Management Systems

100% sites with

ISO 45001 | ISO 9001 | IATF 16949 | QC 080000

See AUO Sustainability Report

Human Rights Protection

AUO is dedicated to safeguarding the human rights of employees, and formulated human rights management policy and system by referring to international standards, Global Sullivan Principles, The UN Guiding Principles on Business and Human Rights and Responsible Business Alliance Code of Conduct.

Commitments and Policies

- Freedom of employment
- Equity and inclusion
- Prohibition of illegal workplace violations
- Health and safety of employees
- Prohibition of child labor

Human Rights Management Process

Risk Assessment
- Risk Identification, Warning Light Management

Prevention
- Human Rights Policy, Anti-Sexual Harassment Policy, Occupational Safety and Health and Policy, Recruitment/ Appointment Policy

Supervisory
- Grievance Channel, Audit System

Mitigation
- Education and Training, Awareness and Communication, System Management

Stakeholder Human Rights Risks Matrix

AUO conducts human rights risk assessments for stakeholders. Plan to conduct a survey every 2 years. In 2023, we surveyed and received 591 questionnaires from employees, suppliers, contractors, and members of the local community. The risk calculations were used as a reference to identify the risks associated with each human rights topic. Using this two-dimensional matrix, AUO is able to prevent and mitigate potential risks and hazards.

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

Scope of impact: Low → High

Freedom of Association/ Labor Union

AUO promote friendly and positive labor-management relations by guaranteeing worker's rights to freedom of association and collective bargaining

Taiwan	Suzhou	Xiamen	Kunshan	Vietnam	Singapore
Has regularly labor-management conference based on Labor Standards Act	100% union participation	100% union participation	100% union participation	100% union participation	8% union participation

In 2024, there were 0 incidents of social disputes

In the Singapore site, only direct employees (DL) have proposed the need to organize a labor union, and all DL have joined the labor union.

Labor Practice Indicators

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

Distribution by gender

	2022	2023	2024
Female	12,490 (34%)	12,152 (35%)	11,969 (34%)
Male	24,212 (66%)	22,841 (65%)	22,952 (66%)
Total	36,702	34,993	34,921

Distribution by age

	2022	2023	2024
<29	10,636 (29%)	10,001 (29%)	9,931 (28%)
30~49	24,172 (66%)	22,826 (65%)	22,388 (64%)
>50	1,894 (5%)	2,166 (6%)	2,602 (8%)
Total	36,702	34,993	34,921

Distribution Ratio of New Employee Hires and Employee Turnover

	Overall			Without China			China		
Gender	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Number of Resignations	6,774	7,424	6,618	1,477	1,041	1,151	5,297	6,383	5,467
New Employees	31,993	27,936	35,153	1,699	986	2,264	30,294	26,950	32,889
Turnover Rate	18.46%	17.52%	17.76%	7.30%	6.22%	6.06%	32.16%	30.03%	29.93%

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

Employee Gender Ratio Information

AUO attaches great importance to gender equality and career development of both genders. Female employees account for more than 34% of all employees and 28% of global female management positions. AUO has attached great importance to "gender equality" for a long time, continued to achieve the career development goals of outstanding female .

Gender	Overall	Managers	Direct Employees Managers	Indirect Employees Managers	
				Mid Level Managers	Senior Level Managers
Female	33.63%	28.42%	53.21%	15.68%	6.78%
Male	66.37%	71.58%	46.79%	84.32%	93.22%

Employee Compensation

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

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

Ratio of Basic Salary and Remuneration of Women to Men

	Direct Employee	Indirect Employee			
		Non- Managers	Junior Managers	Mid-level Managers	Senior Managers
Taiwan AUO Employee	0.96	1.01	0.96	1.02	1.33

Employee Support

Annual Personal Subsidy

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

Festivity Subsidy

- Wedding Subsidy
- Childbirth Subsidy
- Childcare Subsidy

Accident Condolence

- Hospitalization Condolences
- Occupational Injury Condolences
- Funeral Condolences

Employee Stock Ownership Trust Plan

AUO set up an "employee stock ownership trust plan" to relatively allocate incentive funds to help employees save small amounts in the long term and establish a short-to-medium-to-long term flexible fund utilization or financial planning.

Pension Scheme

AUO has set up the "Employee Pension Regulation", and contributed towards relevant social security premiums including labor pension, medical care, senior pension and so forth as legally stipulated at each operating location for every employee. For Taiwan sites, AUO established the "Retirement Fund Supervisory and Management Committee" as required by law, to oversee pension management and retirement procedures. We appoint actuaries to compile an actuarial report every year to ensure that the reserve is adequate to meet pension obligations. With the launch of the new pension system, the company will deposit 6% of the employees' monthly salary into the employees' personal pension accounts in accordance with their pension interval.

