



# INNOLUX ESG <sup>2023</sup> REPORT

INNOLUX



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2	A Win-Win Situation for Corporate Governance and Integrity
3	Innovative Transformation and Coordinated Procurement
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# 0-1 About this Report

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Innolux Corporation ( “Innolux” ) has published its 16<sup>th</sup> ESG Report to disclose to stakeholders its environmental, social, and governance performance and its management methodology and responses to major related issues. It was designed with colorblind-friendly palettes for the first time.

## Scope of the Report

This report covers the same reporting period as the Company's financial statements and primarily highlights the actions taken by the Company as a part of its sustainability strategy as well as the Company's performance outcomes in 2023 (from January 1 to December 31, 2023).

This report primarily discloses information about Innolux's operational and manufacturing sites, which account for 99.11% of the Group's consolidated revenue. Due to materiality constraints, the same data boundary applies to the financial data and information disclosed in Innolux's consolidated financial statements. The environmental and social information disclosed primarily concern the production and manufacturing service providers listed below:

### ◆ Internal :

Location	Company name	Description
Taiwan	Innolux Corporation	In 2023, Innolux's Shanghai Branch (Shanghai Innolux Optoelectronics Ltd.) was transferred to CarUX Technology Pte. Ltd. and renamed CarUX Technology (Shanghai) Ltd. All data on Innolux's Shanghai Branch up to the year 2022 is unaffected.
	Innolux Corporation Tree Valley Branch	
Ningbo	Ningbo Innolux Optoelectronics Ltd.	
	Ningbo Innolux Display Ltd.	
Foshan	Foshan Innolux Optoelectronics Ltd.	
	Foshan Innolux Logistics Co., Ltd.	
Nanjing	Nanjing Innolux Optoelectronics Ltd.	
	Nanjing Innolux Technology Ltd.	
Taiwan	CarUX Technology Taiwan Inc.	
Ningbo	CarUX Technology Pte. Ltd.	
Shanghai	Ningbo CarUX Technology Ltd.	First disclosure of the sustainability performance of the subsidiary CarUX Technology Pte. Ltd. ( “CarUX” ) in Chapter 6: “More than Display, and Far Beyond”
	CarUX Technology (Shanghai) Ltd.	

### ◆ External: clients, suppliers, communities, etc.



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Compilation Principles

In order to align with international trends in sustainable management, this report was compiled in compliance with the following reporting standards.

Issuing body	Standard	Version
Global Sustainability Standards Board (GSSB)	Innolux and CarUX both comply with the Global Reporting Initiative (GRI) Standards.	2021
AccountAbility (AA)	AA1000AP AccountAbility Principles: 2018	2018
Sustainability Accounting Standards Board (SASB)	SASB Standards: Hardware Standards for the Technology & Communications Sector	June 2023
Taiwan Stock Exchange Corporation	Regulations for the Compilation and Submission of Sustainability Reports by TPEX-Listed Companies	January 2024
Financial Stability Board (FSB)	Task Force on Climate-related Financial Disclosures (TCFD) Framework	June 2017
Global Canopy (a forest protection advocate institution), United Nations Development Programme (UNDP), United Nations Environment Programme Finance Initiative (UNEP FI), and World Wide Fund for Nature (WWF)	Taskforce on Nature-related Financial Disclosures (TNFD) Framework	September 2023
World Economic Forum (WEF)	Stakeholder Capitalism Metrics	2020
The United Nations Global Compact (UNGC)	Ten Principles of the UN Global Compact	July 2000



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Report Assurance

All data disclosed in this Report have been collected by the human resources, legal, intellectual property, shareholder services, finance and accounting, facility , environmental and safety, administrative, research and development, automation, procurement, logistics, information technology, quality assurance, sales, and public relations departments, as well as the Innolux Education Foundation. The data is reviewed and approved by the department heads before it is forwarded to the sustainable development department for collation and compilation. The content is reviewed for accuracy and completeness, and a third party then verifies it before the Board of Directors reviews and approves it for publication. For more information about the Independent Verification Statement, please refer to the appendices.

Verification/Assurance	Verification/Assurance item	Verification/Assurance body	Site location				
			Jhunan	Tainan	Ningbo	Foshan	Nanjing
ESG report	AA1000AS v3 Type 2 High-Level Assurance	SGS Taiwan Ltd.	●	●	●	●	●
Financial data <sup>1</sup>	Regulations Governing Verification and Attestation of Financial Statements by Certified Public Accountants and the Republic of China Accounting Standards	PricewaterhouseCoopers (PwC) Taiwan	●	●	●	●	●
Information security	ISO 27001:2013 Information security management systems	Bureau Veritas	●	●			
Quality management	ISO 9001:2015 Quality management systems	Bureau Veritas	●	●	●	●	●
	ISO/IEC 17025:2017 Laboratory management systems	DQS Holding GmbH	●	●	●	●	●
	IATF 16949:2016 Automotive Quality Management System <sup>2</sup>	Bureau Veritas	●	●	●		
	AS 9100:D Aerospace quality management systems	BellCERT Group Taiwan	●	●			
	QC 080000:2017 Hazardous substance process management systems	SGS Taiwan Ltd.	●	●	●	●	●
	ANSI ESD S20.20:2021 & IEC 61340-5-1:2016 Electrostatic discharge control management systems	DQS Holding GmbH		●	●		
Occupational safety	ISO 45001:2018 Occupational health and safety management systems	TW (SGS Taiwan Ltd.); CN (China Quality Certification Center, CQC)	●	●	●	●	●
Environmental management	ISO 14001:2015 Environmental management systems	TW (SGS Taiwan Ltd.); CN (China Quality Certification Center, CQC)	●	●	●	●	●
	ISO 50001:2018 Energy management systems	TW (British Standards Institution, BSI); Ningbo (Shanghai Ingeer Certification Assessment Co., Ltd.); Foshan (CQC); Nanjing (China Quality Mark Certification Group)	●	●	●	●	●
	ISO 14064-1:2018 Greenhouse gas inventory management	DNV GL Business Assurance Co., Ltd.	●	●	●	●	●
	ISO 46001:2019 Water efficiency management systems <sup>3</sup>	SGS Taiwan Ltd.		●			

Note 1: The financial data disclosed in this report is consistent with that disclosed in Innolux's consolidated financial statements for 2023

Note 2: Sites that passed certification: Jhunan (T3); Tainan (FAB A, FAB B, FAB C, FAB D, and FAB F)

Note 3: Tainan Sites that passed ISO 46001:2019 certification: FAB 6.



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## Issue Dates

Innolux publishes Chinese- and English-language sustainability reports every year.

You can download the electronic versions from the Company's website.

Current edition: Publishing in August 2024

Previous edition: Published in June 2023

Next edition: Scheduled for publishing in August 2025



[Download the Report Here](#)

## Sustainability Information Disclosure Platforms



ESG and Sustainability  
Innolux Corporation Website



Innolux Sustainability DNA  
Facebook Page



Innolux Sustainability DNA  
Instagram Profile



Innolux Corp.  
YouTube channel



Innolux  
LinkedIn Company Page

## Contact Us

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## 0-2 A Message from the Chairman

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2023 was another challenging year as the development of the display panel industry is still affected by instability in geopolitics, inflation, and the economic cycle. Faced with a decline in the overall economy, Innolux Corporation nonetheless continues to commit to its core philosophy of More than Panel and its multi-dimensional expansion strategy of Core Business Development and Cross-Industry Transformation. In addition to focusing on our core business of display panels, we also actively seek opportunities for cross-industry development in the hope of generating added value for stakeholders and reaching new heights.

To further our pursuit of sustainable development and in order to align with international trends and global sustainability action, Innolux has established our 2030 Sustainable Development Goals to mark the Company's 20<sup>th</sup> anniversary in business. The goals are in alignment with the UN Sustainable Development Goals and are clearly defined to facilitate the regular measuring of the Company's ESG implementation progress. In 2023, Innolux was included in the DJSI World Index for the sixth consecutive year and was selected for CDP's Water Security A List for the first time. These accomplishments reflect the Company's continuing journey towards corporate sustainability and our fulfillment of environmental and social responsibility through concrete action.

In response to the long-term risks of extreme climate events and biodiversity loss, Innolux participates in external climate change and natural resource conservation initiatives to demonstrate our commitment to net zero emissions and natural resource protection. In 2023, the Company passed the Science Based Targets initiative review and pledged to a 15% reduction in Scope 1 and Scope 2 emissions (compared to 2020) and a 6.2% reduction in Scope 3 emissions (compared to 2021) by 2026. Furthermore, we signed the Task Force on Climate-related Financial Disclosures (TCFD) Statement of Support and the Biodiversity and Deforestation-Free Policy at our Annual Supplier Conference in a demonstration of the Company's dedication to protecting biodiversity and countering deforestation. Innolux is also one of the few companies in Taiwan that has joined the Business for Nature (BfN) coalition in the hope of reversing the global trend of biodiversity loss.

Innolux has several manufacturing sites and service offices around the globe. We respect our employees' individuality and strive to protect human rights and build a workplace that supports and respects diversity, equity, and inclusion (DEI). In 2023, we held our first Diversity and Inclusion (D&I) Month event and, through an international exchange of cultures and knowledge, helped our multinational employees to appreciate and respect cultural diversity. We also implemented a human rights and D&I policy, pledged to support and respect international labor and human rights standards, and invited value chain partners to join us in maintaining human rights and creating a supportive work environment that encourages diversity, equality, and excellence. Regarding talent sustainability, Innolux continues to grow its on-campus presence by holding the InnoStar Plus summer internship program, which recruits talented students by offering them a holistic and interdisciplinary learning experience that gives them a glimpse at a career in the technology sector. As for career planning for senior employees, Innolux pioneered the tabletop game Design Your Second Life, an industry-first program designed to achieve the inclusion of youths and seniors and help employees plan for the second half of their life in five major respects: work, life, health, family, and finances. By taking an engaging approach to education and development, we aim to achieve mutual happiness and prosperity. In 2023, we also supported the production of the documentary film Braving the Peak through the Innolux Education Foundation. This film was the first to offer a detailed look at the Central Mountain Range and documents two trail runners' eight-day, 332-kilometer trek across the Central Mountain Range Trail. During filming, we also assembled teams to help the two runners on their ascents, showing the strong connection among our employees, whose determination to brave hardships is a testament to the Company's spirit of working together and reaching new heights.

Every year, we choose a word that represents our vision for the year. In response to the Group's organizational restructuring for sustainable operation and development in 2023, the word “躍 (leap)” was chosen for 2024 to encourage our employees to evolve from game players to game changers by adopting the mindset of working together to leap forward, transform, and build a foundation for the Company's next 20 years, so that we can continue to be “More than Panel” and reach new heights through sustainable development.



Jim Hung, Chairman and CEO



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# 0-3 Company Overview

GRI : 2-1 、 2-28

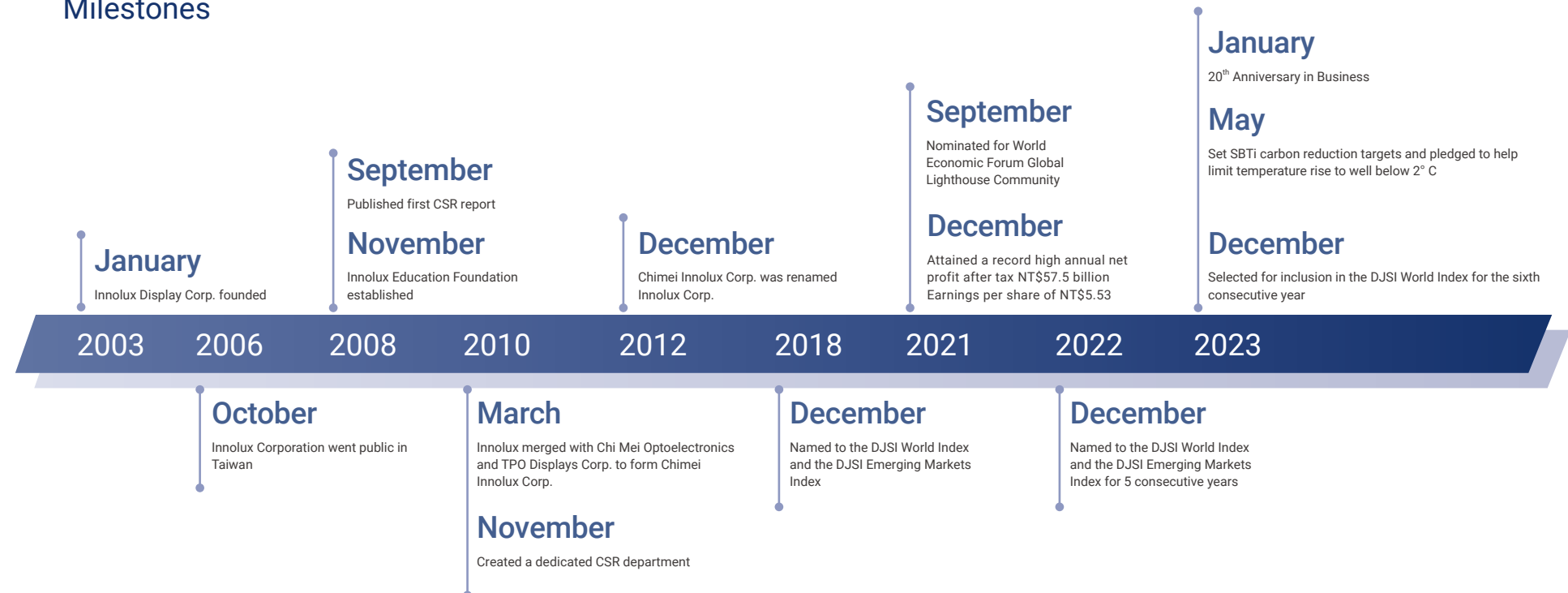
## More than Panel

Founded in 2003, Innolux Corporation is a supplier of TFT-LCD panels that currently owns the most comprehensive production lines for different generations of TFT-LCD panels (3.5G, 4G, 4.5G, 5G, 6G, 7.5G, 8.5G, and 8.6G). We are the world's only one-stop-shop supplier of LCD panels and touch panels in a variety of different sizes. Through the development of core technology talent in our R&D hub in Taiwan and the use of innovative, differentiated technology, we are able to deliver advanced display solutions and a diverse range of applications and products to our clients, cementing our status as the top supplier of comprehensive display solutions. Innolux is headquartered in Taiwan and owns several manufacturing sites in Ningbo, Foshan, and Nanjing; we have also established service offices in Japan, South Korea, Singapore, the Netherlands, Germany, and the United States to cater to our clients' needs.

The year 2023 marks the 20<sup>th</sup> year of Innolux. We will continue to commit to our core philosophy of "More than Panel" and further our organizational reform through the multi-dimensional expansion strategy of Core Business Development and Cross-Industry Transformation. The reform was initiated with the separation of the organization into two divisions—display and non-display. The display division will continue to focus on Innolux's core business and the vertical integration of cutting-edge technologies; while the non-display division will seek new business opportunities in the medical, automotive, and semiconductor industries, carry out the horizontal integration of hardware, achieve the functional expansion and integration of cross-industry applications, and implement diverse display panel applications based on end-user demand to provide customized service solutions users in different fields.

A pioneer in the global optoelectronics industry chain, Innolux has always stressed the importance of sustainable governance as a business metric and is committed to fulfilling its responsibilities and mission in sustainable operations. In addition to the research and development of cutting-edge technologies and the production of excellent products, we also safeguard our employees' physical and psychological safety and care for their families and financial security to ensure that all employees can benefit from the Company's achievements and can enjoy a warm, caring, healthy, and safe working environment. We are also devoted to accomplishing our goal of "Sustainable Coexistence and Prosperity" and will continue to maximize returns for our clients, shareholders, and other stakeholders.

## Milestones





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## Company Profile

**INNOLUX**  
Innolux Corporation



Date of Establishment  
**January 2003**

Stock symbol  
**3481**

Headquarters  
No. 160, Kexue Rd., Zhunan Township, Miaoli County 35053 (Zhunan Science Park)

SASB : TC-HW-000.A

### Main Products

Full range of TFT-LCD panels, TFT-LCD modules, and touch panel modules

### Production Capacity

Large panels (10 in. and above):  
**1.15 million pcs**  
small-medium sized panels (10 in. and below) :  
**2.78 million pcs**

### 2023 Revenue

**NT\$ 211.7 billion**

Capital  
**NT\$ 90.8 billion**

Chairman  
**Jin-Yang (Jim) Hung**

Number of Employees  
**36,322 employees globally**

## Innolux Global Presence \*

### ◆ Production Locations :

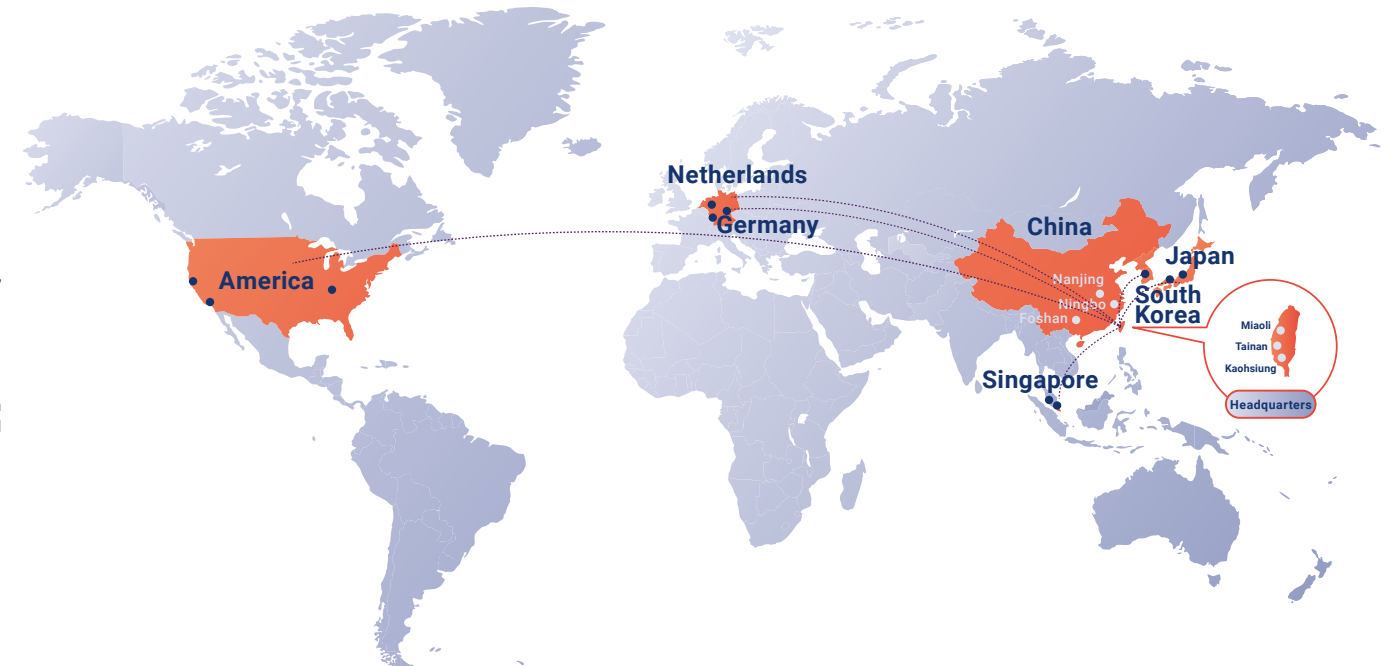
Taiwan : Jhunan, Tainan, Kaohsiung  
China : Ningbo, Foshan, Nanjing

### ◆ Sales/service locations :

Taiwan, China, Japan, South Korea, Singapore, the Netherlands, Germany, the United States

\*This report only discloses locations that are currently in operation. Locations which are not conducting any actual business operations are not listed.

● Manufacturing locations ● Sales/Service locations





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## Participation in Organizations

Innolux Corporation adheres to a neutral political stance, abides by Article 4 of the Innolux Code of Conduct Specifications (the Company shall not make political contributions in order to obtain commercial benefits or gain trade advantages; in addition, the Company shall avoid concealed bribery in the guise of inappropriate charitable donations) in its participation in any organization, and does not engage in lobbying activities in support of any interest group or organization. We actively participate in non-profit organizations that share our vision and values and are committed to facilitating the exchange of ideas and experience within the industry. We also pay close attention to major issues in corporate governance, technological innovation, environmental sustainability, and human rights and supply chain management, and carry out regular evaluations of organizations in regard to their stance on major topics (e.g., the Paris Agreement). Participation in these organizations is reevaluated in case of a divergence in views. In 2023, Innolux invested a total of NT\$7.15 million in industry unions and associations.

Category	Organization	Participation in 2023			Amount Invested in Recent Years (in TWD)				
		Role	Member	Project/Committee	2023	2022	2021	2020	2019
Industry development	Taiwan Panel & Solution Association (TPSA)	Chair	●	●	3,680,000	3,680,000	2,460,000	2,520,000	2,460,000
	The Allied Association for Science Park Industries		●	●	810,000	810,000	810,000	810,000	
	Allied Association for Industries in the Hsinchu Science and Industrial Park	Vice Convener	●	●	774,000				
Corporate governance	Taiwan Listed Companies Association					100,000	100,000	100,000	
Technological innovation	Forum of Incident Response and Security Team (FIRST)		●		86,730 <sup>1</sup>	77,450			
Environmental sustainability	Business Council for Sustainable Development (BCSD)_Taiwan Corporate Sustainability Forum (TCSF)		●	●	60,000	60,000	60,000	60,000	60,000
	CommonWealth Sustainability		●		100,000	100,000			
	Taiwan Alliance for Net Zero Emission (TANZE)		●	●	105,000	105,000			
	Taiwan Climate Partnership (TCP)	Supervisor (President)	●	●	50,000	150,000			
Human rights and supply chain management	Responsible Business Alliance (RBA)			●	1,480,496 <sup>2</sup>	413,049	1,023,969	278,362	992,912
Political contributions					0	0	0	0	0
Lobbying					0	0	0	0	0
Total					7,146,226	5,495,499	4,456,969	3,768,362	3,512,912

Note 1: Based on the exchange rate on December 29, 2023, the annual membership fee for the Forum of Incident Response and Security Team (FIRST) was 2,800 USD.

Note 2: Based on the exchange rate on December 29, 2023, the amount invested for participation in the Responsible Business Alliance (RBA) in 2023 was 47,796.47 USD.



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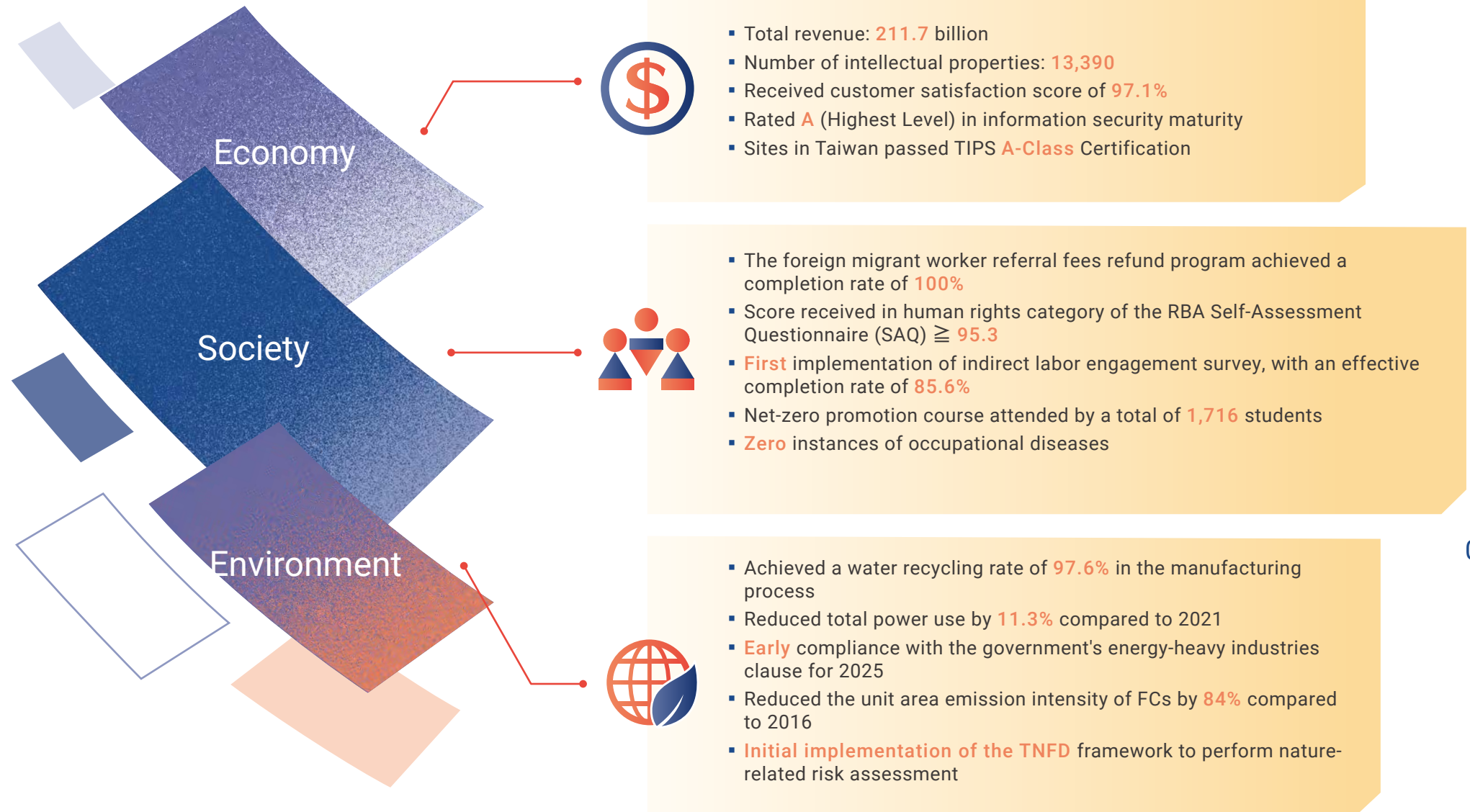
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Sustainability Evaluation



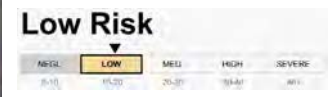
Dow Jones Sustainability Indices

Selected for inclusion in the World Index for the **sixth consecutive year** and placed among the **top 1%** of companies in the electronic equipment, instruments & components industry



Sustainalytics ESG Risk Ratings

Rated as **Low Risk** and placed in the **top 10%** of companies in the electronic components industry



Morgan Stanley Capital International (MSCI) ESG Ratings

Received **A rating**, which is one level higher than that received in 2022



CDP

Selected for the Water Security **A List** for the **first time**  
Received **A-** rating in Climate Change  
Received **A-** rating in Supplier Engagement Rating (SER)



ISS (Institutional Shareholder Services) ESG Ratings and Rankings

Received **B-** rating and placed among the **top 10%** of companies in the electronic components industry



Top 100 in Carbon Competitiveness in 2023

Taiwan Sustainability Evaluation

Received **AAA** rating and placed among the **top 5%** of the evaluated companies



London Stock Exchange Group plc (LSEG) ESG Ratings

Received a score of **76** and placed among the **top 10%** of companies in the electronic equipment and components industry

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## Awards



### SEAL Awards

Received the **Environmental Initiatives Award** for the High Efficiency Circular Green Factory



### Excellence in Corporate Social Responsibility

Received our **second consecutive annual** Excellence in Corporate Social Responsibility award and placed **26<sup>th</sup>** among large corporations



### 32<sup>nd</sup> Taiwan Excellence Awards

- Awarded a Taiwan Excellence Award for the **18<sup>th</sup> consecutive year**
- Received the Taiwan Excellence Awards mark in **7** categories
- Received a **Taiwan Excellence Silver Award** for the AI+ Inno-Gallery Display



### Taiwan Corporate Sustainability Awards (TCSA)

Received awards in **7** categories

- Top 100 Sustainable Taiwanese Companies Award
- Platinum Class Sustainability Reporting Award
- Climate Leadership Award
- Water Resource Leadership Award
- Circular Economy Leadership Award
- Aging-Friendly Leadership Award
- Information Security Leadership Award

### Global Corporate Sustainability Awards (GCSA)

Received the **Best Case Award** for the Plan Out the Innolux Net-Zero Blueprint program

### Taiwan Sustainability Action Awards (TSAA)

Received the SDG 4 Quality Education **Silver Award** for the Unity in Environmental Conservation and Net-Zero Emissions program

### Asia-Pacific Sustainable Action Awards (APSAA)

- Received the SDG 4 Quality Education **Bronze Award** for the Rally for Eco Education on Net-Zero Emissions program
- Received the SDG 13 Climate Action **Gold Award** for the Plan Out the Innolux Net-Zero Blueprint program



### Pioneer in Sustainability and Healthy Labor Force

Received the **Pioneer in Sustainability and Healthy Labor Force** award from the Occupational Safety and Health Administration, Ministry of Labor



### Excellence in Resource Circulation Gold and Silver Awards

Received the **Excellence in Resource Circulation Gold and Silver Awards** from the Ministry of Environment



### Asia Sustainability Reporting Awards

Received **three** awards

- Asia's Best Sustainability Report(CEO Letter)-**Gold**
- Asia's Best SustainabilityReport(Human Rights)-**Bronze**
- Asia's Best Workplace Reporting-**Bronze**

## Sustainability Initiatives



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



BUSINESS  
FOR NATURE



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



TANZE  
台灣淨零行動聯盟  
Taiwan Alliance for Net Zero Emissions

### Science Based Targets initiative (SBTi)

Utilizes science-based methods to mitigate the environmental impact of GHG emissions and sets carbon reduction targets and emission reduction pathways; passed the W2BC review of emission reduction pathways.

### Business for Nature's Call to Action

Advocates for ambitious international collaborative action for nature and supports policies related to the United Nations Convention on Biological Diversity and Framework Convention on Climate Change, with the goal of reversing the loss of natural resources by 2030.

### Supporter of the Task Force on Climate-Related Financial Disclosures

Voluntary support of and compliance with the regulations and framework for climate related financial disclosures as established by the working groups under the Financial Stability Board (FSB).

### Taiwan Alliance for Net Zero Emission

Pledged to reach net-zero emissions at all office locations by 2030 and at all manufacturing sites by 2050.



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# 1-1 Sustainability Management

GRI:2-9、2-12、2-13、2-14、2-16、2-23、2-24、2-25

2023 marks the 20<sup>th</sup> anniversary of Innolux. To foster employee unity and accelerate external certification in this milestone year, we proposed the “Innolux Sustainability on th Go” sustainability blueprint in keeping with global sustainability trends and based on our strategic advantages and core competencies, with the ultimate goal of realizing the vision of creating a beautiful world with Innolux’s sustainable DNA.

## 1.1.1 Sustainable Development Committee

Established in 2011, the Innolux Sustainable Development Committee is the highest decision-making body when it comes to sustainability strategies at the Company. The Committee is chaired by the CEO of the Company, with the President serving as deputy chair. In 2019, the position of Chief Sustainability Officer (CSO) was created to facilitate communication between C-level executives in order to formulate medium- to long-term sustainable development plans based on the Company’s core operational capabilities. Under the Committee are multiple task forces responsible for identifying sustainability issues that are closely related to the Company’s operations and that are important to our stakeholders. The task forces are also in charge of formulating sustainability strategies, action plans, and budgets for each department, drafting and implementing annual sustainability plans; and following up on sustainability initiatives to ensure that they are fully incorporated into the Company’s daily operations.

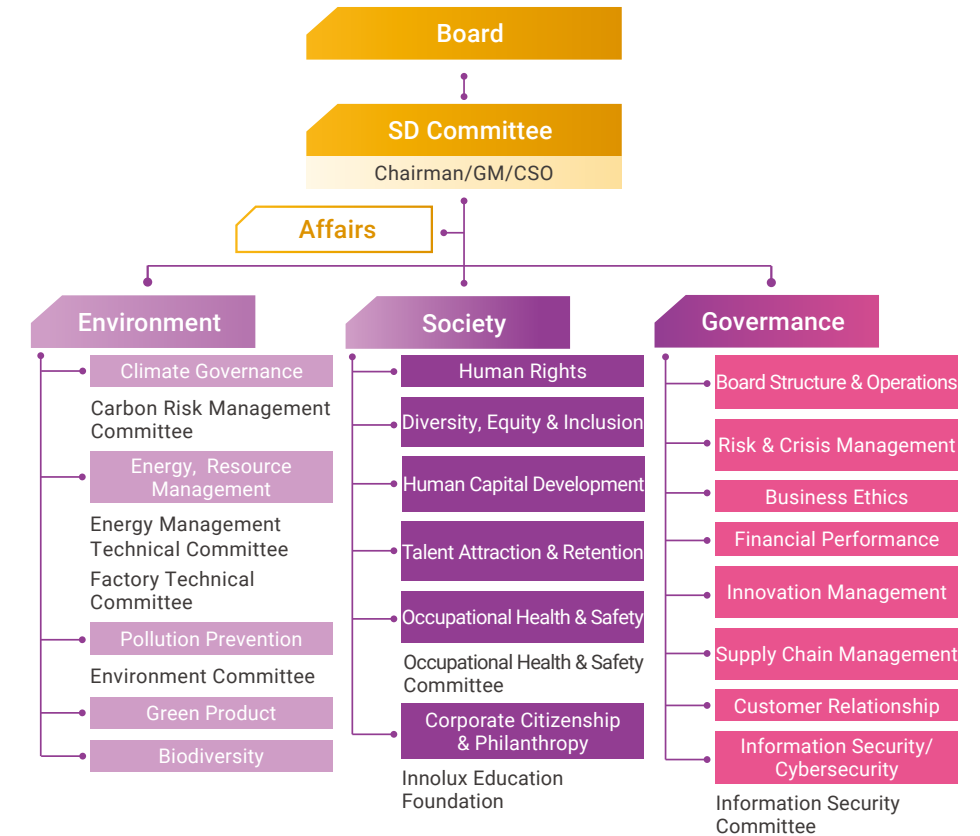
Furthermore, the Committee acts as secretariat for sustainability affairs by engaging in dialogue with stakeholders to understand their needs, analyzing global trends in sustainable development, working with task forces and functional divisions to formulate action plans, and preparing the Company’s annual sustainability reports.

## Sustainable Development Committee: Goals and Achievements

Through annual sustainability management meetings, and irregular task force meetings, the Sustainable Development Committee reviews impact and risk factors associated with material environmental, social, and corporate governance issues and formulates corresponding response measures to be incorporated into its annual strategic goals and implemented in the Company’s day-to-day operations. To strengthen communication between the Board of Directors and the management team, the Chief Governance Officer (CGO) reports the Company’s sustainability initiative outcomes and future plans to board members at least once a year. The contents of the report include:

- 1 Environmental risks and the corresponding response measures and future strategies
- 2 Sustainability initiative results and future plans
- 3 Stakeholder engagement and confirmation of material sustainability issues

The Committee has identified the following key sustainability issues: [Environment] Carbon emissions reduction by 2030, formulation of biodiversity policies, and energy management; [Society] Conflict minerals management, overtime management, and social influence; [Corporate governance] Business integrity, risk management, and information security governance.





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2023 Sustainable Development Committee Annual KPI Implementation Status

Environment		
Annual KPIs	Status	Remarks
Energy Management	✓	
Energy Conservation	✓	
GHG Emissions	✓	
Water Resources Management	✓	
Waste Reduction	✗	1 site failed to meet the goal for organic drudge reduction

Society		
Annual KPIs	Status	Remarks
Occupational Safety	✗	Failed to meet the goal for lost time injury frequency rate (LTIFR)
Employee Commitment	✓	
Overtime Management	✗	The Ningbo site failed to meet RBA standards
Equal Employment	✗	The Taiwan sites failed to meet the target for recruiting employees with disabilities
Immigrant Worker Agency Fees	✓	
Conflict Minerals Management	✓	
Supply Chain Carbon Reduction	✗	6 key suppliers failed to meet carbon reduction goals
Social Inclusion	✓	

Governance		
Annual KPIs	Status	Remarks
Corporate Governance	✓	
Sustainability Evaluation	✗	Failed to be included in the Dow Jones Sustainability Index (DJSI) for emerging markets
RBA VAP Score	✗	3 sites failed to meet their self-imposed target of 160 points

ESG Control Tower

To help the administration keep track of progress toward the Company's 2030 sustainable development goals, we are preparing to launch a visual progress tracking system on our ESG Control Tower portal that utilizes the big data collected by each division of the company over the past few years. The new system will allow us to optimize the allocation of limited resources, carry out sustainability management through flexible decision-making, and transform the ESG Control Tower into an optimal sustainability management tool.



1.1.2 Sustainable Development Blueprint

With “Go Green—Drive towards a cleaner environment,” “Go Sharing—Nurture a co-prosperity society,” and “Go Responsible—Achieve optimal corporate governance” as its vision, Innolux has determined five major aspects of its sustainability goals (corporate governance, environmental protection, employee welfare, supply chain social and environmental responsibility, and community engagement) to be essential to its sustainable development blueprint in order to create greater corporate value.

Creating a better world with our sustainable DNA



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


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## 2030 Sustainable Development Goals

To mark Innolux's 20<sup>th</sup> year in operation, we officially announced our 2030 Sustainable Development Goals (SDGs). By setting clear SDGs, we believe we are on track for a more sustainable future. This is not only a retrospective of our past performance but a commitment to keeping our promises. The formulation of our 2030 SDGs was not merely the product of our own management team based on internal values, but rather involved the participation of 2,051 external stakeholders. In the end, 15 material topics were selected based on their impact on the Company's operations across 14 factors that correspond with 11 of the United Nations Sustainable Development Goals (UNSDGs). It is worth noting that our SDGs apply not just to our own operations but extend to the entire Innolux value chain, encompassing upstream and downstream activities such as procurement, manufacturing, assembly, client-side applications, and social impacts. We are committed to ensuring that every step we take leads to a better future. We hope we can minimize negative impacts from our operations and have a positive impact on society.

### ◆ Innolux's 2030 Sustainable Development Goals

	Material Topic	Goal	2030 Target	Correspondence to UNSDGs
<b>E</b>  <b>Environment</b> <b>Go Green</b> <b>Drive towards a cleaner environment</b>	GHG reduction	Absolute reduction in Scope1 and Scope2 emissions (vs. 2020)	≥ 25%	   
		Carbon reduction by key suppliers (vs. 2020)	≥ 20%	
	Energy management	Percentage of renewable energy used	≥ 20%	
	Air pollution management	VOC treatment efficiency	≥ 92%	
	Waste management and circular economy	Recycling rate for hazardous industrial waste	≥ 95%	
	Water resource management	Water reclamation rate	≥ 97%	
	Green product management	Percentage of recycled materials used	100%	
<b>S</b>  <b>Society</b> <b>Go Sharing</b> <b>Nurture a co-prosperity society</b>	Diversity and equality	Employee commitment survey coverage	>80%	   
		Employee commitment survey results	>80 points	
	Talent recruitment and retention	Retention of technical personnel	≥ 85%	
	Talent development and training	Average no. annual education and training hrs.	≥ 160	
	Human rights	RBA SAQ human rights score	≥ 90 points	
	Occupational safety and health	Lost time injury frequency rate (LTIFR)	≤ 0.22	
		Contractors' LTIFR	≤ 0.25	
		Percentage of employees at risk of chronic diseases	≤ 12.5%	
		Percentage of employees with mental healthcare	≥ 90%	
	Social engagement and welfare	Cumulative volunteer service hours	≥ 5,500	
<b>G</b>  <b>Economy</b> <b>Go Responsible</b> <b>Achieve optimal corporate governance</b>	Innovation in product and technology R&D	Global patents	>15,000	  
	Client relations	Customer satisfaction	98%	
		Percentage of ISO 27001-certified locations and subsidiaries	100%	
		SECPASS information security ratings	Grade A	
		Major information security breaches impacting operations	0	
	Supply chain management	ESG audit follow-up improvement rate (among key suppliers)	≥ 85%	
		Number of suppliers taking part in ESG initiatives	≥ 100 suppliers	



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## Corporate Sustainability in Action

To foster a sustainable organizational culture and brand image, Innolux maintains multiple internal and external communication channels to share its sustainable values. Internally, we promote sustainability awareness and competencies through workshops, bulletins, posters, e-newsletters, and desktop wallpapers. Externally, we actively support international sustainable development initiatives, organize sustainability-themed exhibitions, and engage with stakeholders through multiple social media platforms, including Facebook, Instagram, YouTube, LinkedIn, WeChat and the Innolux ESG E-DM (electronic direct mail).

### Innolux “Green World” —A sustainable Earth

As a part of the Company's response to the global net zero and sustainable development trends, Innolux has participated in the Touch Taiwan Net Zero Exhibition for two years in a row. Our 2023 theme park-inspired exhibit, “Green World,” featured four major areas—the Carbon Risk Management Kingdom, Renewable Energy Wonder House, Circular Economy Magic Land, and Net Zero Environmental Education Cinema. The experience was designed to introduce Innolux's sustainability strategies to the visitors through fun and engaging exhibits.

In addition to large-scale exhibitions, we have been holding sustainability fairs on a smaller scale to encourage interaction between company employees and community members. We took part in the Occupational Safety and Environmental Protection Month campaigns organized by Hsinchu Science Park to help us form a better understanding of what our community members believe the purpose of sustainability is. In 2023, we organized a series of company-wide events such as outdoors birthday parties, on-site book fairs, and family day sustainability events in which we set up educational games to share the Company's belief in and understanding of sustainable development, allowing employees to see the beauty of sustainability from multiple perspectives. Furthermore, we moved the Touch Taiwan exhibit into the Company, where it ran for another six months, with the goal of increasing employee awareness of the Company's sustainability goals.



Exhibit Details

9 sustainability exhibits

9,200+ total visitors

### Showcasing our sustainability soft power

We communicate the importance of sustainability to our employees through a variety of methods, including computer wallpapers, electronic bulletins, and corporate e-newsletters. We want to inspire employees to lead more sustainable lives and take the initiative to learn about and identify with our sustainable values both at and outside of work.

The Company plans to launch the Innolux University Sustainability Education Program to provide ESG training related to the Company's sustainability strategies. The training will be tailored to individual employees' needs to enhance their sustainability literacy and shape a corporate culture of sustainable competitiveness.



Computer wallpaper



Sustainability Information Station

70 internal communications

### Social media as a platform for promoting sustainability

We routinely share a wide range of sustainability-related posts (in both Chinese and English) with our shareholders through Facebook, Instagram, YouTube, LinkedIn, WeChat, press releases, and e newsletters so that our latest ESG initiatives can reach a greater audience. By showcasing our achievements in sustainability, we hope to influence the general public to make greener choices in their daily lives.

160+ posts

7,300+ likes

334,000+ total views



Innolux Sustainable DNA (Facebook)



Innolux Sustainable DNA (Instagram)



LinkedIn



EDM

### Supporting international sustainability initiatives

According to the World Economic Forum's Global Risks Report 2024, extreme weather incidents and a decline in biodiversity have ranked among the top three global risks for quite some time. Innolux is addressing these risks head-on by implementing a carbon emissions reduction plan, supporting climate change and resource conservation initiatives, and demonstrating our commitment to net zero and environmental protection.

Innolux officially announced its intention to join the Science Based Targets initiative (SBTi) in 2021, and we officially became a part of the SBTi in May 2023. As part of our Well Below 2°C commitment, we have pledged to cut our Scope 1 and Scope 2 emissions by 15% by 2026 (compared to 2020) and Scope 3 emissions by 6.2% (compared to 2021). We also openly support the Task Force on Climate-Related Financial Disclosures (TCFD), and we are one of the handful Taiwanese companies that are members of the Business For Nature (BFN) alliance. We support SDG 14 (Life Below Water) and SDG 15 (Life on Land) for the formulation of a global conservation strategy to stop the decline in biodiversity. Through participation in international initiatives on climate change and resource conservation, Innolux shows the Company's commitment to fulfilling its vision of sustainable development and a green future.