Employee Engagement

AUO actively cultivates constructive employee relations. Employees can give their opinions through a variety of open and constructive channels of communication such as via the "Internal Communication Mailbox,". Audit Committee Member's Mailbox," "Sexual Harassment Grievance Mailbox" and the "7885 Hotline". All the cases filed 2024 were cautiously handled and closed.

Number of cases accepted by Internal Communication Channels in 2024				
	Taiwan	Mainland China	Other area	Settled Cases
Internal Communication Mailbox	71	1,024	0	1,095
Sexual Harassment Grievance Mailbox	1	0	0	1
7885 Please Help Me Hotline	2,674	316	0	2,990

Q12 Employee Engagement Survey

In 2024, the Q12 average results achieved 87%. The sample of more than 30,600 employees had a coverage rate of nearly 84%.

Talent Attraction & Retention

AUO has established an "Education and Training Procedure" as the basis for employee education and training. Education and training are used to enrich employees' knowledge and skills, improve productivity and quality, and combine employee growth with corporate development goals. Since joining the company, we have invested extensive resources into employees of different job positions and ranks, to conduct learning and development with systematic training plan, such as new employee training, on-the-job training, self-study, etc. Under the trend of digital learning, AUO has launched synchronous and asynchronous teaching modes with pre-recorded, live broadcast, micro- lectures, and e-learning textbooks to reshape the learning experience.

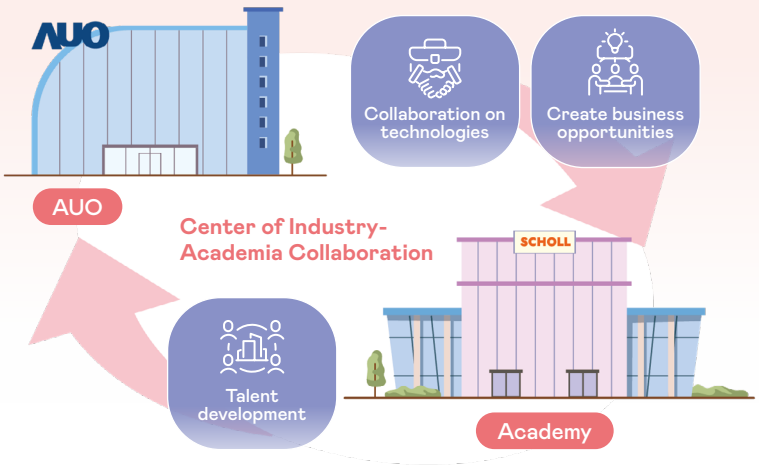
Global Talent Recruitment

AUO actively implements the "ESG-TALENTS" strategy to achieve sustainable talent development. Currently, AUO has a global workforce of about 37,262 employees, with presence across Asia, the Americas, and Europe. In line with its biaxial transformation strategy and 3 Pillars, AUO focuses on "ACE" talent. Including professionals with advanced technology, car and mobility solution and expertise in vertical solution. With a goal of global expansion, AUO recruits outstanding local talents and is also committed to recruiting talents of diverse nationalities in Taiwan. Attracting local talents to enhance its global competitiveness.

Industry-Academy Cooperation

Since its establishment in 2019, the AUO Industry-Academic Center has continued to establish partnerships with top universities around the world, build a real estate research ecosystem, introduce talents, technology and business opportunities, and accelerate the implementation of company strategies. In 2024, AUO has cooperated with 13 schools (including 4 joint R&D centers), acquire 41 new patents, and reach 48 cooperation cases, yielding fruitful cooperation results.

Center of Industry-Academia Collaboration Mechanism



Talent Development

AUO University

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

Sustainability Competences

AUO adheres to the Sustainable Training Roadmap by conducting tiered training for different employee groups. Aiming to raise sustainable awareness and professionalism of employees and making sustainable awareness an integral part of every employee's working DNA. College of ESG held a variety of activities and themed courses to create an atmosphere for all employees to learn about sustainability and strengthen their knowledge and skills. Include global risk trend training, ESG short lectures, key unit sustainability empowerment training, sustainable influence workshop, etc.

Achievement Highlight

82 ESG Sustainability courses and workshops was held in 2024 with overall 26,895 attendance

Average courses satisfaction rating for is 9.6 out of 10

Building the DEI culture

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

- Diversity & Inclusion training
- Periodical announcements

- DEI theme lectures
- Factory special activities

- Diverse & friendly space
- Safe and healthy plan
- Diverse clubs activities

- DEI survey
- "DEI Count me in 1" Initiative

DEI Performance

DEI recognition 90%

Female manager 28%

Foreign migrant workers support program

Handicapped Employment exceeded requirement by 23.9%

"Best Companies To Work For In Asia Award (Taiwan edition)" and "Diversity, Equity, and Inclusion (DEI) Award" by HR Asia 2024

Occupational Health & Safety

Being people-centric, AUO continually devotes itself to promoting a culture of safety and seeks to construct a safe working environment through risk management. In 2024, all AUO manufacturing bases in global completed the ISO 45001 certification of occupational safety and health management system and covered 100% of sites. The Taiwan factory has simultaneously obtained the CNS 45001 certificate in response to laws and regulations.