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## ◆ 11 Key SDGs for Innolux



### Environment Go Green Drive towards a cleaner environment



#### SDG 6: Clean water and sanitation

- Water usage down by 9.60% year over year
- Water use intensity down by 30.8% across Taiwan sites compared to 2016
- Reclaimed water rate at a historic high (97.6%)
- FAB 6 passed ISO 46001:2019 certification

#### SDG 7: Affordable and clean energy

- Clean energy: 72,349 MWh generated from solar and marsh gas energy
- 25,719 MWh generated from renewable energy, up 22.4% vs. last year
- 127,795,486 kWh generated from renewable energy (2.51% of all energy consumption)

#### SDG 12: Responsible consumption and production

- 0.65% landfill rate for a lower environmental impact
- 81.6% waste chemical recycling rate
- 0 material violations

#### SDG 13: Climate action

- Scope 1 and Scope 2 GHG emissions down by 23.3% vs. 2020
- FCs emission intensity for the TFT-LCD process down by 84% vs. 2016
- 1.64 million metric tons in carbon emissions reduction thanks to low-carbon logistics and optimized transportation



### Society Go Sharing Nurture a co-prosperity society



#### SDG 3: Good health and well-being

- 55 health promotion events attended by 15,314 people
- LTIFR = 0.41, outperforming the industry by a wide margin
- No work-induced illnesses reported

#### SDG 4: Quality Education

- 20 programs offered across Innolux University's 3 colleges, benefiting 287,484 employees
- 3,498 occupational health and safety workshops held, benefiting 203,464 employees
- 14 net zero courses offered, benefiting 1,185 students

#### SDG 5: Gender Equality

- Equal promotion opportunities regardless of gender: Promotion rate among female employees has been higher than that of their male counterparts for three consecutive years
- 5 sexual harassment complaints with 100% response rate

#### SDG 17: Partnerships for the goals

- Medium- and high-risk cobalt and mica supplier inventory completion rate: 97.8%
- Medium- and high-risk 3TG smelting supplier certification rate:  $\geq 92\%$
- Supplier conference "A Sustainable Earth" attended by 57 suppliers



### Governance Go Responsible Achieve optimal corporate governance



#### SDG 8: Decent work and economic growth

- NT\$ 211.7 billion in revenue
- 707 people with disabilities employed in 2023, well higher than the mandatory number
- No agency fee for immigrant workers (all agency fees refunded)

#### SDG 9: Industry, innovation, and infrastructure

- 660 new patents worldwide (total active patents > 13,390)
- 105 new green product patents worldwide (total active patents: 490)
- TIPS Grade A certified
- NT\$12.01 billion in R&D investment (5.67% of total revenue)

#### SDG 16: Peace, justice, and strong institutions

- Trade secret, personal information regulation, anticorruption, and insider trading regulation training completion rate: 98.76%
- Antitrust regulation training completion rate: 98.75%
- Anticorruption reports processing rate: 50%
- Formulation of the Human Rights and Diversity Policy to prohibit forced or child labor and human trafficking in the manufacturing process



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# 1-2 Stakeholder Communication and Material Topics

GRI : 2-26 、 2-29 、 3-1 、 3-2 、 3-3

Innolux reviews its stakeholder engagement initiatives and material topics on an annual basis in accordance with the GRI Universal Standards 2021 and the AA1000 Stakeholder Engagement Standard (AA1000 SES). Major sustainability topics are identified and the associated management methods are communicated in our sustainability reports as a means of informing stakeholders of our progress and performance in sustainable operations. Materiality analyses are conducted by a third-party auditor (SGS Taiwan Ltd) based on AA 1000 ASv3 (Type 2 Assurance Standard). Material topics and stakeholder engagement results are reported to the Board of Directors and the Sustainable Development Committee and are included in the Company's risk management process to serve as a reference for future sustainability strategies.

In 2023, we included the subsidiary CarUX in our stakeholder engagement and materiality analysis for the first time. The following disclosures are provided based on the material topics identified:

## 1.2.1 Stakeholder communication

Innolux values communication with stakeholders. Based on AA1000 SES, we identified the six major stakeholder groups that are crucial to our operations: employees, clients, shareholders/investors, suppliers/contractors/subcontractors, government and public associations, and society (schools, communities, media, and NGOs).

### Purpose of engagement

A solid talent pool is the cornerstone of a sustainable enterprise. Innolux has a comprehensive human resource system in place to cultivate interdisciplinary talent, foster employee growth, and create a welcoming workplace.

#### Topics of concern

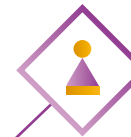
- Talent recruitment and retention
- Human rights
- Talent development and training
- Diversity and equality
- Occupational safety and health

#### Method and frequency

- Quarterly employer-employee meetings
- Irregular department meetings
- Employee welfare hotline and mailbox
- Regular/Irregular employee satisfaction surveys
- Mobile app: Employee Assistance Programs (EAPs)
- Email: 67885.tw@innolux.com

#### Tangible results in 2023

- 165 employer-employee meetings
- 1,439 internal reports processed



Employees



Clients

### Purpose of engagement

Customer satisfaction is Innolux's ultimate mission. We hope win over our clients' trust by providing them with comprehensive solutions.

#### Topics of concern

- Supply chain management
- Regulatory compliance
- ESG risk management
- Information security
- Innovation in product and technology R&D
- Anticorruption management

#### Method and frequency

- Biweekly client meetings
- Monthly customer complaint review meetings
- Quarterly "Voice of Clients" (VoC) review meetings
- Annual customer satisfaction surveys
- Irregular customer relation audits

#### Tangible results in 2023

- 10+ product development and quality meetings with major clients
- 100+ product quality review meetings with VIP clients
- 1,000+ client interactions

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### Purpose of engagement

Our shareholders and investors provide Innolux with the necessary funds for its operations. To create greater value and transparency for our equity owners, the Company has established dedicated investor relations and service departments to provide accurate real-time information for the investment market.

#### Topics of concern

- Financial performance
- Regulatory compliance
- ESG risk management
- Corporate governance
- Energy management
- GHG emissions

#### Method and frequency

- Quarterly investors' forums
- Semiannual institutional investor conferences
- Annual shareholder meetings
- Annual reports and sustainability reports
- Irregular investor-analyst engagement meetings
- Investor hotline and mailbox
- Email: [ir@innolux.com](mailto:ir@innolux.com)

#### Tangible results in 2023

- 7 investors' forums organized by security firms
- 9 conferences for institutional investors
- 1 annual shareholder meeting
- 30+ investor-analyst engagement meetings
- 100+ cases received and responded to through investor hotline/mailbox



Government and public associations

### Purpose of engagement

Innolux adheres to local laws and regulations in jurisdictions where it has a site or office, and we take a proactive stance in maintaining good relationships with government agencies, cooperating with government strategies, and working with public associations to foster a safe and compliant business environment.



Shareholders and investors

#### Topics of concern

- Water management
- Air pollution control
- GHG emissions
- Waste management and circular economy
- Energy management

#### Method and frequency

- Irregular meetings (seminars, conferences, hearings, and workshops)
- Irregular communications through official letters

#### Tangible results in 2023

- 4 government meetings
- 4 government-related experience sharing workshops



Society  
schools, communities,  
media, and NGOs

### Purpose of engagement

With our sustainable vision of creating a coprospering society, Innolux hopes to build a long-term collaborative relationship with the general public so as to amplify our positive impact on society.

#### Topics of concern

- Diversity and equality
- Human rights
- Social engagement and welfare
- Regulatory compliance
- Occupational health and safety

#### Method and frequency

- Irregular volunteer service
- Irregular press releases, interviews, and conferences
- Irregular project-based collaborations and visits
- Irregular interaction with community members
- Irregular campaigns and forums
- The "Innolux Sustainability DNA" Facebook and Instagram pages
- Dedicated hotline and mailbox
- Email addresses:  
Media: [pr@innolux.com](mailto:pr@innolux.com)  
Charity: [Foundation@innolux.com](mailto:Foundation@innolux.com)  
Sustainability: [csr@innolux.com](mailto:csr@innolux.com)

#### Tangible results in 2023

- 14 net zero environmental protection education campaigns
- 5 press events (press conferences and media campaigns)
- 17 media interviews
- 55 press releases
- 134 social media posts
- 300+ media communications (via mail, text, and phone)



Suppliers,  
contractors, and  
subcontractors

### Purpose of engagement

Suppliers, contractors, and subcontractors are the key to Innolux's competitiveness. We hope to widen our reach and sustainable impact to the entire supply chain through collaboration and corporate governance.

#### Topics of concern

- Information security
- Human rights
- Diversity and equality
- Occupational safety and health
- Talent recruitment and retention

#### Method and frequency

- Biweekly or monthly supplier communication meetings
- Annual supplier conferences
- Annual supplier self-evaluation surveys
- Anticorruption report mailbox
- Irregular on-site audits
- Email: [speak-up@innolux.com](mailto:speak-up@innolux.com)

#### Tangible results in 2023

- 497 Continual Improvement Program (CIP) meetings with suppliers
- 1,715 supplier communication meetings
- 1 annual supplier conference
- 26 external reports processed



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## 1.2.2 Materiality Analysis

Innolux designed its materiality analysis process based on inclusivity, materiality, and responsibility in accordance with the GRI and AA1000 SES. Informed by the principle of double materiality, we identified material topics significant to the Company, determined the scope and contents of our sustainability disclosure, and formulated corresponding long-term strategies.



### Stage 1: Identification inclusivity

1

#### Step1 Determine target audience

##### 6 major stakeholder groups

We identified the six major stakeholder groups based on AA1000 SES that are crucial to our operations: employees, clients, shareholders/investors, suppliers/contractors/subcontractors, government and public associations, and society (schools, communities, media, and NGOs).

2

#### Step2 Collect sustainability-related topics

##### 23 sustainability topics

We identified 23 sustainability topics affecting Innolux based on international sustainability standards and guidelines (the GRI Standards, ISO 26000, RBA, and UNSDGs), ratings and indices from sustainable investment institutions DJSI, CDP, and the MSCI ESG Index), and our past sustainability disclosures and communications with stakeholders.



### Stage 2: Analysis materiality

3

#### Step3 Conduct stakeholder survey

##### 2,777 questionnaires

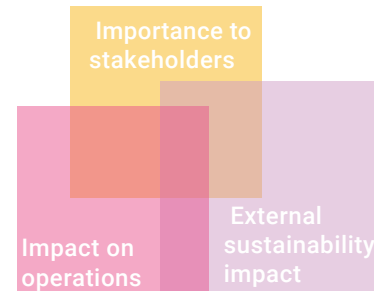
We conducted a stakeholder survey via both print and online questionnaires. In the end, we collected 2,777 valid responses from our stakeholders (2,588 from employees, 110 from suppliers/contractors/subcontractors, 14 from shareholders/investors, 15 from clients, 13 from government agencies/public associations, and 37 from schools/communities/media/ NGOs).

4

#### Step4 Evaluate impact on operations

##### 32 senior executives

We conducted a survey of 32 senior executives to gauge the external impact of the following four factors: increase in revenue, increase in customer satisfaction, reduction in operational risks, and increase in employee unity.



We conducted a materiality analysis based on i) importance to stakeholders, ii) impact on operations, and iii) external sustainability impact in order to identify material sustainability topics. We administered a stakeholder survey among a sample that was representative of the six major stakeholder groups to investigate the topics that they attach the most importance to. In 2023, we added an external impact evaluation process to the analysis. Through scientific analysis and discussion between the Sustainable Development Committee and senior executives, we identified 15 material ESG topics related to the Company, which happened to be identical to the 15 material topics of the year before.

5

#### Step5 Evaluate external sustainability impact

##### 18 sustainable development impacts

Based on the methodology proposed by the Value Balancing Alliance (VBA), Harvard Business School, the Impact-Weighted Accounts Framework, and the London Benchmarking Group (LBG), we identified 18 ESG impacts and asked 53 managers and employees to help determine their materiality based on their positive/negative effect, potentiality, irreversibility, and impact on the value chain.

Meanwhile, we adopted the environmental profit and loss (EP&L) and impact valuation approach to assign a monetary value to the positive and negative impacts (external benefits and costs) that our value chain activities have on humanity and socioeconomic wellbeing. For details, please refer to "1.3 Sustainability Impacts".

6

#### Step6 Determining key issues

##### 15 material topics

We prepared a materiality matrix based on the results of Steps 3–5 and selected 15 material topics through discussion between the Sustainable Development Committee and senior executives.

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Stage 3: Confirmation  
comprehensiveness

After identifying the 15 material topics, we explored their impact on company operations and upstream/downstream value chain activities and mapped them onto 16 GRI standards. The disclosure requirements for each of the material topics are reported in the following section.

7 Step7 Determine the scope of disclosure

3 aspects

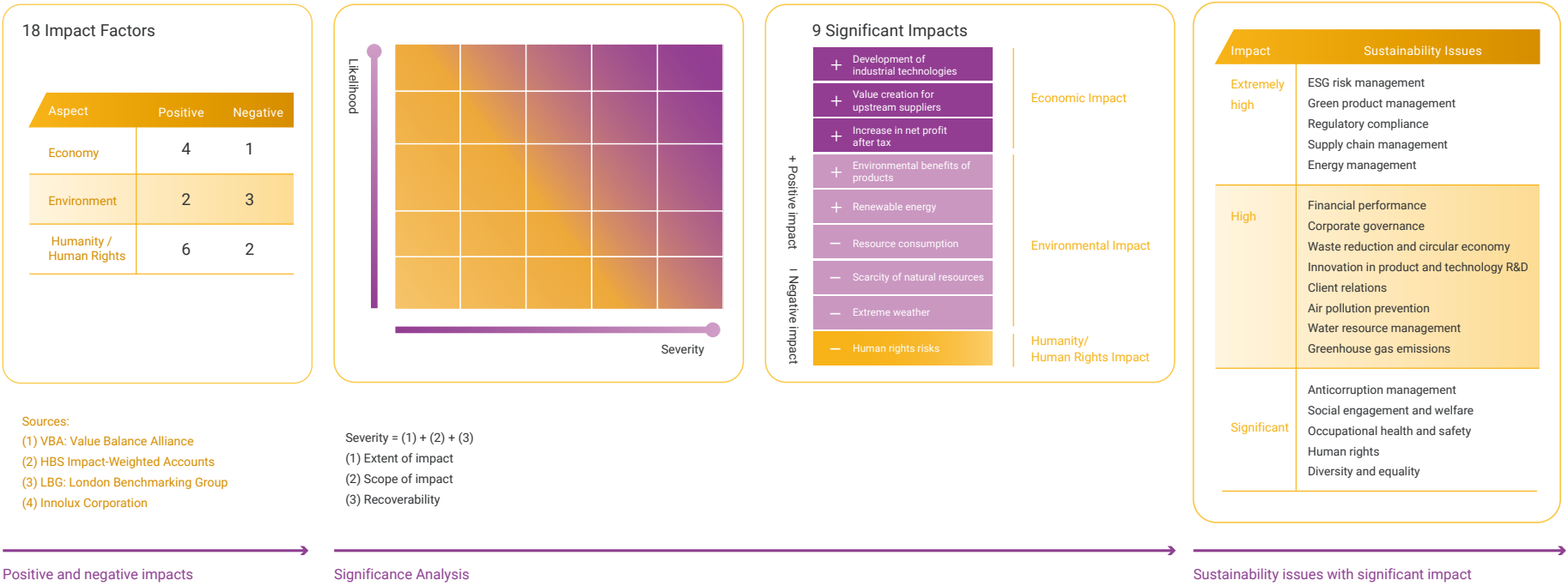
The three aspects to Innolux's value chain are materials sourcing/procurement, display panel manufacturing, and use by clients, which also delineates the disclosure boundaries of sustainability topics affecting us and our upstream/downstream value chain partners.

8 Step8 Review disclosure contents

16 material GRI standards

The 15 material topics were mapped onto 16 GRI standards. Based on the disclosure requirements and management guidelines for each topic, we collected the necessary information and made the appropriate disclosures. Additional sustainability-related topics deemed significant by the Sustainable Development Committee were also reported .

Sustainability Impact Evaluation





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## Ranking material topics by significance

Innolux evaluated the importance of each material topic based on its importance to stakeholders, impact on operations, and external impact on sustainability, and ranked them as follows. Topics such as corporate governance, anticorruption management, risk management, information security, regulatory compliance, and financial performance are considered basic requirements and so are not included in the ranking, but the Company's efforts and achievements regarding these topics are still disclosed in this report. The following rankings were confirmed by the Sustainable Development Committee. Most material topics are the same as those reported in 2022. Seven topics rose in the ranks, seven others fell, and one topic was unchanged.

Material topic	Rank	Impact on operations	Importance to stakeholders	External sustainability impact	Rank compared to the previous year <sup>Note</sup>
Supply chain management	1	**	*	****	▲
Occupational health and safety	2	**	***	*	▲
Innovation in product and technology R&D	3	**	*	**	▲
Human rights	4	*	***	*	▼
Diversity and equality	4	*	***	*	▲
Energy management	6		**	****	▲
Green product management	6	*		*****	▲
Waste management and circular economy	8		*	***	▼
GHG emissions	8		**	**	▲
Client relations	8	**		**	▼
Talent recruitment and retention	8	**	**		▼
Air pollution control	12		*	**	▼
Water management	12		*	**	▼
Talent development and training	14	*	*		▼
Social engagement and welfare	14		*	*	—

Note:

▲ : Importance increased compared to the previous year. ▼ : Importance decreased compared to the previous year. — : Importance remained the same as in the previous year.

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◆ Relationship between material topics and our value chain

Aspect	Material topic	GRI standard(s)	SASB standard(s)	Scope/boundary				Corresponding chapters/ sections in this report
				Procurement	Manufacturing	Client	Society	
 Economy	Innovation in product and technology R&D	Self-identified topic			●	◎		3.1 R&D Innovation
	Client relations	Customer privacy GRI 418				◎		3.3 Client Relationship
	Supply chain management	Procurement practices GRI 204 Supplier environmental assessment GRI 308 Supplier social assessment GRI 414	TC-HW-430a.1 TC-HW-430a.2 TC-HW-440a.1	◎				3.4 Supply Chain Management
 Environment	Air pollution control	Emissions GRI 305			●			5.6.2 Air Pollution Control
	Water management	Water and Effluents GRI 303			●		○	5.2.2 Natural Risk Assessment and Management 5.5 Water Management
	Energy management	Energy GRI 302		◎	●	◎		5.1.1 Climate Change Governance 5.4 Energy Management
	GHG emissions	Emissions GRI 305			●		○	5.1.1 Climate Change Governance 5.3 Greenhouse Gas Management
	Green product management	Self-identified topic		◎	●	◎	○	3.2 Sustainable Manufacturing
	Waste management and circular economy	Materials GRI 301 Waste GRI 306			●			5.6.1 Waste Control 5.7 Circular Green Factory
	Talent recruitment and retention	Employment GRI 401	TC-HW-330a.1		●		○	4.1 Talent Recruitment and Retention
 Society	Human rights	Child labor GRI 408 Forced/compulsory labor GRI 409		◎	●			4.3.1 Respect for Human Rights
	Diversity and equality	Diversity and equal opportunity GRI 405 Non-discrimination GRI 406			●			4.1 Talent Recruitment and Retention 4.3 Labor Rights and Relations
	Talent development and training	Training and Education GRI 404			●			4.1 Talent Recruitment and Retention 4.2 Talent Cultivation and Development
	Occupational health and safety	Occupational health and safety GRI 403		◎	●			4.4 Safety and Protection
	Social engagement and welfare	Self-identified topic					○	4.5 Working for the Common Good of Society

● : Direct impact ○ : Indirect/potential impact ◎ : Impact on business partners



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◆ Impact on the economy, environment, and humanity (human rights)

Aspect	Material topic	Impact on operations (financial significance)				Impact on sustainability (materiality)								
		Increased revenue	Client satisfaction	Operational risk	Employee unity	Industrial technology development	Upstream value creation	Tax duties	Environmental benefits of products	Increased use of renewable energy	Resource consumption	Scarcity of natural resources	Extreme weather	Human rights risks
Economy	Innovation in product and technology R&D	○	○			○			○					
	Client relations	○	○			○	○							
	Supply chain management		○	○		○	○		○			○		
Environment	Air pollution control			○							○		○	
	Water management			○						○	○			
	Energy management			○						○	○	○	○	
	GHG emissions			○							○		○	
	Green product management		○			○	○		○			○	○	
	Waste management and circular economy			○					○	○		○		
Society	Talent recruitment and retention				○									
	Human rights				○									○
	Diversity and equality				○									○
	Talent development				○									
	Occupational health and safety			○	○									○
	Social engagement and welfare				○			○						

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# 1-3 Sustainability Impacts

GRI : 203-2

The long-term value of a business lies in its ability to create positive value for and minimize negative impacts on its stakeholders. Since 2017, Innolux has adopted the environmental profit and loss (EP&L) approach to evaluate its framework of management for sustainability issues related to the economy, environment, and society (the “triple bottom line,” or TBL), thus including the external benefits and costs created by the Company into the calculation of the six capitals of integrated reporting. We identified the following direct/indirect, positive/negative, actual/potential, and short-/long term impacts on our value chain, from our upstream suppliers down to our distributors, and on humanity as a whole.

2017

2021

2023

**Introduction of sustainability impact measurement and valuation (IMV)management tool**

- 3 parts of the value chain (upstream/operations/downstream)
- 3 major sustainability management aspects (economy/environment/society)
- 14 impact benchmarks

**Publication of the first IMV report**

**Additional evaluation items added**

- Procurement leads to the creation of jobs on the value chain.
- Use of renewable energy leads to reductions in GHG emissions.
- Use of reclaimed water minimizes water scarcity risk

◆ Sustainability impact pathways

Position on the value chain	Sustainability topic management		Operational inputs and outputs	Resulting changes in welfare	Impacts										
					Socio-economic development	Industrial technologies	Employment opportunities	Professional knowledge	Quality of life	Purchasing power	Health	Social resources	Ecosystem	Stock of natural resources	External cost of carbon emissions
Upstream	Economy	Supply chain management	Money paid to suppliers	Higher demand and capacity on the value chain	●										
				More jobs and income on the value chain		●	●								
				Intensified global warming due to GHG emissions											●
				Changes in air pollution concentration						●		●			
				Changes in pollution concentration in bodies of water						●		●			
				Air pollution and GHG from waste incineration						●		●		●	
	Society	Occupational health and safety	Occupational accidents experienced by contractors	Medical expenditures for employee mental and physical healthcare					●			●			



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Position on the value chain	Sustainability topic management		Operational inputs and outputs	Resulting changes in welfare	Impacts										
					Socio-economic development	Industrial technologies	Employment opportunities	Professional knowledge	Quality of life	Purchasing power	Health	Social resources	Ecosystem	Stock of natural resources	External cost of carbon emissions
Innolux	Economy	Financial performance	Net profit from operations	Clients' success and investor returns					●	●					
			Tax payments	Funds for government-led infrastructure expansion and social welfare system	●										
			Depreciation and amortization	Impetus for development of industrial technologies		●									
	Society	Talent recruitment and retention	Remuneration and employee benefits	Happiness derived from an above average income			●			●					
	Economy	Innovation in product and technology R&D	New technology development	Advancements in and applications of industrial technologies		●			●						
	Environment	Energy management and GHG emissions	GHG emissions from energy consumption	Intensified global warming due to GHG emissions											●
			Renewable energy consumption	Reduction in GHG emissions due to use of renewable energy											●
		Water management	Water consumption	Changes in water availability							●			●	
			Reclaimed water consumption	Minimized water risk due to the use of reclaimed water									●	●	
			Effluents from manufacturing	Changes in pollution concentration in bodies of water							●		●		
		Air pollution control	Air pollution from manufacturing	Changes in air pollution concentration							●		●		
		Waste management and circular economy	Waste from manufacturing	Air pollution and GHG from waste incineration							●		●		●
	Society	Occupational health and safety	Occupational accidents	Medical expenditures for employee mental a nd physical healthcare					●			●			
			Number of employees at risk of cardiovascular diseases	Lifestyle improvements due to health education programs					●						
		Talent development and training	Training hours and costs	Improved professional competence and employability through employee training		●		●							
Downstream (products and services)	Economy	Client relations	Product sales	Improvements in supply and demand throughout the value chain	●										
	Environment	Green product management	Product energy consumption	GHGs emitted during product use										●	

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## Innolux's Sustainability Impacts

Innolux generated NT\$211.7 billion in operating income in 2023, and NT\$18.6 billion in net profit after tax due to a slowdown in the consumer market resulting from interest hikes and inflation, among other uncertainty factors. Our income tax, employee remuneration, R&D investments, and appreciation/amortization costs produced a positive impact of NT\$82.8 billion on our stakeholders and created economic growth in society at large. However, the Company incurred NT\$24.73 million in social costs due to occupational accidents, and the carbon footprint and resource consumption associated with our manufacturing processes amounted to NT\$4.9 billion in environmental costs. To offset these external costs, we have been increasing our reliance on renewable energy and reclaimed water, creating NT\$140 million in environmental benefits. In the upstream section of our supply chain, we generated NT\$352.7 billion in output value, indirectly creating 24,000 job opportunities and NT\$8.9 billion in salary income for workers. In the meantime, we incurred NT\$10.9 billion in environmental costs due to resource consumption and NT\$4.15 million in social costs related to occupational accidents among contractors. In the downstream section of our value chain, our products are used to produce televisions, monitors, laptop computers, cellphones, and other consumer electronics, creating NT\$164 billion in market value for our clients and NT\$92.5 billion in environmental costs related to product usage and disposal.

Over all, Innolux created a total of NT\$618.0 billion in positive impacts for our stakeholders, with a significant increase in value created for our upstream suppliers through procurement and for our downstream clients through product sales. However, the associated environmental footprint and occupational accidents amounted to NT\$124.7 billion in negative impacts, most notably the environmental externality of energy consumed during product use. In the future, we will continue to improve and expand our sustainability impact management framework, seek out opportunities to lower environmental impacts while boosting social welfare, and invest resources into supply chain transformation and green product development. We hope that these sustainable decisions will bring about greater benefits for society.

**NT\$516.7 billion**  
*value created for our upstream/downstream partners*

We created 3x the value for our upstream value chain partners through our procurement needs and 1.4x the value for our clients through sales of our LCD display modules.

**95%**  
*of external environmental costs incurred in the upstream and downstream sections of our supply chain*

The environmental impact associated with our supply chain and the use of our products demonstrates the importance of Innolux's green supply chain management and product energy efficiency to social welfare and humanity as a whole.

**24,000**  
*jobs created throughout our supply chain*

Our procurement needs have created 24,000 jobs and NT\$8.9 billion in employee remuneration across our supply chain, benefiting both the electronic component and computer manufacturing industries.



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## ◆ Impacts across the six capitals

Positive impact		Negative impact	
Equivalent monetary value (in NT\$ millions)	Level of impact	Equivalent monetary value (in NT\$ millions)	Level of impact
>100,000	●●●●●●●●	>100,000	●●●●●●●●
10,000-100,000	●●●●●●●○	10,000-100,000	●●●●●●●○
1,000-10,000	●●●●●●○○	1,000-10,000	●●●●●●○○
100-1,000	●●●●○○○○	100-1,000	●●●●○○○○
10-100	●●●○○○○○	10-100	●●●○○○○○
1-10	●●○○○○○○	1-10	●●○○○○○○
0-1	●○○○○○○○	0-1	●○○○○○○○

Position on the value chain	Capital	Impact benchmark	Level of impact		Trend	Stakeholder(s)
			2022	2023		
Upstream - Supply chain	Social	Increase in supply chain output value	●●●●●●●●	●●●●●●●●	↘	Society
	Human	Income of employees on the supply chain	●●●●●●○○	●●●●●●○○	↘	Suppliers and contractors
	Natural	GHG emissions by the supply chain	●●●●●●○○	●●●●●●○○	↘	Environment
	Natural	Air pollution emissions by the supply chain	●●●●●●○○	●●●●●●○○	↘	Environment
	Natural	Effluent emissions by the supply chain	●●●○○○○○	●●●○○○○○	↘	Environment
	Natural	Supply chain waste treatment and disposal	●●●○○○○○	●●●○○○○○	↘	Environment
	Human	Occupational accidents at contractor's place of business	●○○○○○○○	●●○○○○○○	↗	Contractors and society
Company operations	Financial	Gross value added (GVA) for stakeholders	●●●●●●○○	●●●●●●○○	↘	Shareholders and investors
	Financial		●●●●●●○○	●●●●●●○○	↗	Society
	Manufactured		●●●●●●○○	●●●●●●○○	↘	Suppliers
	Financial		●●●●●●○○	●●●●●●○○	↘	Employees
	Intellectual		●●●●●●○○	●●●●●●○○	↘	Clients
	Natural	GHG emissions from operations	●●●●●●○○	●●●●●●○○	↘	Environment
	Natural		●●●○○○○○	●●●○○○○○	↗	Environment
	Natural	Water consumption from operations	●●●●●●○○	●●●●●●○○	↘	Environment
	Natural		●●○○○○○○	●●○○○○○○	↗	Environment
	Natural	Effluents from operations	●●○○○○○○	●●○○○○○○	↘	Environment
	Natural	Air pollution from operations	●●●○○○○○	●●●○○○○○	↗	Environment
	Natural	Treatment and disposal of waste from operations	●●●○○○○○	●●●○○○○○	↘	Environment
	Human	Occupational accidents	●●●○○○○○	●●●○○○○○	↗	Employees and society
	Human	Employee health management	●●●○○○○○	●●●○○○○○	↗	Employees and society
	Human	Expected increase in employee remuneration	●●●●●●○○	●●●●●●○○	↘	Employees and society
Downstream - Products and services	Social	Increase in industry output value	●●●●●●●●	●●●●●●●●	↘	Society
	Natural	Product use	●●●●●●○○	●●●●●●○○	↘	Environment

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◆ Impact measurement valuation

Boundary	Impact	Methodology	Reference
Upstream - Supply chain	Increase in supply chain output value	Input-Output Model: The calculation includes the economic benefits (increased product demand, job opportunities, and employee income) and environmental impacts resulting from the Company's procurement needs.	<ul style="list-style-type: none"><li>Report on Industry-Related Statistics (Directorate General of Budget, Accounting and Statistics, 2020)</li><li>Report on the Green National Income (Directorate General of Budget, Accounting and Statistics, 2021)</li><li>Energy Balance Sheet (Energy Administration, 2021) EXIOBASE 2</li></ul>
	Environmental externalities	Factors include social costs, carbon footprint, impact on human health, and damage to the ecosystem due to GHG emissions, air pollution, effluents, waste, and water consumption.	<ul style="list-style-type: none"><li>US EPA(2016)</li><li>OECD(2012)</li></ul>
	Occupational accident-related social costs	Calculation is based on the estimated social costs associated with occupational incidents experienced by our contractors.	<ul style="list-style-type: none"><li>Jiune-Jye Ho(2005)</li></ul>
Company operations	Gross value added (GVA)	Calculation is based on the difference in value between intermediate inputs and final outputs (with consideration given to primary inputs and external costs) for different stakeholder groups, including net operating profit for shareholders/investors, remuneration and benefits for employees, tax payments for the government/society, R&D investment for clients, and depreciation and amortization for suppliers.	<ul style="list-style-type: none"><li>Innolux Annual Report</li></ul>
	Environmental externalities	Factors include social costs, carbon footprint, impact on human health, and damage to the ecosystem due to GHG emissions, air pollution, effluents, waste, and water consumption.	<ul style="list-style-type: none"><li>US EPA(2016)</li><li>OECD(2012)</li></ul>
	Expected increase in employee remuneration	Calculation is based on the expected increase in employees' annual salary due to improved professional skills and knowledge as a result of the training programs offered by the Company.	<ul style="list-style-type: none"><li>Ecomatters (2016)</li></ul>
	Occupational accident-related social costs	Factors include lost productivity, indemnification, and opportunity costs associated with occupational accidents.	<ul style="list-style-type: none"><li>UK HSE (2017)</li><li>Jiune-Jye Ho (2005)</li><li>Institute of Labor, Occupational Safety and Health (2013)</li></ul>
	Employee health management	Calculation is based on the equivalent monetary value of the benefits associated with cardiovascular disease prevention and early detection of hypertension, hyperlipidemia, and hyperglycemia among high-risk/overweight employees through regular health examinations and health management plans.	<ul style="list-style-type: none"><li>WHO(2008)</li><li>Chieh-Hsien Lee(2009)</li></ul>
Downstream - Products and services	Increase in industry output value	Calculation is based on the valuation of external environmental costs associated with product use and the indirect economic value created through the sale of our LCD display panel modules to the four major consumer electronic product industries (televisions, monitors, laptops, and smartphones) with respect to sales revenue and the supply-and-demand relationship.	<ul style="list-style-type: none"><li>Directorate General of Budget, Accounting and Statistics (2015)</li><li>Directorate General of Budget, Accounting and Statistics (2020)</li><li>Directorate General of Budget, Accounting and Statistics (2020)</li><li>US EPA (2016)</li><li>UNEP/SETAC (2017)</li></ul>
	Product use		

Note 1: Valuation of sustainability impact is adjusted by jurisdiction based on local purchasing power parity (PPP) and gross national income (GNI), with 2017 designated as the base year for monetary values. See OECD (2012) and PwC UK (2015) for detailed methodology.

Note 2: For more details on methodology and valuation results, see the 2023 Innolux Sustainability Impact Measurement Valuation.



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- 6** Included in the Dow Jones Sustainability World Indices (DJSI) for 6 consecutive years
- Majority** Board of Directors is composed of 9 members, including 5 independent directors, who account for half of the Board
- 1** 1 female director, accounting for 11.11% of the Board
- No** No complaints of trade secret or classified information violations
- No** No financial losses attributed to anticompetitive, environmental, or governance litigation
- Class A** SECPASS Information Security Score of 92, Class A protection (highest level of security)





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Management Guidelines

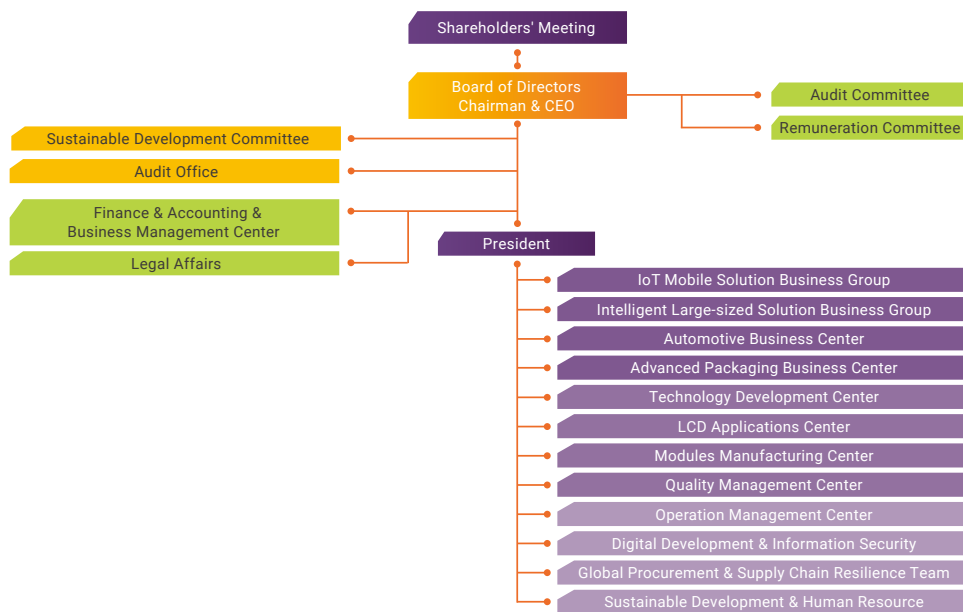
	2023 Strategy	2023 Result	Target Met?	2024 Target	2025 Target	Medium- to Long-Term Goals (2030)
<div><div></div><div><b>Corporate Governance</b> Strengthen corporate governance, safeguard stakeholders' rights, and improve information transparency</div></div>	Remain in the Top 6%-20% in the TWSE Corporate Governance Evaluation	Top 5% in the TWSE Corporate Governance Evaluation	●	Top 20% in the TWSE Corporate Governance Evaluation		
<div><div></div><div><b>Integrity Management and Legal Compliance</b> Put an end to all illegal business activities to ensure legal compliance</div></div>	Organize anti-corruption and business integrity campaigns targeted at the top 20 suppliers in each of our business categories	Completed	●	Anti-corruption and business integrity campaigns targeted at the top 20 suppliers for each of our business categories	Medium- to long-term goals not yet set	
	98% completion rate across sites in greater China for trade secret, personal data protection, anti-corruption, insider trading prevention, and antitrust courses	<ul style="list-style-type: none"><li>98.76% completion rate for trade secret, personal data protection, anti corruption, and insider trading prevention courses</li><li>98.75% completion rate for antitrust training</li></ul>	●	100% completion rate among new employees for the Business Ethics and Integrity course (covering topics such as trade secrets, personal data protection, anti-corruption, and insider trading prevention)  98% completion rate among direct employees for the Business Ethics and Integrity course (covering topics such as trade secrets, personal data protection, anti-corruption, and insider trading prevention)		
<div><div></div><div><b>Information Security</b> Promote information security awareness among employees; prevent data leaks; enforce self-regulation; ensure service availability</div></div>	Remain ISO 27001:2013 certified	ISO 27001:2013 recertified	●	Upgrade to ISO 27001:2022 and obtain certification	70% coverage rate for ISO 27001:2022 among our locations and subsidiaries	100% coverage rate for ISO 27001:2022 among our locations and subsidiaries
	Not applicable (New sustainability development goals added in 2023)				SECPASS Information Security Maturity Class B rating  No material information security incidents	SECPASS Information Security Maturity Class A rating  No material information security incidents

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## 2-1 Governing Body

As a leader in corporate governance, Innolux has built an effective corporate governance culture in accordance with the Financial Supervisory Commission's Corporate Governance 3.0—Sustainable Development Blueprint, the OECD's Principles of Corporate Governance, as well as the Company Act, the Securities Exchange Act, and other applicable regulations. We are committed to achieving corporate sustainability by protecting our shareholders' rights and interests, strengthening the role played by the Board of Directors, addressing takeholders' concerns, promoting information transparency, and continuing to improve business resilience and market competitiveness. Innolux has been featured in the DJSI World for 6 consecutive years and ranked in the top 5% in the 10<sup>th</sup> Corporate Governance Evaluation for TWSE listed companies. For more information on our corporate governance initiatives, please refer to the Innolux 2023 Annual Report.

### ◆ Corporate governance structure



### 2.1.1 Board of Directors and Its Operations

Innolux's Board of Directors is accountable to the Company and its shareholders and is responsible for overseeing corporate strategies, supervising senior executives, planning and implementing the corporate governance system, maximizing value for shareholders, and exercising its duties and authority in accordance with the applicable laws, company regulations, and shareholder resolutions. The company has established the Rules and Procedures for Meetings of the Board of Directors, which stipulate a recusal system in the event of a conflict of interest so as to build a sound governance system for the Board, enhance its supervisory role, and strengthen its management. To safeguard Company interests, board members are required to recuse themselves from matters involving their personal interest. The Board convenes at least once every quarter, and interim meetings can be held at any time if an emergency arises. In 2023, a total of 33 resolutions were made across 4 board meetings, which had an average attendance rate of 97.22%. Major resolutions included the passage of the annual operating plan (AOP) and the remuneration system for managers, formulation of the Innolux Group Tax Governance Policy and Management Regulations, and approval of the joint sustainability-linked loan by Taipei Fubon Bank et al. For more information, please refer to page 37 of the Innolux 2023 Annual Report and the Innolux website.

Innolux Corporation Rules and Procedures for Meetings of the Board of Directors



### ◆ Board of Directors meeting attendance record

Board member	Number of meetings		Attendance rate
	Attendance required	Attended	
Jin-Yang (Jim) Hung	4	4	100%
Chu-Hsiang Yang	4	4	100%
Jyh-Chau Wang	4	4	100%
Chin-Lung Ting	4	4	100%
Chi-Chia Hsieh	4	4	100%
Chih-I Wu	4	4	100%
Chih-Wei Wu	4	4	100%
Shin-Bei Shen	4	3	75%
Chi-Mo Huang	4	4	100%



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## Nominations and Appointments

Innolux's Articles of Incorporation stipulate that directors (including independent directors) be appointed through a candidate nomination system. The professional qualifications, shareholding, concurrent service restrictions, and nomination and appointment procedures for independent director candidates are subject to the Company Act, the Securities and Exchange Act, and other applicable laws and regulations. The current Board of Directors was appointed on June 24, 2022 for a 3-year term and consists entirely of natural persons, in keeping with the principle of accountability and trends in corporate governance. It is worth noting that 5 (55.56%) of the 9 board members are independent directors, a ratio that is higher than the standards proposed in the Corporate Governance 3.0—Sustainable Development Blueprint. In addition, a female director was appointed to ensure gender equality on the board.

## Diversity and Independence

For strong corporate governance and a robust Board structure, Article 20, Paragraph 3 of Innolux's Corporate Governance Principles outlines the following policy on diversity:

The composition of the Board of Directors shall be determined with diversity taken into consideration. It is advisable that directors concurrently serving as company managerial officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the two following general standards:

1. Basic requirements and values: Gender, age, nationality and culture (including race and ethnicity, etc.)
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, [or] technology), professional skills, and industry experience.

### ◆ Board members

Name	Gender	Innolux employee?	Years of service as independent director			Functional committee		Professional knowledge and skills				Age (years)					Serving as independent director in how many other companies? <sup>2</sup>
			<3	3-9	>9	Audit Committeeen	Remuneratio Committee	Leadership 、 Operations 、 Finance / Accounting 、 Crisis Management 、 Business Economics 、 Global Markets	Administration	Industry	ESG	40-49	50-59	60-69	70-79	80-89	
Chairman																	
Jin-Yang (Jim) Hung	M	V						V	V	V			V				0
Director, President																	
Chu-Hsiang Yang	M	V						V	V	V			V				0
Director																	
Jyh-Chau Wang	M							V	V	V				V			0
Chin-Lung Ting	M							V	V	V				V			0
Independent Director																	
Chi-Chia Hsieh	M				V	V Convener	V Convener	V	V	V						V	0
Chih-I Wu	M		V			V		V		V			V				0
Chih-Wei Wu	M		V			V	V	V	V	V				V			3
Shin-Bei Shen	F		V			V		V	V		V	V					0
Chi-Mo Huang	M		V			V	V	V	V	V				V			1

Note 1: Please refer to page 20 the 2023 Innolux Annual Report or our official website for more details on the professional competencies and industry experience of our board members.

Note 2: Pursuant to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, independent directors of Innolux may not serve in the same capacity at more than 3 other companies.

Innolux Corporation Election Rules of Directors



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## Board of Directors Performance Evaluation

On November 8, 2019, the Board of Directors adopted the Rules for Evaluating Board of Directors and Functional Committee Performance, which require that the performance of the Board as a whole, individual directors, and functional committees be reviewed annually. Furthermore, external performance reviews must be conducted by professional and independent organizations, experts, and scholars at least every 3 years. At the end of each year, a performance evaluation is carried out based on the aforementioned reviews.

The Board of Directors performance evaluation encompasses five major aspects of board performance: involvement in company operations, improvement of board decision-making quality, board membership and composition, board member selection and continuing education, and internal control. Performance evaluations of individual board members include their understanding of company goals and tasks, understanding of board responsibilities, involvement in company operations, internal relations management and communication, professionalism and continuing education, and internal control. Evaluations of functional committees also encompass five aspects: involvement in company operations, understanding of committee responsibilities, improvement of committee decision-making quality, committee composition and membership selection, and internal control.

In 2023, we conducted performance reviews of the Board of Directors, individual board members, the Audit Committee, and the Remuneration Committee using a five-point scale ( "extremely poor/strongly disagree", "poor/disagree", "fair/neutral", "good/agree", and "excellent/strongly agree" ). Final results for the four reviews were "good", "good", "excellent", and "excellent" respectively, suggesting that the Company's Board of Directors and functional committees are highly effective.

The aforementioned results were reported to the Board of Directors in Q1 2024 to serve as a reference for decisions involving remuneration and reappointment of board and functional committee members.

Innolux Corporation Rules for Evaluating Board of Directors and Functional Committee Performance



## Enhancement of Professional Competencies

Innolux organizes a minimum of 6 hours of continuing training courses for board members each year to improve their professional competencies and knowledge, keep them up to date on international sustainability trends, and enhance risk management. In 2023, the directors received an average of 6.3 hours of training on a variety of topics such as "Sustainable Corporate Governance—Gender Equality and Diversity," "Measures for Trade Secret Protection and Insider Trading Prevention," and "AI-Driven Transformation: The Advent of the True 'Computer' Age" that covered concepts such as corporate governance, risk management, information security, and sustainable development. Training courses like these ensure board members are familiar with Company operations while ensuring that they are equipped with the capabilities needed to manage sustainable development goals. Please refer to page 72 of the 2023 Innolux Annual Report for information on continuing education for board members.