Safety and Life Saving Rules

Employees are not allowed to engage in dangerous work without training or certification. Employees should refuse work assignments that violate the Safety and Life Saving Rules to protect their own safety and work rights.

Hazard Identification and Risk Assessment

AUO follows the framework of the Occupational Safety and Health Management System to execute hazard identification assessment, classify, and control, to achieve the purpose of eliminating hazards and reduce risks.

Employee Engagement and Communication

According to the Occupational Safety and Health Act, to elect labor representatives, and jointly revise safety and health work rules, accident investigation, implement operating environment monitoring, etc., and jointly make decisions on various safety and health-related issues.

Contractor Safety Management

We have established standard procedures with the digital Contractor Safety Management System for effective management. In order to prevent and reduce contractor accidents and improve contractors' safety literacy, AUO has organized a total of 1,454 contractor education and training courses in 2024.

2024 Occupational Injury Statistics

	Number of Work-related Fatalities	Ratio of Recordable Work-related Injuries (n/million hours worked)	Number of Recordable Work-related Ill Health
AUO	0	0.32	27
Supplier	0	0.32	5

Supply Chain Management

AUO Supplier/Subcontractor Code of Conduct

100% of suppliers have signed the 《Supplier/Outsourcer Code of Conduct》(Please refer to the AUO website)

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

AUO Supplier Management and Audit

Management Process	Risk Evaluation	RBA Audit	Engagement Recognition
• Comply with the standards construction • Risk assessment • Audit confirmation • Continuous improvement	• ESG self-assessment • Identify high-risk suppliers and take follow up actions (including human rights issue) • The ESG Scorecard system was established in 2024 to take supplier ESG performance into account during procurement decisions.	• Follow RBA conduct to audit • Monitoring the improvement state • Third party verification on the SCM CSR portal	• Majoring issues course sharing • Excellent partner commendation • Quarterly Business Review mechanism

ESG Scorecard

The ESG Scorecard was established by AUO with the scores used a reference for collaboration with suppliers, requires suppliers to adhere to environment, social, and governance standards. AUO uses the ESG Scorecard to promote the practice of sustainability management and further reduction of operating risks in the supply chain.

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

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

Conflict Minerals

AUO is committed to fulfilling its social responsibilities, respecting and protecting human rights and establishing a conflict-free minerals policy in accordance with the due diligence procedures of the OECD and also requires suppliers to comply.

1. AUO restates that AUO and its suppliers shall assume responsibility together for community and environment protection.
2. AUO does not accept gold (Au), tantalum (Ta), tin (Sn), tungsten (W) , Cobalt (Co) and Mica mined illegally in Congo or conflict areas near Congo.
3. AUO will inform and ask its suppliers to perform the above statement.

In 2024, 152 suppliers have been investigated and 3,302 part numbers have been validated to ensure that all sources for Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W), Cobalt (Co), and Mica came from non-conflict regions.

Supplier Sustainability Partnership Performance

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

Energy Saving and Carbon Reduction

Suppliers cooperate to save electricity and reduce carbon emissions 380,000 ton in 2024

Water Saving

Suppliers cooperate to reduce 17,712 CMD since 2018

Supplier PackagingMaterial Recycling

Cooperate with suppliers to reduce 97.5% of supplier package through reverse logistics and recycling

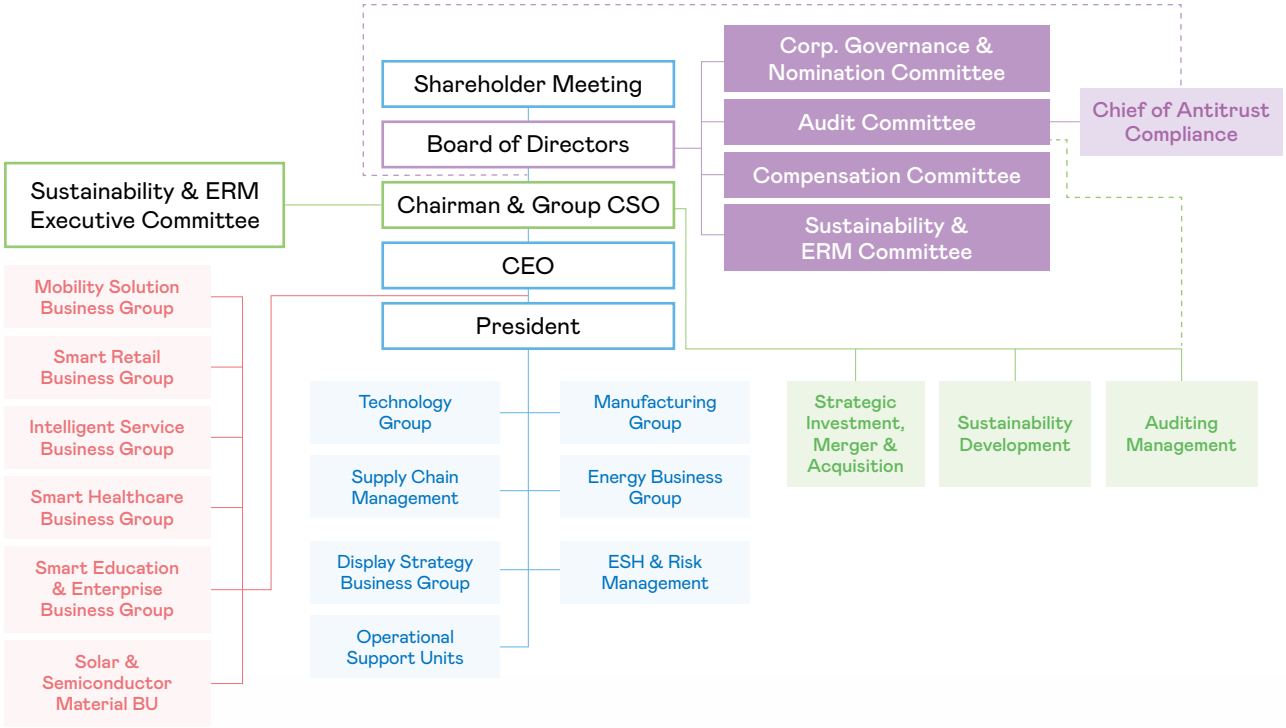
Co-prosperity Series Activities

4 courses on RBA8.0 training, circular economy products and packaging design, earthquake disaster prevention strategies, energy saving and plastic reduction sharing

Governance

Governance Organization

The duties of AUO's Board of Directors include: Supervising the Company's strategy, monitoring the management and the operation, and arrangement of the corporate governance system. It is also responsible for the Company and the Shareholders' Meeting, and exercises its powers in accordance with the law, the regulations of Articles of Incorporation, or the resolutions of the Shareholders' Meetings. In addition, through the disclosure of the Directors' attendance at Board Meetings and interest avoidance status in the annual report, the requirements of each Director's own responsibilities and obligations are emphasized to ensure the performance of Company monitoring and management. The Board meets at least once every quarter, and there were 8 meetings convened in 2024 with 100% attendance.



Board Diversity and Effectiveness Policy

Achieved 100%

Independent Directors exceeding one-half of the total director seats

Achieved 100%

Number of Directors who concurrently serve as Company managers do not exceed one-third of the total director seats

Achieved 100%

Directors of any gender account exceeding one-third of the board seats.

Board of Directors with Diverse Background

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

Remuneration Policies of the Board of Directors and Senior Management

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

Functional Committees

Corporate Governance and Nomination Committee

1. Establish standards for diverse backgrounds and independence such as the professional knowledge, technology, experience, and gender required by members of the board of directors, and seek, review and nominate director candidates.
2. Construct and develop the organizational structure of the board of directors and committees, evaluate the performance of the board of directors, committees and directors, and evaluate the independence of independent directors.
3. Develop and regularly review directors' training programs and president's (or equivalent) succession plans.
4. Establish the Company's corporate governance principles.

There were 3 meetings convened in 2024 with 100% attendance

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

Compensation Committee

1. Formulate and regularly review the policies, systems, standards and structures of directors and senior managers' performance evaluation and salary compensation.
2. Regularly evaluate and fix the salary and compensations of directors and senior managers.

There were 3 meetings convened in 2024 with 100% attendance

Position	Name	Independent Director
Convener	Chin-Bing (Philip) Peng	✓
Member	Jang-Lin (John) Chen	✓
Member	Cathy Han	✓

Audit Committee

1. Supervising and auditing the fair expression of the Company's financial statements
2. Monitoring and evaluating the effective implementation of the internal control system
3. Supervising the Company's compliance with laws and regulations
4. Reviewing the transaction of the Company's acquisition or disposal of assets, the lending of significant funds and endorsement or guarantee for others, and matters involving the director's own interests
5. Raising, issuing or private equity securities
6. Appointment, dismissal or remuneration of the accountants