## 2.1.2 Structure and Operations of Functional Committees

To complement the Board of Directors, Innolux established two functional committees under the board, the Remuneration Committee and the Audit Committee, to exercise the duties and powers stipulated in Innolux's Articles of Incorporation, the Company's shareholder resolutions, and the applicable laws and regulations. All functional committees are composed of independent directors to ensure effective oversight of Company operations, enhance board functions, advance stakeholders' interests and corporate value, and guarantee the independence, professionalism, and objectivity of committee decisions and proposals.

### Audit Committee

In July 2016, Innolux established the Audit Committee to exercise legally mandated duties and powers stipulated in the Securities Exchange Act, the Company Act, and other applicable laws and regulations. The Audit Committee is responsible for assisting the Board of Directors in overseeing and strengthening internal control mechanisms, ensuring adequate disclosure of financial statements, handling the appointment/dismissal and remuneration of CPAs, and seeing to the effective implementation of internal control, regulatory compliance, and management of current and potential risks.

Pursuant to the requirements of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Audit Committee is composed exclusively of independent directors serving 3-year terms. Independent director Chi-Chia Hsieh is the current convener, elected by fellow members. The Audit Committee convenes at least once per quarter. In 2023, a total of 4 committee meetings were held with an average attendance rate of 95%. Please refer to the Market Observation Post System (MOPS) or page 40 of the 2023 Innolux Annual Report for more information on the Audit Committee's operations.

Member	Number of meetings		Attendance rate
	Attendance required	Attended	
Chi-Chia Hsieh (Convener)	4	4	100%
Chih-I Wu	4	4	100%
Chih-Wei Wu	4	4	100%
Shin-Bei, Shen	4	3	75%
Chi-Mo Huang	4	4	100%

Innolux Corporation Audit Committee Charter



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Remuneration Committee

In August 2011, Innolux established the Remuneration Committee, whose mandate is to formulate and regularly review performance evaluations of directors and senior executives as well as the policies, systems, standards, and organizational structures pertaining to employee remuneration and compensation. The Board of Directors appoints three independent directors to the committee in accordance with the Remuneration Committee Organizational Charter. Independent director Chi-Chia Hsieh was elected by fellow members to serve as current convener. The committee is required to convene at least twice each year. In 2023, a total of 3 meetings were held with a perfect attendance rate of 100%. Please refer to MOPS or page 51 of the 2023 Innolux Annual Report for more information on the Remuneration Committee's operations.

Member	Number of meetings		Attendance rate
	Attendance required	Attended	
Chi-Chia Hsieh (Convener)	3	3	100%
Chih-Wei Wu	3	3	100%
Chi-Mo Huang	3	3	100%

Innolux Corporation Remuneration Committee Charter



2.1.3 Internal Audits

Innolux has a set of internal control procedures in place and has set up the Audit Office, a dedicated auditing unit directly under the Board of Directors. The number of auditors assigned to the office depends on the scale of the Company's business and its operations, management needs, and regulatory requirements. Auditors are required to participate in annual continuing education programs to ensure the quality of internal audits.

The purpose of internal control is to ensure robust operations and the effective implementation of the following goals:

- Evaluation of the effectiveness and efficiency of Company operations (including profitability, performance, and asset security)
- Reliability, timeliness, transparency, and conformity of reports and disclosures
- Legal compliance

The Audit Office is charged with the following tasks to ensure the validity of internal control mechanisms:

- **Internal audits:** The Audit Office conducts on-site inspections and document reviews based on the audit plan approved by the Board of Directors to ensure legal compliance, process design soundness, system conformity, financial reporting accuracy, and operational efficiency; provide the competent departments with timely recommendations to reasonably ensure the consistent and effective implementation of internal control mechanisms; and provide a benchmark for assessment and improvement. The chief auditor is required to periodically report audit results to the Audit Committee and the Board of Directors.
- **Self-evaluations:** As part of the Company's self-monitoring mechanism, the Audit Office supervises and assists company departments in conducting self-assessments of their internal control systems, reviews self-assessment reports submitted by the departments for deficiencies and improvement results, presents its findings to the Board of Directors and the President, and produces an internal control statement based on overall internal control effectiveness.

2.1.4 Senior Executive Remuneration and Sustainability-Linked Performance

In accordance with Innolux's remuneration policy for board members, the CEO, and senior executives, the Remuneration Committee examines corporate operational performance, individual performance and duties, industry trends, and the standard remuneration for comparable positions in the industry before submitting a proposal for amounts and forms of remuneration for final approval by the Board of Directors.

The CEO's and senior executives' performance evaluations encompass both financial and non-financial aspects of their service. The financial aspect of the performance evaluation consists of key indices such as operating revenue and EPS, whereas the non-financial aspect covers environmental, social, and governance (ESG) results, including completion of sustainability goals, management of material sustainability topics, supply chain management, green products, occupational health and safety, climate stewardship, and greenhouse gas reduction. Annual DJSI review results and domestic/international awards and accolades (the GCSA, TCSA, and SEAL awards in 2023) are included in the non-financial performance evaluation, with each index and award accounting for 0% to 5% of the final score. Thanks to this comprehensive evaluation system, we are able to formulate a competitive remuneration system that is linked to our operating performance. In 2023, our CEO remuneration package totaled US\$800,000. In addition, we established a stock dividend trust system in 2019. Employees who hold onto their company shares for more than 3 years are entitled to additional bonuses based on their shareholding percentage. This system allows us to retain employees by incentivizing them to stay with Innolux in the long run, effectively linking the Company's long-term performance with shareholders' interest.

Please refer to MOPS or page 51 of the 2023 Innolux Annual Report for more information on the Remuneration Committee's operations.



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## 2-2 Risk Management

GRI : 2-23 、 2-24 、 2-25 、 203-2 、 403-7

In response to a changing global economic landscape, worsening geopolitical conflicts, and intensifying extreme weather events, Innolux's Board of Directors, the highest risk management authority of the Company, is responsible for reviewing and approving risk management policies and major decisions in accordance with overall operational guidelines and environmental changes in order to address strategic, operational, financial, and natural disaster-related risks. To stay on top of internal and external risks, our business units are tasked with identifying risk factors that affect their daily operations. The competent risk management unit then performs risk assessment, monitoring, reporting, and disclosure to keep track of material risk factors and formulate the appropriate risk management procedures and to ensure that all risks are effectively monitored and accounted for. Finally, the Audit Office conducts regular risk audits and reports any active or potential risks and the corresponding mitigation measures to the Audit Committee and Board of Directors. These three lines of defense against risks are illustrated in the risk management structure shown on the right. By expressly delineating each line of defense's scope of responsibility in terms of reviewing and monitoring risks, we ensure that our management systems remain in compliance with the applicable regulations.

### ◆ Risk management structure



### 2.2.1 Risk Management Policy and Procedures

Pursuant to the Risk Management Policy and Procedures adopted by the Board of Directors in 2022, Innolux formulated its "identification-evaluation-monitoring-disclosure-response" five-step process based on the Company's business operations policy in order to define risk categories, determine the scope of each risk category, and take the necessary action to reduce potential losses. We also make timely adjustment to our operations in response to changes in internal and external factors to minimize the impacts of potential risks on our operations, thus creating a more resilient operational environment.



Innolux Corporation Risk Management Policy and Procedures

### ◆ Risk management procedures



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## 2.2.2 Risk Identification and Management

In an era of great change, Innolux has identified the following risk factors in five categories—strategic risks, operational risks, financial risks, climate and disaster-related risks, and emerging risks—based on the World Economic Forum's (WEF) Global Risks Report and the Company's sustainability strategies and material topics (risk factors marked with an asterisk are emerging risks). For each risk factor, the affected departments are responsible for implementing countermeasures, proposing mitigation plans, and formulating response strategies.

### ◆ Strategic Risks

#### Risk Factor

Investment risk arising from geopolitical conflicts\*

#### Description

Increased competition between the US and China has led to the deterioration of cross-strait relations and contributed to policy intervention and regulatory limitations imposed by other countries, affecting business operations and causing volatility and uncertainty in business operations and investments.

#### Potential Impacts

- Our reinvestment businesses are situated in geographical areas and industrial environments that are similar to that of the Company, giving rise to significant volatility in investment portfolio value/performance and financial risks under the current global political and economic climate.
- Investment restrictions and regulations implemented by other countries affect our strategic roadmaps, operating performance, and financial goals.
- Our upstream and downstream value chain partners' business cycles are similar to our own, often leading to a multiplier effect in terms of company operations and financial risks.

#### Response Strategies

- Closely monitoring individual investment targets to ensure consistency with corporate strategies and financial goals; divesting high risks targets with no or little strategic value and reinvesting reclaimed capital in other more valuable targets.
- Continuing with a technology transfer project launched in 2023 to transfer key manufacturing technologies to the India-based Vedanta Group, with the goal of building the first mass production-capable TFT-LCD line in India and securing a manufacturing base in an emerging market.
- Regular review of investment portfolios to make the optimal adjustments and align our investments with our core businesses.

#### Risk Factor

Changing customer demand due to economic downturn and high inflation

#### Description

Demand for display panels is on the decline due to the economic downturn and high inflation, resulting in unsatisfactory operating performance and significantly lower revenue.

#### Potential Impacts

- Lower budgets to purchase consumer electronics has led to excessive inventories at our downstream clients' warehouses, while a reduction in order volumes led to a significant decrease in revenue.
- Due to fierce international competition, display panel manufacturers around the world are closing down or being absorbed by other companies, and surviving manufacturers are becoming increasingly sensitive to cost and pricing.

#### Response Strategies

- Developing premium high-spec products with new technologies (such as mini/micro LED), maximizing returns on assets, adopting the lean management approach; and continuous finetuning of product offerings.
- Moving towards end-product manufacturing, increasing large-size panel shipments, enhancing value in niche markets, and improving profitability.
- Dual transformation strategy (2023): Maintaining or improving market share of display panels and high margin products while exploring possibilities in other industries to minimize impacts of fluctuating demand in the display panel market.
- Working with subsidiaries to develop niche markets, enhance product value, expand international market reach, develop a resilient supply chain, and foster diverse cross industry opportunities.

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## ◆ Operational Risks SASB : TC-HW-440a.1

### Risk Factor

Impacts of geopolitical conflicts on the supply chain

### Description

With extreme weather events occurring at a higher frequency and geopolitical conflicts such as the US China trade war on the rise, we expect to experience direct and indirect impacts on our supply chain, including disruptions of materials supply, sudden increases in demand for certain materials, and rising transportation costs. As a result, our clients are hedging risks by reducing reliance on manufacturers in the greater China region.

### Potential Impacts

- The necessary changes in transportation routing and delivery dates could cause significant delays and drastically bump up logistics costs.
- Stability issues with the Company's deliveries may lead to a decrease in order volumes.
- Policies and regulations implemented by local jurisdictions may restrict business activity and increase costs.

### Response Strategies

- Closely monitoring changes in regulations and policies, sourcing materials from different countries to minimize supply chain risks, and conducting an investment analysis of non-China markets in order to make timely adjustments to our investment portfolio.
- Building backup manufacturing centers, maintaining multiple sources of materials, or increasing back-up inventory throughout the supply chain if the preceding two strategies are not feasible.
- In the event of an unexpected disaster, automatically sending out disaster impact questionnaires through the Supplier Map Platform to confirm product delivery dates, assess impacts on production and transportation, and, in the event of delayed deliveries, work with affected suppliers to formulate damage control strategies to prevent supply chain disruptions.

### Risk Factor

Challenge in talent retention due to changes in operational strategies\*

### Description

In 2023, we restructured the Company into two usiness groups (display and non-display) to support our foray into the semiconductor industry. The global semiconductor R&D talent shortage and the traditional thinking and training associated with the display industry make it difficult to recruit high-end talent with the necessary practical skillset.

### Potential Impacts

- The Company's rising demand for skilled labor is compounded by external uncertainties and fierce competition in the talent recruitment market in Taiwan, posing a risk to our transformation and expansion initiatives.
- The downward trend in the number of college graduates each year coupled with the job opportunities offered by other businesses in and outside of Taiwan makes it difficult to attract and retain talent.
- Failure to meet semiconductor clients' demand due to lack of sufficient training time might negatively impact the Company's operations and reputation.

### Response Strategies

- Extending our recruitment efforts internationally to Southeast Asian Countries by providing attractive benefit and remuneration packages as part of globalization initiative.
- Enhancing our campus recruitment by signing qualified students before they graduate and reaching out to foreign students through international industry-academia collaboration projects and international mentorship programs.
- Establishing the Semiconductor College to provide comprehensive and practical professional training for future semiconductor talent.

See 4.1 Talent Recruitment and Retention and 4.2 Talent Cultivation and Development.

### Risk Factor

Undetected information security risks in the digital transformation process

### Description

Digital transformation and rapid advancements in AI technologies pose a wide range of information security threats.

### Potential Impacts

- Cybersecurity vulnerabilities could allow hackers to access sensitive client data, negatively impacting the Company's bottom line and trustworthiness.
- Computer viruses and cyberattacks could paralyze the Company's networks and systems, leading to additional system recovery costs.

### Response Strategies

- Monitoring for and patching system vulnerabilities to keep hackers at bay.
- Establishing a world class cybersecurity risk protection platform.
- Joining domestic and international cybersecurity alliances to form a united front against cyberattacks, report cybersecurity threats, and obtain the latest indicators of compromise (IOCs).
- Establishing an automated advance warning system for cybersecurity threats and conducting cybersecurity drills on an annual basis.
- Purchasing cybersecurity insurance policies to minimize financial losses caused by major cybersecurity incidents and safeguard the interests of our value chain partners.

See 2.2.4 Information Security Management



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◆ Financial Risks

Risk Factor

Currency exchange risk

Description

The Company's revenue sources utilize US dollar and other foreign currencies, and its capital expenditures and manufacturing costs are incurred in the dollar and Japanese yen. Fluctuations in exchange rates could negatively impact the Company's profitability.

Potential Impacts

- Fluctuations in foreign currency exchange rates could lead to an increase or decrease in revenues and expenditures.

Response Strategies

- Monitoring for currency exchange/interest rate risk and formulating the appropriate risk hedging strategies.
- Implementing foreign exchange hedging strategies to minimize financial risks associated with the Company's assets and liabilities.

Risk Factor

Credit risk

Description

The US-China trade war, Russia's invasion of Ukraine, the Israel-Hamas war, and the cross-strait crisis have led to global financial market turmoil, which may indirectly affect the Company's operations.

Potential Impacts

- Severe financial market turmoil could lead to default risk and financial insolvency.

Response Strategies

- Evaluating our clients' credit transactions and credit limits in accordance with our internal credit evaluation system.
- Continuing to monitor accounts receivable collection status and enforce debt collection.
- Managing the Company's sales risk in accordance with the Client Credit Management Regulations.

Risk Factor

Liquidity risk

Description

Liquidity risk arising from changes in the global economy and unexpected incidents in the financial market may negatively impact the Company's operations.

Potential Impacts

- If the Company does not have enough cash on hand to cover operating costs, it might be forced to cease operations.

Response Strategies

- Ensuring liquidity and security of our assets while continuing to seek new short- and longterm financing options.
- Raising funds in the capital market at appropriate times to enhance our capital structure and operating capabilities.

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## ◆ Climate and Disaster-related Risks

### Risk Factor

Interruptions due to natural disasters

### Description

Taiwan frequently experiences earthquakes and typhoons, which may disrupt operations and cause financial losses.

### Potential Impacts

- Potential damage to finished products could lead to delays in the Company's shipments.
- Potential damage to plants and equipment could cause delays in production, which in turn would affect product delivery and the Company's reputation.

### Response Strategies

- Establishing the Business Continuity Management Team to ensure business continuity in accordance with the Company's business continuity management plans.
- Evaluating risk management costs against insurance costs and then purchasing the appropriate insurance policies based on the Company's risk appetite in order to transfer risk to third parties (insurers).

### Risk Factor

Interruptions due to severe drought

### Description

Southern Taiwan is currently experiencing a drought and water shortage, disrupting the Company's operations.

### Potential Impacts

- Production interruptions could lead to delays in the Company's shipments and, in turn, its reputation.

### Response Strategies

**Supply:** Use of reclaimed water in the manufacturing process

**Conservation:** Increasing water recycling and reclamation capacity

**Distribution:** Deployment of water trucks between Tainan and Kaohsiung sites

**Redundancy:** Procurement and preparation of external water supply and expansion of internal water tanks

### Risk Factor

Interruptions due to failure to install solar power equipment in accordance with regulations

### Description

Pursuant to the government's green energy policy, major electricity users must install enough solar power equipment to generate 10% of their contracted power usage. If the Company fails to comply with the applicable equipment installation and safety guidelines, it may suffer financial losses or damage to its reputation.

### Potential Impacts

- Roof structures with insufficient load-bearing capacity may not be able to support the weight of solar panels, potentially causing a collapse and damage to plants and equipment.
- Failure to install solar panels in accordance with the applicable safety guidelines could pose safety concerns.

### Response Strategies

- Formulating a set of solar power equipment installation guidelines that meets the Company's needs.
- Conducting risk audits before installation.
- Conducting final safety checks and emergency response drills before connecting the installed solar equipment to the power grid.
- Regularly monitoring for safety issues during daily operations.
- Organizing safety training for system operators and managers utilizing the Industrial Technology Research Institute's Operating Practices for Solar Power Generation Systems course series (attended by 134 employees).

### Risk Factor

Loss of natural resources and biodiversity due to damage to the ecosystem\*

### Description

Thanks to Taiwan's unique geographical location and diverse habitats, the island is home to a great variety of animals and plants that are found in different climate regions. However, as an island with limited land surrounded on all sides by the sea, Taiwan is highly susceptible to external impacts. Once the ecosystem is damaged, it is very difficult to restore natural resources and biodiversity, which may fundamentally disrupt the Company's operations.

### Potential Impacts

- A halt in production could delay the Company's agreed-upon delivery dates, negatively impacting the Company's reputation.

### Response Strategies

- Formulating the Biodiversity and Zero Deforestation Policy and Sustainable Water Stewardship Policy.
- Revisiting the relationship between the Company's supply chain and eco sensitive zones, and its dependence and impacts on natural resources.
- Identifying key natural resource-related goals (energy, water, and waste goals) to minimize negative impacts on the environment.
- Collaborating with external organizations and taking action to restore Taiwan's ecology.

### See 5.1 Environmental Governance

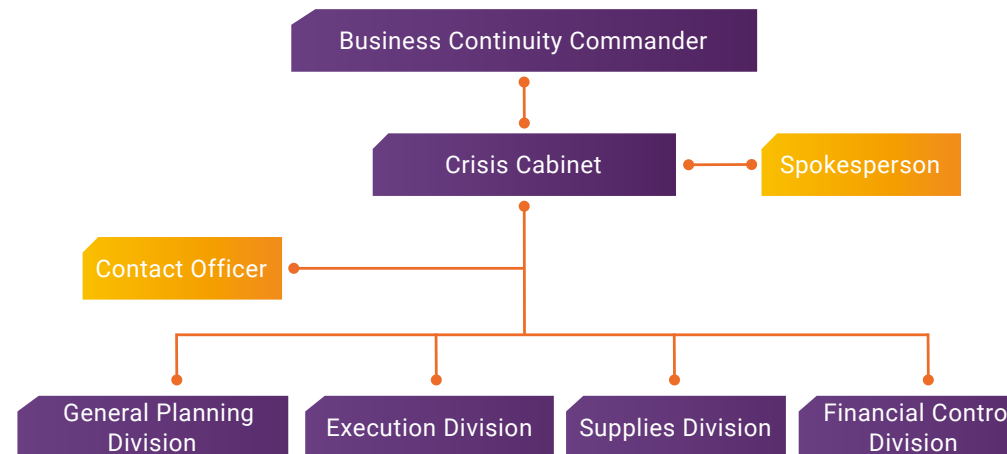
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## 2.2.3 Business Continuity Management

As global risks continue to rise, Innolux has integrated business continuity management (BCM) into its day-to-day operations to ensure uninterrupted operations by minimizing production disruptions or materials shortages resulting from natural or manmade disasters. Our goal is to strengthen our crisis response capabilities, provide clients with uninterrupted service, and achieve sustainable business operations.

The company established the Business Continuity Management Team, with the CEO and the chief executive of each site serving as heads and the senior executives of functional departments as members of the crisis management cabinet. The team is responsible for making strategic decisions and developing recovery plans to safeguard stakeholders' rights and the Company's reputation in the event of operational interruptions.

### ◆ Business continuity management structure



### Business Continuity Drills

Innolux is actively working to enhance its business security, adaptability, and redundancy. We perform drills on very specific scenarios on a rolling basis as a means of improving our emergency response systems and procedures and ensuring that our business continuity plan stays operational.

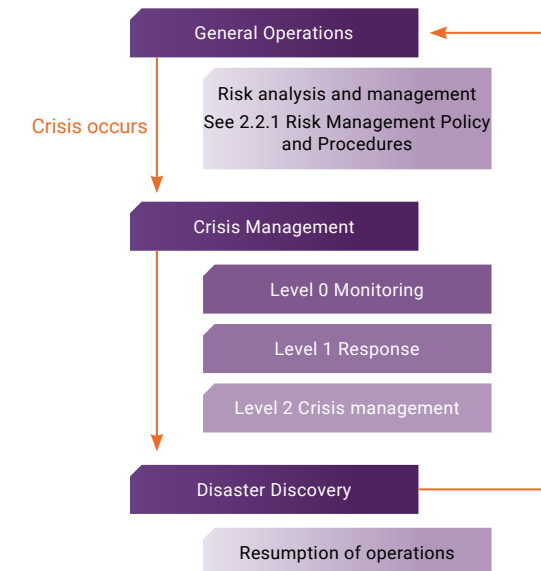
Each year, the Company sets specific crisis conditions as scenarios for drills covering natural disasters, infectious diseases, materials shortages, and infrastructure interruptions. Owing to the increasing severity of extreme weather events, we performed drills for flooding and suspension of the natural gas supply in 2023 to confirm the effectiveness of our business continuity plan.

## 2.2.3.1 Business Continuity Plan

To ensure that we are prepared for the unexpected, we formulated the Innolux Business Continuity Plan (BCP), which covers emergency response and recovery procedures, ensuring that the necessary measures are taken to prevent or minimize interruptions in the event of a disaster.

Furthermore, to ensure business continuity, uninterrupted production, and plant security, we set up 12 disaster prevention centers across our manufacturing sites, each equipped with a plant security monitoring system, a well-trained emergency response team (ERT), and the necessary emergency facilities. In 2023, we held more than 1,342 emergency response drills involving 14,584 ERT members.