There were 8 meetings convened in 2024 with 100% attendance

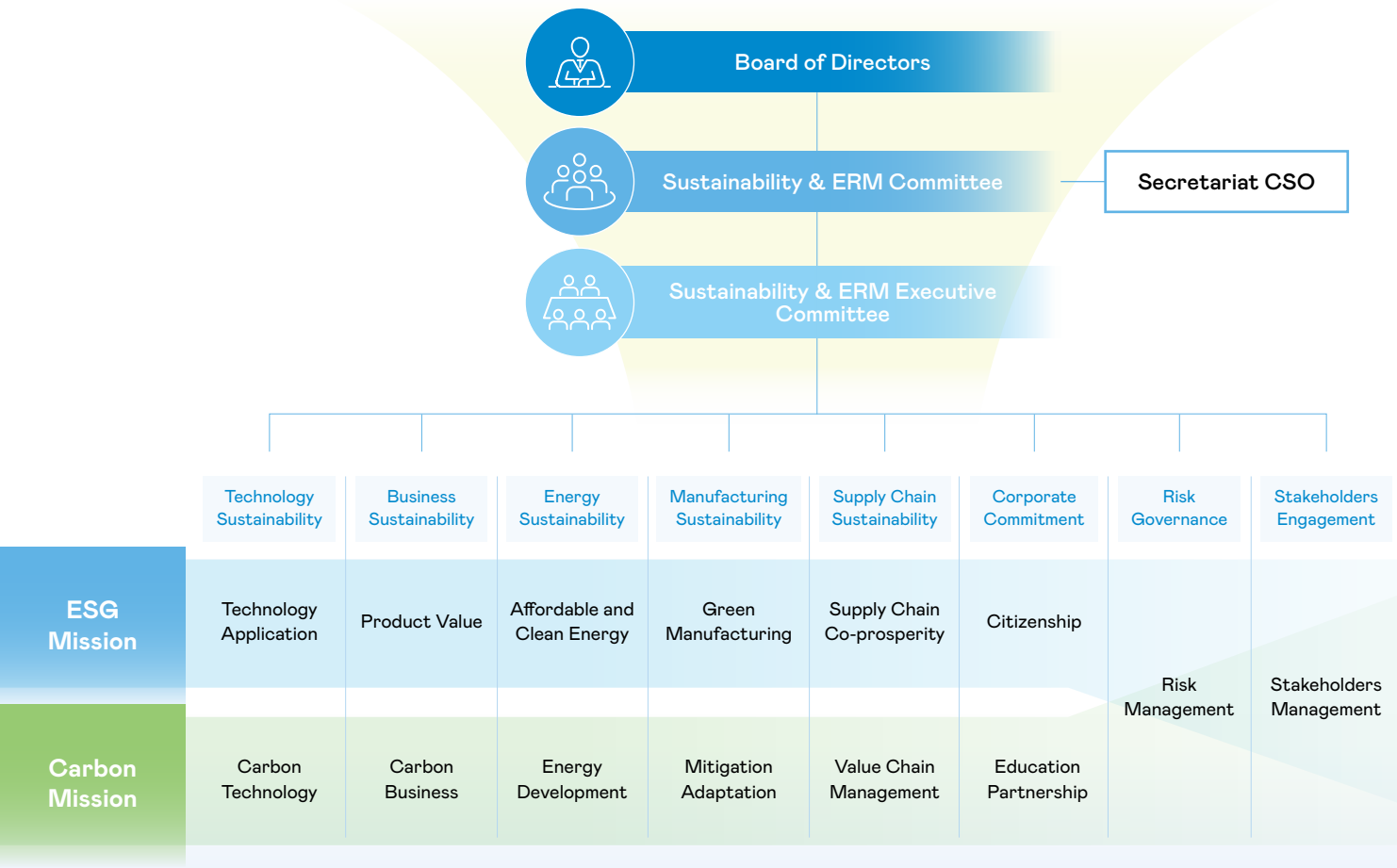
Position	Name	Independent Director
Convener	Chin-Bing (Philip) Peng	✓
Member	Jang-Lin (John) Chen	✓
Member	Chiu-Ling Lu	✓
Member	Cathy Han	✓

Sustainability & ERM Committee

In response to global climate issues and net-zero carbon emissions trends, the "ESG and Climate Committee" was upgraded to the "Sustainability and ERM Committee" in 2024, directly under the operation of the Board of Directors. With net-zero emissions by 2050 as our core goal, we will develop proactive mitigation and adaptation actions through drawing up strategic climate blueprints. The Committee takes on the carbon tasks of environment, society and corporate governance, to develop low-carbon technologies, promote carbon data applications, and deepen sustainable DNA efforts. Also, the committee as the highest governance unit of risk management to supervise and ensure enterprise risk management and operate effectively, by establishing an appropriate risk management mechanism and forming a risk management culture. In 2024, there were 2 meetings convened for Sustainability and ERM Executive Committee.

There were 2 meetings convened in 2024 with 100% attendance

Position	Name	Independent Director
Convener	Paul SL Peng	
Member	Jang-Lin (John) Chen	✓
Member	Chiu-Ling Lu	✓



Information Security Management Strategies & Development

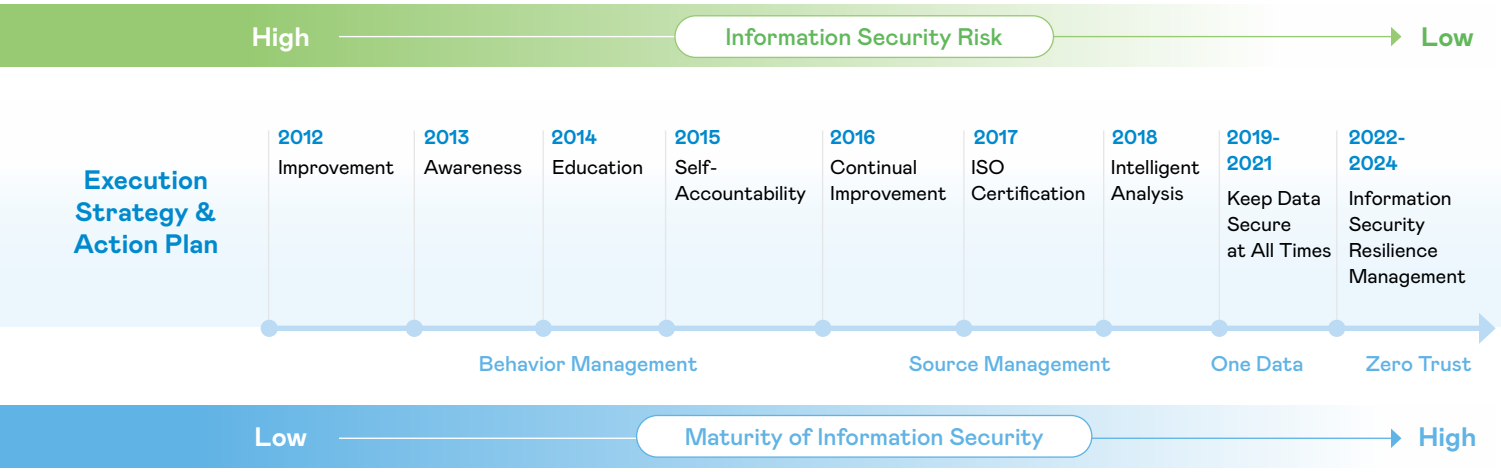
AUO conducts various information security activities through the Information Security Committee, regularly reviews the targets implementation of the year, and conducts risk improvements to protect the Company's intellectual property, customer data and enhance employees' info-security awareness. The Company's Chairman of the Board serves as the information security committee chairman, and the Company's Chief Digital Officer acts as the info-security convener for the task execution team.

Privacy Protection

Privacy protection is enforced by AUO for customers, suppliers, employees and all stakeholders as a key component in maintaining the trust of our stakeholders. We adhere to all laws and regulatory requirements on privacy and information security during our collection, storage, processing, dissemination, and sharing of personal information.

Protection and management of personal information at AUO is governed by the "Personal Information Protection and Management Regulations" ,"Policy on Data Protection and Privacy of Personal Data" and "Privacy Statement" that serve our top guiding principles on protection of customers' personal information. We also set up an EU GDPR (General Data Protection Regulation) and China PIPL (Personal Information Protection Law) on our internal website to provide employees with references to related policies and official documents so they can actively respond to the regulatory requirements.

ISO 27001 Information Security Management System



Integrity & Compliance

Rooted in a culture of integrity, AUO actively implements values of credibility and fairness and complies with the guidelines of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Targeting the Board Directors, all employees, suppliers, contractors and other stakeholders, AUO strengthens the advocacy to prevent bribery and corruption, giving unlawful political donations, inappropriate charity donations or sponsorships, inappropriate gifts/hospitality or other illegitimate profits, violating intellectual property rights, engaging in unfair competitions and products or services damaging the rights and interests of stakeholders.

Customers

Prohibition of "anti-competitive behavior," and adherence to the principles of the "Fair Trade Act" and "Anti-Trust compliance."

- Adhere to the code of conduct set in the customer requirements
- Work proactively to ensure compliance with the inspection standards set by the customer

Suppliers

Protection of the trade secrets and information in accordance with the "confidentiality agreements."

- Promote the principles of honest trade and signing of "Integrity clause"
- Inspection of and counseling on integrity business behavior
- Conduct annual communication on integrity management cases

Employees

Embraces an integrity culture, set of guiding principles, and stipulated benchmarks for each dimension to make sure all employees understand and adhere to the concept of integrity.