### ◆ Innolux Business Continuity Plan



Flooding drill



Natural gas supply suspension drill



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## 2.2.4 Information Security Management

Innolux's information security policy is made up of the following four major goals—strengthening personnel awareness, preventing data leaks, implementing self-monitoring, and ensuring service availability. To strengthen our competitive edge and our clients', employees', and shareholders' rights and interests, we are committed to protecting our intellectual property rights, as well as sensitive information belonging to our clients, suppliers, and employees.

To reinforce cybersecurity management, we introduced ISO/IEC 27001:2013 to our Taiwan sites in 2021 and obtained certification on April 4, 2022. The certification is valid for three years and will expire on April 3, 2025. In accordance with the Plan-Do-Check-Act (PDCA) management model, we established the Innolux Information Security Management System (ISMS) to implement control of mainframes/servers, databases, software/applications, personal computers, trade secrets, and personal data. The system ensures data privacy, integrity, availability, and legal compliance by intercepting internal and external threats and attacks, thus creating a secure and trustworthy digital environment.

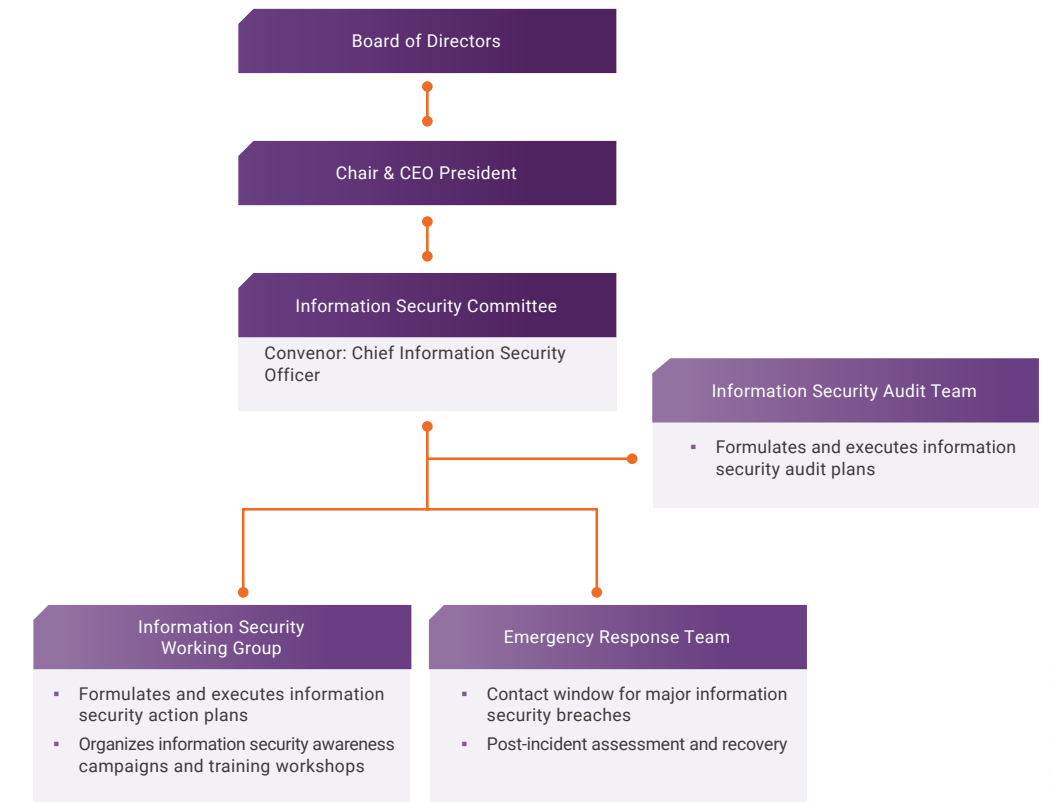
### ◆ Four major information security goals

- 1 Strengthening personnel awareness**  
Information security training to promote cybersecurity awareness among employees and increase their understanding of their responsibilities
- 2 Preventing data leaks**  
Ensuring the accuracy and integrity of company data by preventing unauthorized access and tampering
- 3 Implementing self-monitoring**  
Performing regular internal audits to ensure compliance across key cybersecurity tasks
- 4 Ensuring service availability**  
Maintaining a certain level of availability for the Company's core systems

## Information Security Committee

To ensure the effectiveness of the ISMS and the security of Company operations, Innolux established the Information Security Committee, with the Chief Information Security Officer (CISO) serving as convenor. Two task forces—the Information Security Working Group and the Emergency Response Team—operate under the committee. To ensure that the current information security policy is consistent with the Company's strategic goals, the CISO makes yearly cybersecurity progress reports at the committee's annual management review meetings and a cybersecurity governance report to the Board of Directors in the fourth quarter of each year.

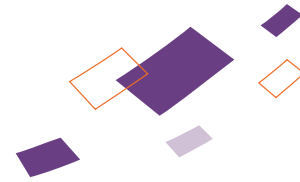
### ◆ Committee Structure and Duties



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## Information Security Maturity

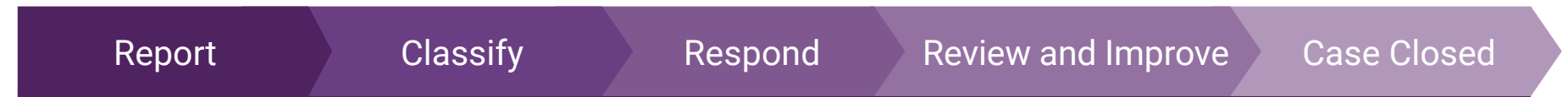
Innolux introduced the Industrial Technology Research Institute's Security Platform as a Service (SECPAAS) in 2020. The SECPAAS Information Security Maturity Assessment allows us to identify cybersecurity vulnerabilities and make the necessary adjustments to our plant-level security plans for enhanced cybersecurity resilience against threats. In 2023, we scored a historic high of 92 points on the SECPAAS, and we have obtained an 'A' rating—the highest possible rating—for two years in a row. We also introduced the Cybersecurity Framework (CSF) proposed by the National Institute of Standards and Technology in the same year. Through the "Identify-Protect-Detect-Respond-Recover" five-step process, we hope to strengthen our cybersecurity safeguards and reinforce our digital resilience.



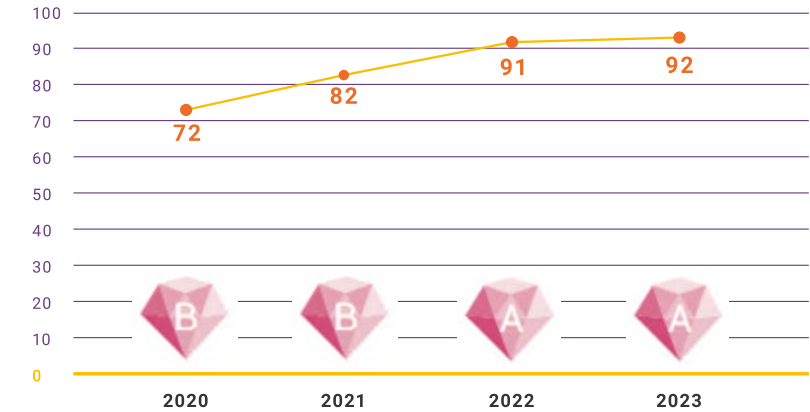
## Cybersecurity Incident Reporting and Response

Innolux has formulated a set of cybersecurity reporting and response procedures to maintain operations critical to business continuity and respond to incidents in a timely manner. When a cybersecurity incident occurs, an emergency response team is established to implement the appropriate management measures based on incident classification so as to minimize damage. For continued improvement, following the conclusion of the event, the emergency response team will review the management measures to determine their strengths and weaknesses. In 2023, Innolux did not experience any major cybersecurity incidents or violations that resulted in financial losses or regulatory fines.

### ◆ Cybersecurity incident reporting and response procedures



### ◆ SECPAAS Information Security Maturity Assessment



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## Cybersecurity Risk Management Strategy

Automation, digitalization, and intelligentization are the three key metrics of digital transformation. As new technologies emerge at a speed never seen before, we are faced with a multitude of cybersecurity threats. Therefore, we are actively looking to strengthen our immunity to cybersecurity incidents and enhance suppliers' information security management systems in accordance with the Innolux Information Security Policy.

### ◆ 2023 Goal

Enhancing suppliers' cybersecurity management	<ul style="list-style-type: none"><li>We required all suppliers to sign a non-disclosure agreement and cybersecurity compliance promise.</li><li>To prevent data leaks, all personnel entering the Company's sites were required to go through a mandatory cybersecurity inspection.</li><li>We implemented strict mobile device control through the mobile device management (MDM) system.</li></ul>
Strengthening cybersecurity immunity	<ul style="list-style-type: none"><li>Network security monitoring: We continued to set up firewalls, replace computers running on Windows 7, and remove dormant domains.</li><li>Information asset management: A log management system and a content disarm and reconstruction (CDR) system were built.</li><li>System access protection: A next-generation antivirus and a deception technology system were established to run docker vulnerability scans, website vulnerability scans, and source code inspections.</li><li>Endpoint protection: Endpoint protection software and an email security advance threat protection (ATP) system were installed.</li><li>Expansion of software backups and hardware redundancy: Our backup and redundancy mechanisms were reinforced to prevent ransomware attacks.</li></ul>
Awareness promotion and drills	<ul style="list-style-type: none"><li>Regular cybersecurity awareness training sessions were held to improve employees' cybersecurity awareness. The sessions were attended by 12,576 employees with a 100% completion rate.</li><li>Irregularly drills against social engineering scams were conducted to keep employees on high alert for phishing emails.</li></ul>

### ◆ Future Goal

Introducing new certification standards	<ul style="list-style-type: none"><li>ISO 27001:2022 conversion and certification.</li></ul>
Awareness promotion and drills	<ul style="list-style-type: none"><li>Regular cybersecurity awareness training to improve employees' cybersecurity awareness.</li><li>Periodic drills against social engineering scams to keep employees on high alert for phishing emails.</li><li>Introducing red teaming to cybersecurity drills.</li></ul>

## Mitigating cybersecurity risks

- We joined domestic and international information security alliances to form a united front against cybersecurity threats.

Participating Organization(s)	Objective
Forum of Incident Response and Security Team, FIRST	
Taiwan Computer Emergency Response Team, TWCERT	Intelligence gathering
Science Park Information Sharing and Analysis Center, SP-ISAC	
Taiwan Chief Information Security Officer Alliance, CISO	Cybersecurity technology applications and experience sharing
<ul style="list-style-type: none"> <li>▪ Information security insurance was purchased to prevent financial losses and protect value chain partners' interests in the event of a cybersecurity incident.</li> <li>▪ We established a cybersecurity advance warning system and perform cybersecurity drills on an annual basis.</li> </ul>	

## Regulatory compliance

- We regularly reviewed the applicable laws and regulations and made the appropriate adjustments to our cybersecurity measures to ensure regulatory compliance.

Strengthening cybersecurity immunity	<ul style="list-style-type: none"><li>Network security monitoring: Continuing efforts to strengthen firewalls and introduce tools for penetration tests.</li><li>Information asset management: Establishing a content disarm and reconstruction center to filter external files.</li><li>Endpoint protection: Introduction of a next-generation antivirus system for improved endpoint security.</li><li>Personal identity protection: Introduction of multi-factor authentication (MFA).</li></ul>
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## 2-3 Integrity Management and Legal Compliance

GRI : 2-23 、 2-24 、 2-25 、 2-27 、 205-1 、 205-2 、 205-3 、 418-1

Innolux has followed through on its commitment to business integrity, regulatory compliance, and sustainable corporate operations by formulating corporate governance regulations and protocols that specify requirements for integrity management and legal compliance in accordance with the applicable domestic and international laws and policies.

### 2.3.1 Integrity Management

Integrity is the cornerstone of Innolux's operations. To win over the trust and respect of our clients, shareholders, employees, suppliers, and society as a whole, the Company has formulated the Innolux Integrity Management Code, the Innolux Anticorruption Policy, and the Innolux Employment Agreement and Integrity/Intellectual Property Protection Statement, the last of which is signed by all new hires upon onboarding. Similarly, we require our suppliers to adhere to the Supplier Corporate Social Responsibility Code of Conduct Operating Standard and sign the Supplier's Undertakings (93.91% signing rate as of 2023). We hope to strengthen our position as a socially and ethically responsible corporation by conducting business in a fair and transparent method, eradicating all unlawful practices, and shaping a culture that is marked by integrity and accountability.

#### 2.3.1.1 Business Integrity and Ethics Management

1

Policies and guidelines

To ensure business integrity and ethical corporate development, Innolux formulated the Ethical Corporate Management Best Practice Principles for Innolux Corporation, the Code of Ethics for Directors and Officers, and the Code of Conduct for Employees in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Responsible Business Alliance (RBA) Code of Conduct. These policies and guidelines are published on our official website, our Global DCC intranet, and the Market Observation Post System (MOPS), and they apply to all Innolux sites and subsidiaries, which are strictly prohibited from making or accepting any unethical requests, offers, or promises to or from distributors, suppliers, clients, or other business partners as a means of gaining or maintaining business interests. To ensure adherence to our Business Integrity and Anticorruption Policy, the Company conducts annual internal audits in accordance with the RBA Code of Conduct at sites in the greater China region. No material risks were identified in 2023.

2

Identification of compliance risks

We perform regular compliance risk assessments to review internal regulations and make the necessary updates to remain in compliance with the law.

3

Risk assessment

We regularly assess the risks associated with business ethics management in order to establish corresponding management goals and plans to minimize unethical acts and impacts on labor rights.

4

Education and training

#### Internal training (for employees)

We added business integrity promotional materials to our official website and the boot screens of computers at our sites. We also hold business integrity and ethics training courses for employees in the greater China region, covering topics such as trade secrets, personal data protection, anticorruption, insider trading, and antitrust regulations. Through lectures and case studies, employees are able to form a better understanding of business integrity concepts and conduct business in a lawful manner. In 2023, a total of 12,578 employees completed the training program (98.76% completion rate), which meets the annual target we set for the year. In 2024, we hope the completion rate will reach 100% among new hires and 98% among current employees in the greater China region.

#### Training completion rate in 2023

Target	Metrics	Trade secret, personal data protection, anti-corruption, and insider trading prevention	Anti-trust regulations	RBA Code of Conduct
Employees	Enrolled <sup>Note</sup>	12,736	3,442	12,687
	Completed	12,578	3,399	12,687
	Completion rate	98.76%	98.75%	100%
	Target	98%	98%	100%
	Target reached?	V	V	V

Note: All employees in the greater China region are required to attend trade secret, personal data protection, anti-corruption, and insider trading prevention training.

L50 or above managers (including technical managers) and employees in procurement, marketing, sales, contracting, quality assurance, credit management, and public relations are required to attend anti-trust regulations training.

New hires, current employees, and production line managers are required to attend RBA Code of Conduct training.

#### External training (for suppliers and clients)

To eradicate unlawful business acts and foster a fair and transparent business environment, we engage in annual anti-corruption and business integrity awareness campaigns targeted at our top 20 suppliers and clients, encouraging them to report any unlawful acts, unfair treatment, or corruption directly to the head of the Company's legal department. In 2024, we will promote our anti-corruption and business integrity policy among our top 20 suppliers and clients.

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### 2.3.1.2 Streamlined channels for reporting violations

As part of the Company's anticorruption reporting system, Innolux encourages its employees and any third parties to report behavior that violates the applicable laws and regulations via either the employee care hotline or the anticorruption mailbox. Upon receiving a report, an interdepartmental investigative task force formed by legal affairs, human resources, and the audit office conducts a series of investigatory tasks in accordance with the Innolux AntiCorruption Investigation and Management Guidelines. Furthermore, Innolux pledges to preserve the anonymity of the whistleblower and protect them against any form of retaliation. Employees who wish to raise concerns over other doubtful business acts may consult the employee complaints hotline (#67885).

Reporting channels	
<b>Anti-corruption mailbox</b> speak-up@innolux.com	<b>Employee complaints</b> ▪ Mailbox : 67885.tw@innolux.com ▪ Hotline : #67885

### Investigation Results in 2023

If an allegation is found to be true, Innolux immediately terminates its business relationship with the supplier(s) involved, and we take major disciplinary action against employees who violate our guidelines. Additionally, we make adjustments to our internal management and control procedures and use the violations as case studies to educate our employees, to prevent similar incidents from occurring. Of the 10 corruption reports received in 2023, five are still under investigation, and the remaining 5 had insufficient evidence to warrant an investigation.

Cases	Received	Under investigation	Case closed		
			Claim unfounded	Claim rejected	Claim accepted
Corruption or bribery	10	5	5	0	0
Discrimination or harassment	0	0	0	0	0
Client digital privacy	0	0	0	0	0
Conflict of interest	0	0	0	0	0
Money laundering or insider trading	0	0	0	0	0

### Cases Received in 2023

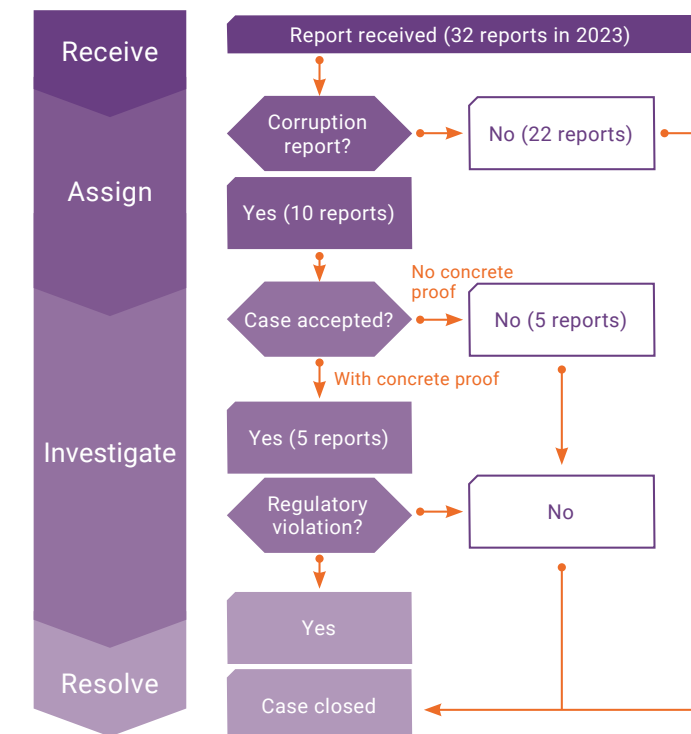
We received 32 reports in 2023, of which 10 were related to corruption. The remaining 22 cases did not involve corruption and were forwarded to the competent authorities for processing.

#### Reports received in 2023

Channel	Cases	Category	
		Anti-corruption	Other
Internal reports <sup>Note</sup>	6	6	0
External reports	26	4	22
Total	32	10	22

Note: Internal reports are filed by Innolux employees or persons purporting to be employees.

#### Anti-corruption reporting and investigation procedures



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## 2.3.2 Legal Compliance

Innolux's legal affairs department is responsible for ensuring compliance with domestic and international laws and standards agreed upon by the industry to avoid regulatory fines, as well as for the management and implementation of applicable laws and regulations that may pose a material impact on the Company's operations.

### Legal Compliance Status

Due to our close adherence to the RBA Code of Conduct and other environmental protection and business integrity regulations, Innolux did not receive any regulatory fines associated with environmental protection, anti-corruption, personal data protection, trade secret, or anti-trust governance, nor were any personal data leaks or privacy violations reported at the Company. However, we were fined NT\$100,000 for violating Article 24 and Article 32, Paragraph 2 of the Labor Standards Act. In response, we have made adjustments to our work scheduling plans and established flexible work hours to address issues surrounding overtime and safeguard the fundamental rights of our employees.

### Trade Secrets and Sensitive Data Protection

In response to the rapidly changing industry landscape, Innolux is adhering to its "More than Panel" vision by investing R&D resources into the medical, automotive, and display industries in order to remain competitive and mitigate operational risks. But in order to succeed, it is crucial that we safeguard our trade secrets and sensitive information such as new technologies and internal operations strategies. We formulated the Innolux Code of Conduct for Employees, the Innolux Practical Principles of Corporate Social Responsibility, and the Innolux Supplier Corporate Social Responsibility Code of Conduct Operating Standards to ensure that our entire value chain and employee body comply with the law and act in a way that is consistent with our clients' expectations. In doing so, we are able to maintain our competitive edge while protecting the rights and interests of our clients. In 2023, we received no complaints pertaining to trade secret/sensitive data protection.

To educate employees on the importance of trade secrets and sensitive data protection, Innolux requires all employees in the greater China region to receive Trade Secrets Act compliance training. Furthermore, we added promotional messages to the screen saver program and boot screen on employees' computers as a constant reminder to ensure that all employees continue to live up to their pledge to maintain confidentiality. Employees who are found to have violated our trade secret guidelines will be subject to the appropriate disciplinary action by the Company and, in more serious cases, legal prosecution.

### Trade secret and sensitive data protection measures

- Regulatory compliance
- We formulated the Innolux Code of Conduct for Employees, the Innolux Practical Principles of Corporate Social Responsibility, and the Innolux Supplier Corporate Social Responsibility Code of Conduct Operating Standards to ensure that our entire supply chain and employee body comply with the law and act in a way that is consistent with our clients' expectations.
- Internal training and control
- Our annual employee trade secret and data protection training had a 98.76% completion rate in 2023.
  - To implement employee access control, we assign different permissions to different accounts. We also maintain an access log for all manufacturing and transaction data.
- Comprehensive cybersecurity technologies
- To protect Innolux's and its value chain partners' sensitive data, we obtained ISO 27001:2013 (information security management systems) certification.
  - We purchase information security insurance to protect the rights and interests of our value chain partners and prevent financial losses attributable to material cybersecurity incidents.
  - We join domestic and international information security alliances to form a united front against cybersecurity threats.
- Comprehensive external management mechanism
- By signing NDAs with our clients, we expressly delineate our and our client's responsibilities pertaining to the scope and duration of data sharing with any third parties.
  - We strictly limit mobile device access by external personnel, who must install mobile device management software on their phones and pass through an information security inspection before being allowed into any of our sites.

### ◆ Regulatory fines in recent years

Violation type		2020	2021	2022	2023
Environmental protection	Material cases <sup>1</sup> / total cases <sup>2</sup>	0/0	0/4	0/0	0/0
	Fines (NT\$)	0	300,000 <sup>3</sup>	0	0
Labor rights and employee health	Material cases / total cases	0/1	1/1	0/2	0/1
	Fines (NT\$)	50,000	800,000	130,000	100,000
Business integrity and ethics	Material cases / total cases	0/3	1/1	0/0	0/0
	Fines (NT\$)	65,000	603,452	0	0
Material cases / total cases		0/4	2/6	0/2	0/1
Total fines (NT\$)		115,000	1,703,452	130,000	100,000

Notes 1: A fine of US\$10,000 or more for a single violation is considered a material case.  
Notes 2: Numbers shown in the "total cases" field include the number of material cases.  
Notes 3: The individual fines for the four cases were NT\$144,000 / NT\$72,000 / NT\$72,000 / NT\$12,000.



## 2-4 Financial Performance and Tax Governance

GRI : 2-23、2-24、2-25、201-1、203-2

Financial performance and tax governance are indispensable to the sustainability of corporate operations. In this time of global unrest, Innolux is facing challenges head-on by flexibly adjusting its strategies with the goal of ensuring stability in its financial performance.

### 2.4.1 Financial Performance

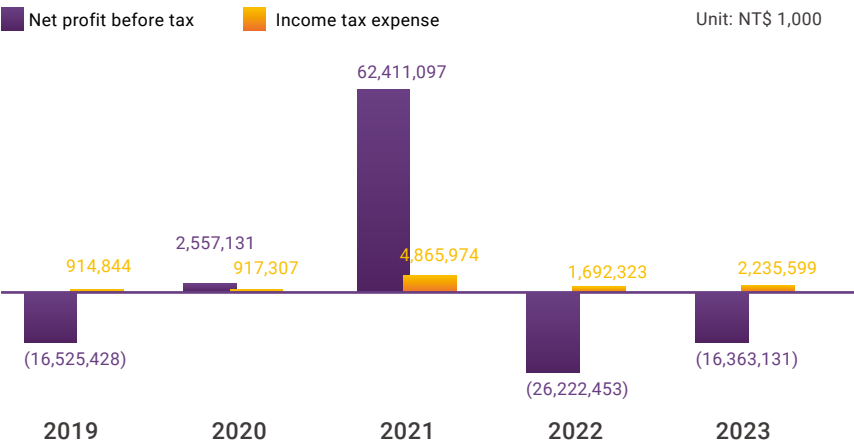
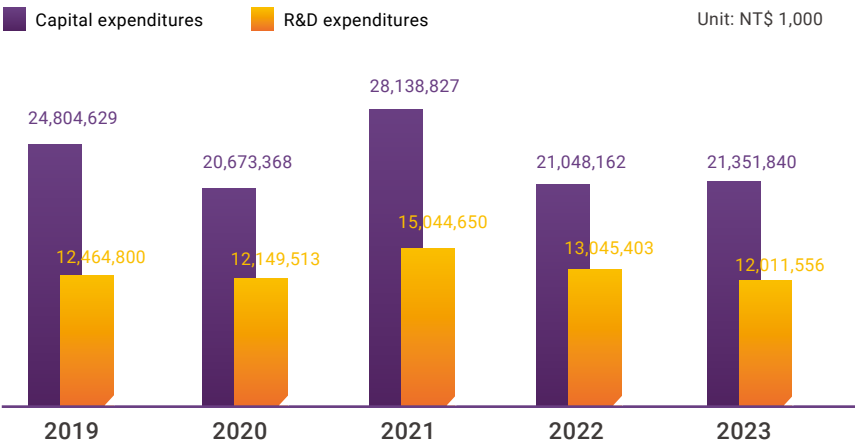
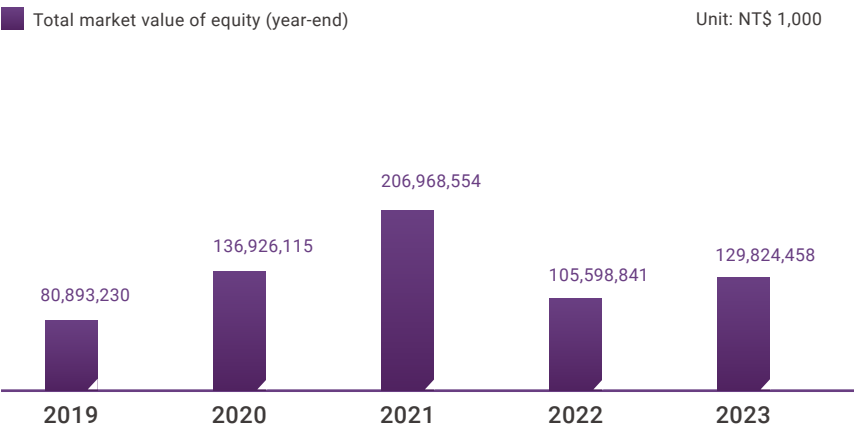
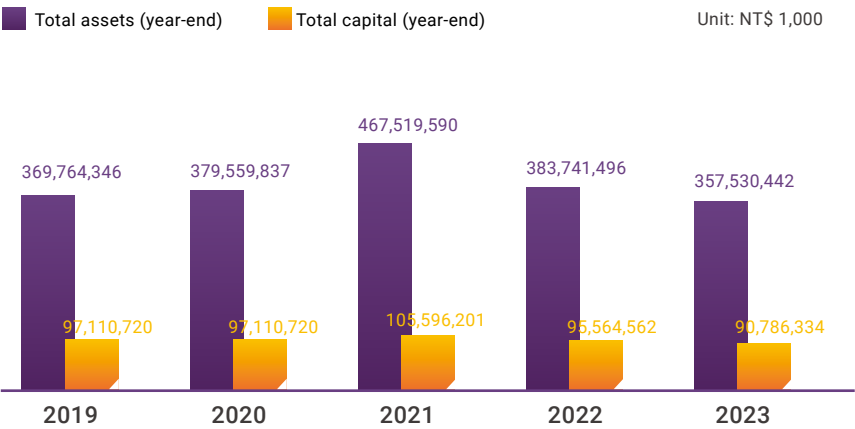
In the face of an economic downturn in 2023, Innolux experienced slowing sales due to decreased demand for display panels. The Innolux Group's consolidated revenue amounted to NT\$211.7 billion, a slight decrease compared to the previous year. Nevertheless, we maintain an optimistic outlook for the display industry while actively adjusting our business strategy by seeking cross-industry transformation opportunities. Specific industries of interest include medicine and healthcare, automobile parts, and semiconductor fabrication. As a result, our gross profit rate reached 1.47%, up 4.6% from 2022.

#### ◆ Operating outcomes in 2023

Consolidated revenue		NT\$211.7 <sub>B</sub>			
Gross profit	NT\$3.1 <sub>B</sub>	Operating loss	NT\$18.7 <sub>B</sub>	Net loss after tax	NT\$18.6 <sub>B</sub>
Gross profit rate increase	1.47%	Profit margin	-8.84%	Loss per share	NT\$2.01

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◆ Operating outcomes, 2019-2023



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## Sustainable Financing

### Innolux Joins Hands with CTBC Bank and Taiwan Cooperative Bank to Launch Sustainability-Linked Business Savings Account

Sustainability thinking has taken the world by storm in recent years, and in the financial sector, many banks are launching “green savings” products, lending out consumer deposits to fund green business initiatives such as renewable energy technology development, energy efficiency improvements, energy conservation technologies, waste recycling and reuse, pollution prevention and contamination, and water conservation and reclamation. These banks publish third-party audited lending reports on a regular basis to ensure that funds are actually being used towards sustainable financing. In 2023, Innolux joined hands with CTBC Bank and Taiwan Cooperative Bank to Launch a sustainability-linked business savings account. Through fintech innovation, we and our financial partners are demonstrating a united effort for financial sustainability and corporate governance.

### Innolux Approved for a Joint Sustainability-Linked Loan by 18 Partner Banks

Countries around the world are taking action to combat climate change. In the banking world, it has become a trend for financial institutions to offer sustainability linked loans to major businesses to help fund their sustainable development goals. In September 2023, Innolux was approved for a NT\$40 billion joint sustainability linked loan by 18 partner banks, including Taipei Fubon Bank, CTBC Bank, Mega Bank, and Hua Nan Bank. Under this joint loan agreement, Innolux will be entitled to a rate cut if it ranks in the top 10% on all ESG aspects on the DJSI World Index. The loan will serve as a “green fund” for Innolux to support the Company's environmental protection and sustainable development initiatives.

## 2.4.2 Tax Governance

In keeping with international trends in financial governance, sustainability development, risk management, tax compliance, shareholder engagement, and corporate social responsibility, we formulated the INX Group Tax Policy and Management Guidelines to regulate tax governance at Innolux headquarters and its subsidiaries.



INX Group Tax Policy and Management Guidelines

### INX Group Tax Policy and Management Guidelines

#### Compliance

We are committed to complying with the spirit of international tax regulation as well as the letter of the tax laws and regulations of each jurisdiction in which we operate, including:

- preparing transfer pricing documentation to comply with the applicable transfer pricing regulations;
- not utilizing tax havens or engaging in tax planning specifically for the purpose of tax avoidance;
- not manipulating any profits to a foreign country or territory with low tax burden as defined under the R.O.C. Income Tax Act; and
- comprehensively understand and comply with local tax regulation and related spirit, suitable reporting of income and proper payment of tax to perform the social responsibility as a tax payer in good faith.

#### Information transparency

Tax disclosure measures are implemented in compliance with the relevant regulations and guidelines. We regularly disclose tax information to stakeholders in financial statements, annual reports, and sustainability reports through public channel to ensure information transparency.

#### Mutual trust and communication

We establish relationships of mutual trust and communication with the tax authorities, discussing and clarifying any tax issues in a timely manner and maintaining a harmonious and cordial relationship with the tax authorities.

#### Risk controls

We assess tax-related risks and implications of major transactions and decisions prudently and implement effective risk controls through proper management mechanisms.

#### Enhancing tax training and education

We have built the capability to assess the impact of changes in relevant tax laws and regulations and make quick decisions in response thereto. We provide comprehensive on-the-job training for professional tax expertise of tax talent.



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## Tax Disclosure

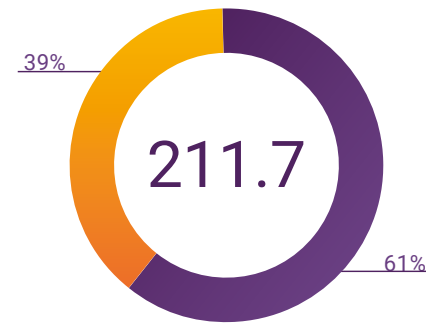
In 2023, the majority of the Innolux Group's operating revenue, net profit before tax, and income tax expenses were attributed to the Taiwan Headquarters and manufacturing subsidiaries in China, the tax rates of which were 20% and 25% respectively. A tax loss carryover reduced the payable tax amount for the Taiwan headquarters.

The Group's by-region operating revenue, net profit before tax, and income tax expenses (including paid income tax) in 2023 are shown in the figures below:

### ◆ Operating income

■ Taiwan 、 China   ■ Other

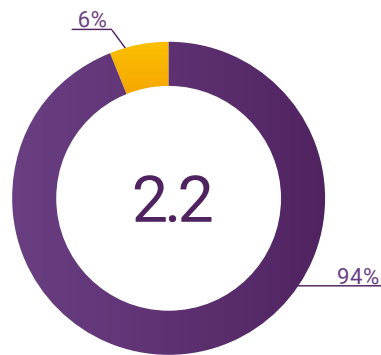
Unit: NT\$ billion



### ◆ Income tax expenditures

■ Taiwan 、 China   ■ Other

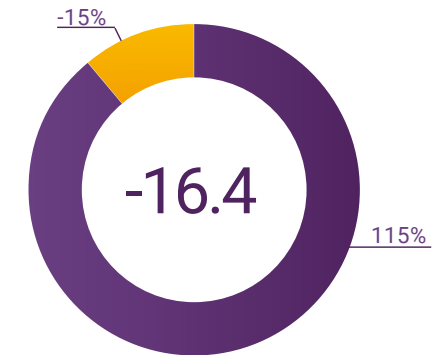
Unit: NT\$ billion



### ◆ Net profit before tax

■ Taiwan 、 China   ■ Other

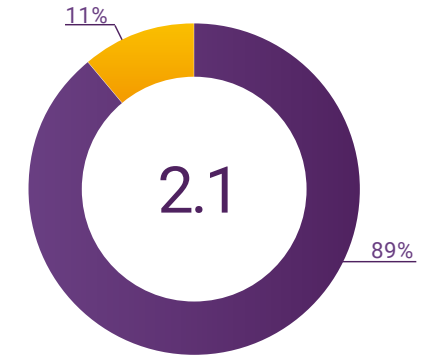
Unit: NT\$ billion



### ◆ Income tax paid

■ Taiwan 、 China   ■ Other

Unit: NT\$ billion



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**Class-A** Taiwan sites received Class-A certification from the Taiwan Intellectual Property Management System (TIPS)

**7<sup>th</sup>** Recognized as a top 300 U.S. patent holder for the 5<sup>th</sup> consecutive year and the 7<sup>th</sup> largest patent applicant in Taiwan

**105** 105 new patents for green products were obtained worldwide for an accumulated total of 490

**No** No complaints were made regarding violations of client privacy or loss of client information

**7** 7 high-risk suppliers completed on-site CSR audits; no suppliers were blacklisted





**106** 106 suppliers completed GHG inventory and reduced emissions by 23,210 tCO<sub>2</sub>e





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◆ Management Guidelines

	2023 Strategy	2023 Result	Target Met?	2024 Target	2025 Target	Medium- to Long Term Goals (2030)
 <b>Product and technology R&amp;D innovation</b> Transformation and added value	Advance patent portfolio development strategy for promising next-generation technologies to create high-value primary patents	Around 660 new patents approved worldwide for an accumulated total of 13,390	●	Continue to implement advance patent portfolio development strategy to maintain R&D momentum	Accrue over 13,600 patents worldwide	Accrue over 15,000 patents worldwide
	Move toward diversification and seek new business opportunities by expanding from the core business of display panels to advanced semiconductor packaging	Established the world's first fan-out panel-level packaging (PLP) application production line converted from a panel production line	●	PLP mass production	PLP mass production with expanded production capacity	
 <b>Green product management</b> Implement hazardous substance management to mitigate impact on the environment and cosystems	Enhance product design, seek out carbon reduction opportunities, and reduce environmental impact	Completed development of the world's first flexible large-size color e-paper module that meet clients' needs for dynamic displays, environmentally-friendly energy-efficiency, and zero light pollution	●	Develop green products and increase the percentage of recycled materials used	Products made from 70% recycled materials	Products made from 100% recycled materials
 <b>Client relationship management</b> Improve satisfaction rate and strengthen client trust	Connect smart tools to build quality assurance network, and achieve advanced warning and quality control	Client satisfaction rate of 97.1%	●	Client satisfaction rate of over 95%		Client satisfaction rate of over 98%
 <b>Supply chain management</b> Value co-creation	Carbon reduction of 2% by key suppliers (compared to the preceding year)	19 out of 25 key suppliers reached the carbon reduction objectives, for an attainment rate of 76%	○	Carbon reduction of 2% by key suppliers (compared to 2023)	Carbon reduction of 10% by key suppliers (compared to 2023)	Carbon reduction of 20% by key suppliers (compared to 2023)
	90% or more of all medium- and high-risk smelter suppliers handling 3TG receive certification	92% of all medium- and high-risk smelter suppliers handling 3TG received certification	●	90% or more of all medium- and high-risk smelter suppliers handling 3TG receive certification	Responsible procurement and due diligence to ensure conflict-free products	
	90% or more of all medium- and high-risk suppliers complete the inventory of cobalt and mica	97.8% of all medium- and high-risk suppliers completed the inventory of cobalt and mica	●	98% or more of all medium- and high-risk suppliers complete the inventory of cobalt and mica		
	New sustainable development objectives set in 2023				Implementation of ESG post-audit corrections by 70% or more of key suppliers	Implementation of ESG post-audit corrections by 85% or more of key suppliers
					Participation of 30 or more suppliers in ESG capability enhancement	Participation of 100 or more suppliers in ESG capability enhancement

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## 3-1 R&D Innovation

GRI : 2-23 、 2-24 、 2-25 、 203-2

In September 2023, Innolux restructured its organization into two groups: Display and Non-display. The Display Group focuses on display modules and consists of two major business divisions—the Large-Size Smart Solution Division and Smart Portable Solution Division—whose goals are to reduce costs, improve yield and profit, and maintain market share; while the Non-display Group consists of three business divisions—Innocare (medical), CarUX (automotive), and the Advanced Packaging Business Center (semiconductors). We hope to provide our clients with comprehensive solutions through the horizontal integration of technologies and the expansion and integration of product functionalities.

### Core Development and Cross-Industry Transformation

Due to the state of the economy in the past two years, the panel industry has reduced its production capacity to counter the challenging economic environment and growing inflation. This reduction drove a price increase in panels from the end of Q1 to Q3 2023; however, with the ending of the peak season in Q4, excess stock held by brand manufacturers, and poor sales performance at the customer end, production was further reduced to around 70% of capacity continuing into Q1 2024. By controlling the supply of panels on the market, Innolux hopes to mitigate price drops, especially in the ongoing seasonal lull. Our outlook for the panel industry in 2024 shows an uptick in economic activity. In addition to reduced production on the part of panel manufacturing leaders, the trend towards large-screen televisions is also advantageous for capacity reduction, while the three major sporting events scheduled for mid-2024—the Paris Olympics, Copa América, and the UEFA European Championship—will further boost demand for televisions. End-user AI applications are also expected to trigger a surge in IT panel demand due to a resulting wave in smartphone and laptop upgrades. As interest rate hikes come to an end in major countries, the negative impacts of inflation and dwindling stockpiles and the momentum due to positive changes will revitalize the panel industry in 2024.

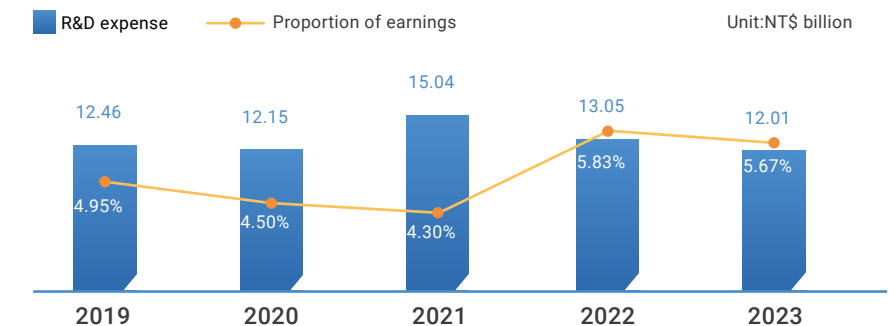
To navigate the panel industry slump, Innolux has adhered to its core value of “More than Panel” and initiated business transformation to venture into non-display fields such as medical, automotive, and semiconductor applications while maintaining the development of its core business in display panels. We founded InnoCare Optoelectronics and CarUX Technology as subsidiaries in the medical and automotive fields to accelerate our transformation. InnoCare is focused on the development of medical technologies, designs, and manufacturing service platforms to provide clients with complete X-ray image sensing solutions, while CarUX prioritizes the development of comprehensive automotive display solutions for its clients. Innolux also expanded into the semiconductor field by using fan-out panel-level packaging technology to revitalize its production line for the previous-generation TFT-LCD panels; the repurposed production line will contribute to the company's continuing growth and is expected to enter mass production in 2024.

### 3.1.1 Technological Innovations and Breakthroughs

As the consumer electronics industry matures, the panel industry is faced with a turning point in product applications. Innolux is diversifying by harnessing its R&D resources and technological prowess to expand into the semiconductor industry in order to garner new business opportunities in advanced packaging, thus demonstrating the value of business transformation. In 2023, Innolux invested NT\$12.01 billion (5.67% of its total revenue) into research and development. The company currently has 3,743 R&D employees (10.31% of all employees), which is slightly lower than the previous year's percentage.




Innolux received recognition for its R&D capability in the Ministry of Economic Affairs' 32nd Taiwan Excellence Awards. Of the 7 awards given to Innolux, the Taiwan Excellence Silver Quality Award we received for the AI+ Inno-Gallery Display in particular is a testament to our extensive R&D expertise.


#### ◆ R&D expenditures in recent years



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Display

Large-screen smart solutions	
Product	Technical features
	Innolux collaborated with subsidiary PanelSemi Corporation to build the 130" AM Mini LED TV—the industry's first large-size, ultra-fine pixel pitch display— using its proprietary circuit driven display production process. The product features a brightness adjustment mechanism powered by Pulse-Amplitude Modulation (PAM) technology, which allows for high-definition clarity, ultra-low reflectivity, soft eye-friendly lighting, and low power consumption.
130" AM Mini LED TV	
	This product is the world's first flexible large e-paper module and is a sustainable product that is highly readable, light weight, super energy efficient, and creates zero light pollution. It is suitable for advertising displays and designed to meet clients' needs for dynamic, environmentally-friendly energy-efficient displays with zero light pollution.
28" Flexible Advanced Color ePaper	
	The iLC Papuros display is a reusable replacement for paper that can be used in ereaders and signage. It is a reflective LCD display with high reflectivity, high color gamut, low power consumption, and no harmful blue light that offers environmentally friendly, energy-efficient, and eye-friendly features, making it suitable for educational, retail, traffic, and medical purposes.
Multifunctional iLC Papuros Display	
	This product features full lamination and backlight module technologies that reduce kiosk thickness from the current 15 cm to 5.5 cm, both saving space and allowing for the brightness to be adjusted separately on either side to suit differing content needs.
Ultra Thin Dualscreen Smart POS	

Smart portable solutions	
Product	Technological features
	In response to the global artificial intelligence trend, Innolux released the AI+ Inno-Gallery Display, an innovative new product that combines innovations in art, technology, and AI, and offers an ultra realistic, high-quality, low-reflective, and eye-friendly display for paintings. The product also utilizes AI Generated Content (AIGC) to meet the need for varied, dynamic graphics, seizing cultural business opportunities through the fusion of AI and digital media.
AI+ Inno-Gallery Display	
	This product features Innolux's proprietary N3D display system and cloud-based AI, to help eliminate the motion sickness and discomfort that some experience after long exposure to 3D displays; it can also quickly convert 2D images into stereoscopic 3D images for an immersive experience.
13.3" N3D Digital Photo Frame	

Smart medical solutions	
Product	Technological features
	Innolux collaborated with Taipei Medical University Hospital to develop this product, which uses proprietary advanced optical imaging technology to perform automatic large-area scanning of liquid sample slides placed inside a sealed observation chamber. AI-assisted image recognition is employed to improve testing efficiency and overcome the fatigue experienced by medical technologists after long hours of work and the infection risk posed by exposure to hazardous samples.
Liquid Cell Digital Photographic Analyzer	



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Advanced packaging	
Product	Technological features
	Innolux expanded into advanced semiconductor packaging by repurposing the existing 3.5G panel production line to manufacture fan-out panel-level packaging products, marking the world's first case of repurposing a panel production line for semiconductor packaging applications. With the help of the ITRI, we overcame the issue of panel warpage and reduced the chance of breakage and loss. The technological advantages of the product—including higher I/O count, smaller size, better performance, and lower power consumption—provide our clients with competitive pricing and help them achieve higher profits.