- Integrity policy, management, communication and value

Integrity Culture

AUO regularly inspects the integrity department and defines the list of integrity positions for the departments with decisive influence on the import/export, product prices, investment targets and departments with frequent contact with suppliers, customers and contractors. AUO implements regular job rotation and business substitution through systematic management to prevent corruption.

Ethics Training

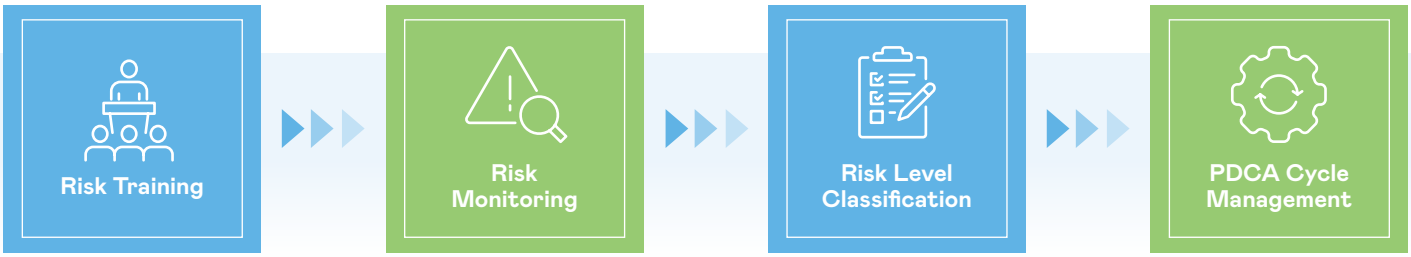
100 % new employee corporate ethics course and the integrity declaration

Risk Management

Risk Management Policy

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

Risk Identification and Management



Focused Risk

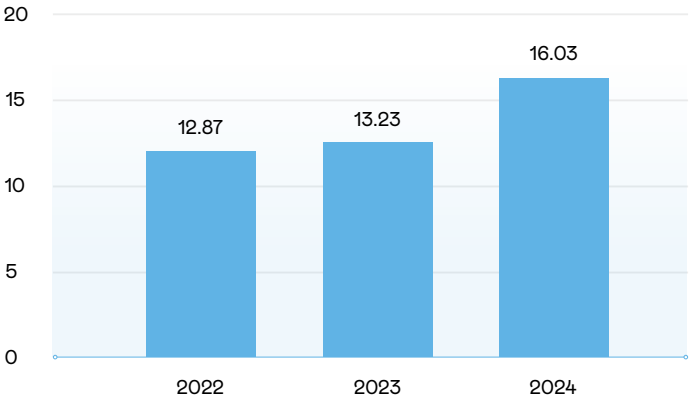
Risk Type	Strategies
Merger and Acquisitions	• The bank deposits of the acquired company are placed in different banks and financial institutions. The combined company controls its exposure to credit risk from each financial institution. • Liquidity risk is monitored by the company's financial department, which continuously monitors the company's actual cash flow position and uses various aspects of information to predict and monitor to ensure the liquidity of the acquired company.
Changes in global economic boom and declining market demand	• Continuously control inventory, optimize product portfolio, expand market applications, and accelerate transformation to reduce the impact of fluctuations in consumer willingness on operations. • Expand high-end products such as e-sports, automotive, medical and industrial products to strengthen profitability.
Climate change	• Progressive realization of carbon reduction targets through engagement with customers and integration of Company resources. • Using the TCFD as a guide to prepare for related risk. • Construct a climate-resilient supply chain by actively engaging with suppliers to build consensus and share resources.

Emerging Risk

Risk Type	Strategies
Strong protectionism and opposition	• Transition to the Company's biaxial transformation and strategy to distribute production sites and investments over different regions. • The risk management team dynamically assesses and grasps changes in the global geopolitical risk situation, assesses geopolitical risks that may have an impact on the company's business and operations, and formulates response strategies with relevant units.
AI-driven automated attacks and data security risks	• Information security management is promoted and enforced through the Information Security Committee to protect Company IP, customer data, and enhance employee awareness on information security in response to evolving cybercrime and growing information insecurity threats. • Conduct BCP drills for information security incidents, form a cross-unit response organization, and prepare for risks through scenario simulation drills.
Operational challenges posed by green inflation	• Promote carbon reduction measures through the Carbon Energy Working Group. • Through the ISO 14064 and ISO 50001, we manage and implement carbon emissions and energy consumption, continue to comply with environmental protection laws, and improve back-end emission treatment technologies for wastewater and waste.

R&D Expenditure

(NTD billion)



Green Patents

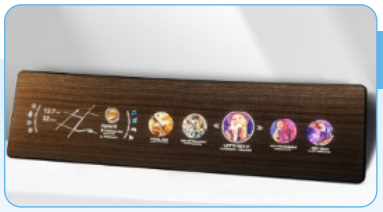
AUO actively develops production processes and products linked to energy conservation and carbon reduction. If an innovative technology reduces power consumption or involves alternative energy supplies, then it can be assigned to the energy conservation and carbon reduction sector. Examples of power consumption reduction included mini LED, Micro LED, OLED, LED light bar and E-paper; alternative energy included production processes, equipment and products related to solar cells. In 2024, AUO portfolio included around 4,500 patents relating to energy conservation and carbon reduction. A relatively high proportion was related to Micro LED. The proportion of Micro LED's certified volume in the current year is growing year by year, already reaching more than 80% in 2024.

Product Innovation

AUO has been dedicated to display technology for 27 years. In recent years, it has pursued a biaxial transformation, focusing on enhancing Go Premium and Go Vertical while investing diversely and establishing a partner ecosystem.

60-inch Transparent Micro LED Display

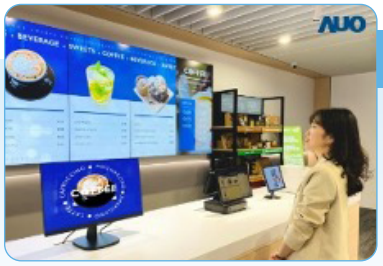
AUO maximizes the transparent Micro LED design features, incorporating expandable, seamless tiling technology. It features a full-screen brightness of 600 nits, a transparency rate of over 60 percent, and an exceptional wide color gamut exceeding NTSC 110 percent, allowing flexible applications in various settings.



Globally unrivaled(*) 80 percent transparency of the wood grain display

AUO's AmLED technology utilizes proprietary adaptive control features and delivers high brightness and contrast ratios for vivid colors. Incorporating inorganic materials enhances both the reliability and energy-saving benefits of the displays. The globally unrivaled(*) 80 percent transparency of the wood grain display, unveiled for the first time at the 2024 SID Display Week, enhances color fidelity without bias, presenting a seamlessly integrated wood grain cover that blends harmoniously with the dashboard. This display offers high visibility and brightness during operation, transforming into a sleek decorative panel when idle, merging energy efficiency with sophisticated aesthetics. Adding versatility to interior vehicle designs and increasing demand flexibility for in-vehicle decorations.

Note*: Based on the available market research information as of May 13, 2024.



Smart Retail: AUO Retail Cloud Platform

As new service models continuously revolutionize the retail industry, the technology landscape is becoming more diversified. To assist retail clients to overcome persistent labor shortage, AUO has integrated its software and hardware services to launch the AUO Retail Cloud Platform. Through this highly integrated platform, retailers can effectively monitor and manage all in-store digital signage and electronic shelf labels via a single system. Furthermore, the platform's interconnected functions facilitate dynamic pricing on promotional items, helping retailers to reduce food wastes and optimize inventory management for increased revenue, while supporting businesses in advancing towards paperless, environmental-friendly goals.

Whistleblower Protection

The Company has established a Whistleblower System, and employees have been trained to report misconduct using this system. For external cases, any illegal behavior in supply chain management can be reported directly to AUO through corporate website using the "Violation of Ethical Behavior Reporting System" , which will be followed by an internal investigation and action.

When a breach of integrity or ethical conduct is found, the following channels are all applicable for timely reports:

- **Internal**: Direct managers, President Mailbox, Audit Committee Mailbox
- **External**: Reporting System on Breach of Code of Ethical Conduct

Once a case has been filed, investigations will be conducted by the Audit Department, or by a special investigation committee formed based on the "Management Methods of the Material Disciplinary Investigation Committee."

Non-Retaliation Policy

AUO does not tolerate any retaliation against an employee for making a report in good faith. This includes any type of adverse action taken in response to a report, including firing, transferring, demoting or publicly attacking someone. It also includes even more subtle forms of retaliation, such as leaving someone who makes a good-faith report out of professional activities.

Reported Whistle-blowing Cases Statistics

	Cases Received
Reporting System for Violation of Ethical Conduct	13
Audit Committee Mailbox	2
Whistle-Blowing Mailbox	4

Confirmed Cases of Unethical Violations: 3 case

Other Sustainability Topics Concerned by AUO

See AUO Sustainability Report

AUO utilizes a double materiality analysis process to identify the significance of various ESG topics based on stakeholder concerns, the impact of these topics on organizational operations, and their implications for external economic, environmental, and social (human rights) sustainability. This process helps in identifying and responding to material topics, setting relevant management objectives, and presenting them to the board of directors for approval, which forms the core of AUO's sustainability practice blueprint.

In addition, the performance assessment of AUO's senior managers is linked to the management objectives of material topics, demonstrating the commitment of senior management to sustainable operations. For more information, please refer to the AUO sustainability report.

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

For more information

AUO Website

AUO Annual Report

AUO Sustainability Website

AUO Sustainability Report

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