Fan-out panel-level packaging (PLP)


Product Market Share

According to Omdia statistics, Innolux's market share of the following products is as follows:

◆Market share of display products worldwide in 2023

Large-screen smart solutions		
Product (by application)	Market Share	Ranking
LCD TV panels	15.3%	4
Display panels	7.4%	6

Smart mobility solutions		
Product (by application)	Market Share	Ranking
Notebooks (excl. laptops)	19.4%	3
Tablet display panels	16.3%	2
Smartphone display panels	8.0%	3
Automotive display panels	7.2%	6

Smart mobility	
Product	Technological features
	This camera is the outcome of a collaborative R&D effort between Innolux and US-based strategic partner Obsidian Sensors, Inc. By repurposing our LTPS 3.5G fab, we were able to utilize our world-leading MEMS on glass technology and production process to develop this thermal camera, which can detect infrared thermal radiation emitted by heat sources and produce clear thermal images both day and night, even when visibility is affected by backlighting or dense smoke. The product's future applications in driver assistance systems will greatly improve pedestrian detection, enhance road safety, and reduce traffic accidents.

VGA infrared thermal camera

◆Primary markets for our products in 2023



Source :  
LCD TV panels / Display panels / Notebooks (excl. laptops) :  
Omdia Large Area Display Market Tracker 4Q23 Database v3 (Published on 2024/3/1)  
Sheet: Shipment Share  
Tablet display panels :  
Omdia Tablet and Notebook Display OEM Market Tracker 4Q23 Database (Published on 2024/3/22)  
Sheet: Panel Shipment Pivot  
Smartphone display panels :  
Omdia Smartphone Display Market Tracker History 4Q23 Pivot (Published on 2024/3/11)  
Sheet: Unit Share  
Automotive display panels :  
Omdia Automotive Display Market Tracker Pivot History 4Q23 (Published on 2024/3/8)  
Sheet: Shipment Share

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## 3.1.2 Intellectual Property Management

To achieve our vision of Innolux Sustainability DNA Co-creating a Better World, based on core business capabilities, Innolux incorporates the environment, society, and governance into decision-making, formulates three sustainable development approaches—Drive towards a cleaner environment, Nurture a co-prosperity, and Achieve optimal corporate governance.

**Environmental Issues:** By developing and producing green products and applying for green product patents, Innolux aims to protect the natural environment through innovative technology, bringing a better life to the public.

**Social Issues:** Innolux has proposed a pioneering Net-Zero carbon emissions environmental education program, which aims to lay the groundwork for sustainability in elementary school education and inspire students to understand climate and the environment. Additionally, during the COVID-19 pandemic, Innolux collaborated with Chi Mei Medical Center to develop an "Intelligent Vaccine Dosing Filling Machine," demonstrating the company's commitment to pandemic prevention alongside the medical system and overcoming the challenges together.

**Corporate Governance Issues:** To aboost Innolux's competitive edge, raise the industry bar, and enhance our corporate image, we have established an intellectual property policy based on our operational objectives and R&D resources. We also monitor global market trends to identify potential key next-generation technologies and seize opportunities in patent portfolio development to maintain Innolux's technological lead in the industry and secure our future operational capacity. Additionally, we have implemented intellectual property classification management to boost the value of our intellectual property.

Innolux's Taiwan site received Class-A certification from the Taiwan Intellectual Property Management System (TIPS) for the first time in 2022 and did so again in 2023, demonstrating the company's determination to strengthen its intellectual property management.

### ◆ Intellectual property policy

- 1 Continued implementation of intellectual property portfolio development strategy for key technologies
- 2 Inventory of patent arsenal and strengthening of IP monetization
- 3 Enhancement of employee knowledge regarding intellectual property
- 4 Implementation of intellectual property rights management



### ◆ Intellectual property rights management

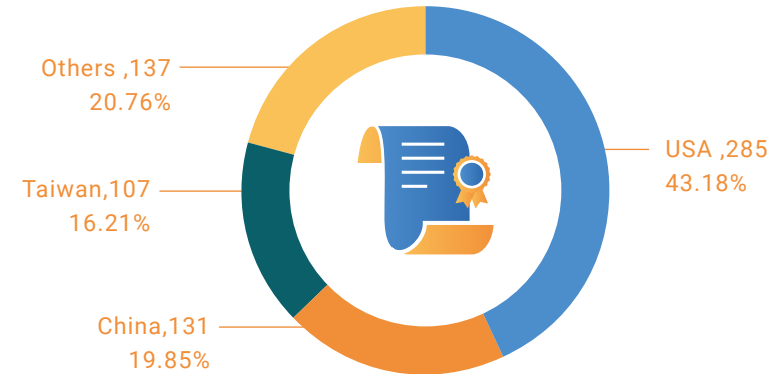


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## R&D Patent Portfolio Development Strategy

Regarding Innolux's patent portfolio development strategy and protection measures, the company has long focused on the strategic planning of its patent portfolio, including talent development, proposal reviews, incentives, post-approval evaluations, and liquidity enhancement. We have also established a patent management system to create a comprehensive management framework and strengthen the company's patent acquisition and utilization of its patent portfolio, which currently consists of 13,390 patents issued worldwide. Innolux received approval for around 660 patents worldwide in 2023, with 285 issued in the U.S. We are recognized as a top 300 U.S. patent holder for the 5<sup>th</sup> consecutive year (in the top 150 in 2023) and the 7<sup>th</sup> largest patent applicant in Taiwan.

### ◆ Patents approved in 2023



## Patent Proposal and Incentive System

To encourage R&D, improve patent quality, and enhance patent management efficiency, Innolux formulated its Patent Management Regulations as the basis for patent proposals, applications, and bonuses. We also established the Patent Evaluation Committee, which is convened by the head of the intellectual property department and is comprised of management personnel who possess technical expertise and familiarity with market information. The committee holds regular meetings to select proposals suited for patent application and evaluate the classification level and filing countries for the applications; inventors whose proposals are approved are awarded bonuses by the company.

## Green Product Patents

Innolux is committed to the development and production of green products and believes that green product patents not only create added value but also support environmental protection and enhance public wellbeing through technological innovation. Based on the World Intellectual Property Organization (WIPO) Green Inventory classification, Innolux received approval for 105 green product patents worldwide in 2023, raising the total number of green product patents to 490.

Among said 490 green product patents, more than 90% patents are related to low-energy lighting category (such as energy-saving display technology OLED/micro LED, energy-saving backlight design, process technology to reduce energy consumption and consumables, material optimization to reduce harmful substances or to improve performance ...etc.), and the rest 10% patents are related to power supply circuitry category (such as circuit design to improve performance or reduce energy consumption), which are all related to the goal of energy conservation.

Innolux will continue to apply patent applications related to green product and promote colleagues to develop various green technologies to contribute to the earth's environment.

### ◆ Green product patents approved in 2023





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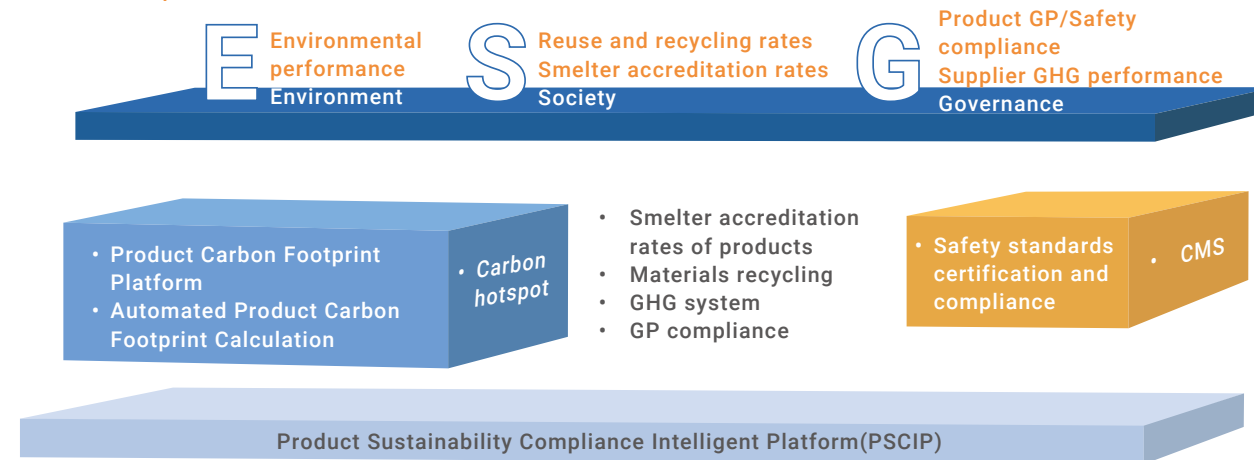
## 3-2 Sustainable Manufacturing

GRI : 2-23、2-24、2-25、302-5、403-7、416-1

Innolux conforms to international regulations and international standard and certification requirements, as well as clients' regulations to meet client requirements for sustainable products. From the early design stage to the end-of-life stage, we take the environmental impact and resource consumption into account as we transition towards a sustainable corporation by implementing three aspects of sustainability: environmental sustainability (environment), responsible procurement (society), and compliance management (governance).

To achieve environmental sustainability, we examine product life cycles to find opportunities for carbon reduction and waste elimination and strive to strike a balance between cost and low-carbon design. We take the necessary measures ensure responsible procurement and we adhere to our conflict free minerals policy. We also demand compliance from our suppliers and actively promote sustainable common good through carbon disclosure, reduction, and management in our supply chain. To optimize compliance management, we enforce supply chain compliance with international regulations and international standard and certification requirements, as well as clients' regulations, so as to ensure product safety compliance.

### ◆ Management of product ESG performance



### 3.2.1 Product Safety

In order to protect the environment and mitigate impacts on the ecosystem, Innolux ensures the compliance of our products and the materials we use with international regulations and client requirements by regularly updating our Controlled Substance Management Regulations, which serve as the basis for ensuring that all components, materials, and other items used meet Hazardous Substance Free (HSF) requirements. In 2023, no violations of health and safety regulations were found in Innolux products and services.

### Hazardous Substance Management

Innolux ensures compliance with the EU Restriction of Hazardous Substances Directive (RoHS), the REACH Regulation, the Waste Electrical and Electronic Equipment (WEEE) Directive, the U.S. Toxic Substances Control Act (TSCA), California's Proposition 65 (CP65), and other hazardous substance control regulations. We have also obtained certification for the QC 080000:2017 Standard for Hazardous Substance Process Management (HSPM) issued by the International Electrotechnical Commission (IEC), thus ensuring that our products meet our clients' expectations as well as the aforementioned international regulations.

In 2023, the number of hazardous substance categories managed by Innolux remained at 65, with the management of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) further tightened to align with the EU's policy proposal (submitted in February 2023) to ban PFAS by 2026. We also added Extended Producer Responsibility (EPR) as a part of our commitment to promoting circular economy and designing and producing more sustainable products.

Innolux will continue to implement the hazardous substance management system and move towards our goal of compliance and non-toxic sustainability to meet client expectations and boost the company's competitive edge.



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Product Certification

Innolux is dedicated to the improvement of its R&D capabilities and the development of advanced technologies. In order to meet local environmental regulations, safety certifications, and energy-saving regulations, and to provide consumers with healthy, safe, and reliable products, we have obtained a variety of international certification marks that give our products added value and market acceptance and credibility, and boost consumers' confidence in our products.

To ensure product compliance with local quality standards and client requirements, Innolux ensures that the products we produce pass international safety certifications, including BSMI certification (Taiwan), UL, FDA, and FCC certifications (the United States), CCC and CECP certifications (China), CE certification (the EU), Eyesafe certification (Germany), BEAB certification (the United Kingdom), PSE and S-Mark certifications (Japan), BEE and BIS certifications (India), and TISI certification (Thailand). The company's product safety certification procedures begin with the filing of product certification applications by product managers. Professional Innolux teams then verify the products' compliance with the necessary standards and regulations and, after verification, send the products to the laboratories of external certification bodies to be tested. Once all the necessary steps— filing, sample submission, testing, certificate issuance, and on-site inspection—for a product have been completed, the product will receive a qualification report and certificate. In 2023, the revenue generated by safety-certified products accounted for 0.58% of Innolux's total revenue.

◆Product compliance certifications



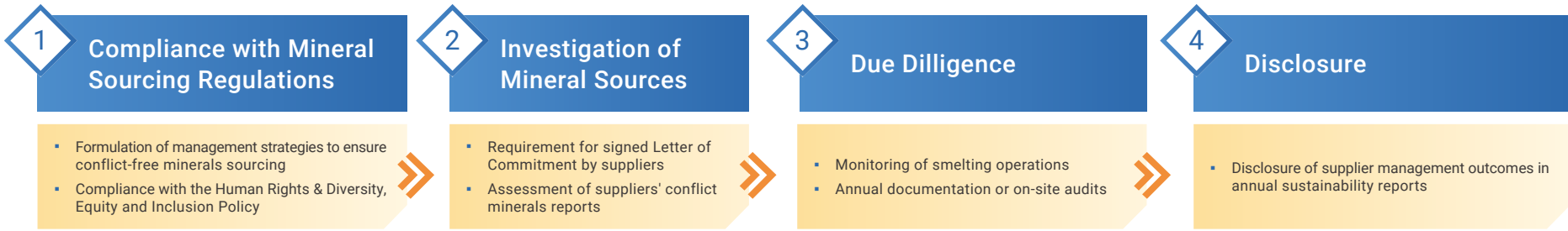
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Conflict Mineral Management

Innolux prohibits the use of conflict minerals (CM) such as tantalum, tungsten, tin, gold, cobalt, and mica obtained in the Democratic Republic of the Congo and its surrounding area due to human rights abuses there. In 2023, we formulated the Human Rights & Diversity, Equity and Inclusion Policy and required compliance with the policy and a commitment to human rights protection from Innolux and its subsidiaries. To build a sustainable supply chain, we insist on responsible procurement and production to ensure that no conflict minerals or illegal timber is used in our supply chain.

Innolux joined the Responsible Minerals Initiative (RMI) in 2022 to conduct due diligence on the sourcing of critical materials (tantalum, tin, gold, tungsten, cobalt, mica, and lithium) and ensure that all products meet the requirements for zero conflict minerals. In addition to incorporating the RMI list and critical materials information into our decision support platform, we have secured the latest list of qualified smelters and established a smelter certification center within our Product Sustainability and Compliance Intelligent Platform to reinforce our management framework, thereby ensuring that the materials used in the manufacture of our products are sourced from qualified smelters.

Conflict mineral management procedures



Conflict mineral risk management

Management strategies and measures	Medium- to long-term development goal
<ul style="list-style-type: none"><li>Enforcement of conflict-free minerals policy</li><li>Selecting qualified suppliers</li><li>Selecting compliant materials</li><li>Smelter monitoring</li><li>Annual smelter auditing</li></ul>	<ul style="list-style-type: none"><li>Use of materials sourced only from qualified smelters</li></ul>
2023 Result	2024 Targets
<ul style="list-style-type: none"><li>Certification rate<sup>1</sup> of 92% or more among medium- and high-risk<sup>2</sup> smelter suppliers handling 3TG<sup>3</sup></li><li>97.8% or more of all medium- and high-risk suppliers completed the cobalt and mica nventory</li></ul>	<ul style="list-style-type: none"><li>Certification rate of 90% or more among medium- and high-risk smelter suppliers handling 3TG<sup>4</sup></li><li>98% or more of all medium- and high-risk suppliers complete cobalt and mica inventory</li></ul>

Note 1: Suppliers specified by clients are excluded from the calculation of certification rates.

Note 2: High-risk: suppliers from which Innolux sources 3TG minerals and which have not received certification for all smelters; medium-risk: suppliers from which Innolux sources 3TG minerals and which have received certification for all smelters; low-risk: suppliers who do not meet the above conditions.

Note 3: 3TG refers to tantalum, tungsten, tin, and gold.

Note 4: The objectives for the following year remain unchanged due to geopolitical unrest and the resulting international sanctions imposed on energy and mineral resources.



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## Intelligent Management

### Product Sustainability and Compliance Intelligent Platform (PSCIP)

Innolux established the Product Sustainability and Compliance Intelligent Platform to implement automated, intelligent management that improves operational efficiency and ensures the use of materials compliant with client requirements, international standards, and local regulations.

#### Advantages of the PSCIP:

- The platform automatically opens new cases for different part numbers based on product needs. It is also integrated with a certification center to help suppliers disclose compliant materials information, which the system automatically references to provide recommendations on the disassembly of parts, thereby improving operational efficiency.
- Supplier case management system helps suppliers navigate the component approval process.
- Implementation of fully-automated, high-efficiency, and time-sensitive supply chain management can effectively improve operational efficiency and mitigate risks.



#### ◆ PSCIP operation management



## 3.2.2 Product Eco-Design

Innolux has established intelligent platforms that utilize the Life Cycle Assessment (LCA) to conduct analyses of our products over five stages (raw materials, production, transportation, use, recycling, and disposal), obtain environmental impact assessment results and carbon footprint, and seek out carbon reduction opportunities to facilitate the continued development and production of environmentally-friendly products.

## Intelligent Management

### Carbon Regulation and Compliance Monitoring System

To ensure continuing regulatory compliance, we established the Carbon Regulation and Compliance Monitoring System to monitor regulatory changes and track the latest legislative developments, granting us the ability to effectively develop countermeasures against carbon impacts.

#### Features:

- AI-powered natural language analysis, machine learning, and summarizing functionalities provide accurate information on the latest news, government executive orders, trending keywords, and word cloud suggestions.
- Push notifications for personal mobile devices allow users to obtain the latest information without being limited to using computers to access messages.
- Monitoring of highly sensitive keywords such as 'carbon tax' and 'carbon fees' allows for the timely development countermeasures and the prevention of incidents involving non-compliance from occurring.



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## Product Carbon Footprint Calculation System

Regarding the materials we use, we established the Product Carbon Footprint Calculation System to automatically calculate the carbon footprint of both the materials used and throughout the product life cycle. Understanding the carbon emissions produced at different stages of the product life cycle allows us to select suitable components and materials during product design and development.

### Features:

- Integration of ISO 14067:2018 standard for product carbon footprint quantification and reporting into the system.
- Internally, the bill of materials and the component makeup are incorporated into the system, allowing us to quickly determine the amount of carbon emissions produced during the raw materials stage.
- Externally, the system features a comparison function that allows us to analyze the carbon emissions of key parts and materials on the market, weigh the pros and cons of our products, and by comparing our products with others on the market, help the development departments conduct low-carbon design evaluations of carbon hotspots and identify opportunities for carbon reduction.
- To prepare for any future carbon fees or tax imposed on our products, we included our products' structural and production history information to allow for quick assessment of carbon emissions at different stages of production.

### ◆ Raw materials stage - product carbon footprint breakdown



### ◆ Operating procedures of the Product Carbon Footprint Intelligent Platform



## Product Carbon Footprint Intelligent Platform (PCFIP)

To support low-carbon product design, we established the Product Carbon Footprint Intelligent Platform to take overall carbon reduction and costs into account and provide the best combination of recommendations to help design departments accelerate development and boost the competitiveness of our green products.

### Features:

- Intelligent AI-powered simulation generates recommendations for carbon reduction measures and implementation plans.
- Carbon reduction measures are devised based on carbon hotspots to determine the carbon-abatement cost curve, which allows for quick assessment by product design departments.
- Carbon reduction targets are used to find the most suitable carbon reduction combinations through recommendations generated by AI models, allowing us to find high-performing, cost-effective solutions that meet our carbon reduction targets in product design and development.
- Optimal carbon reduction pathways are recommended to achieve gradual carbon reductions and achieve outcomes that meet clients' carbon reduction targets while fulfilling our carbon reduction commitment.

### ◆ PCFIP operating interface



### ◆ Carbon-abatement cost curve



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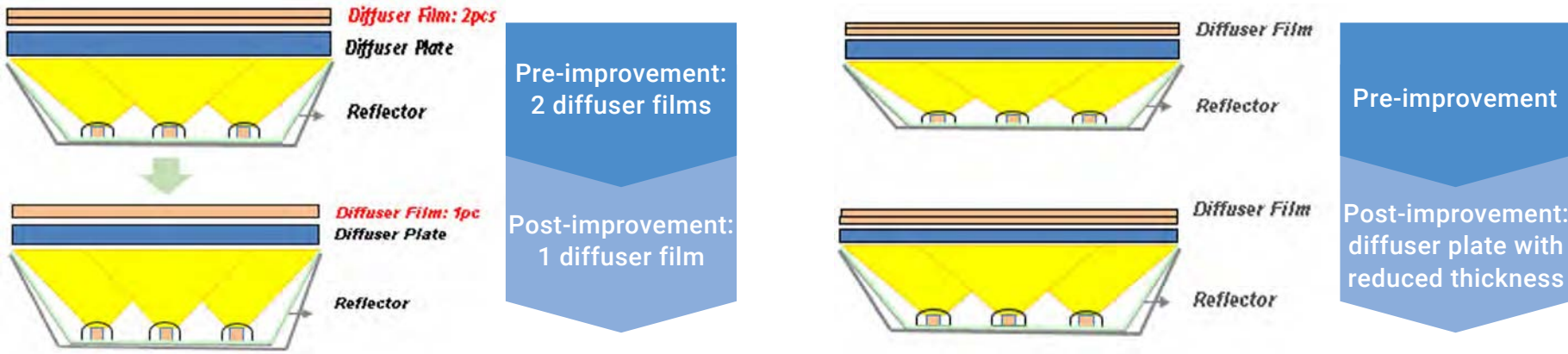
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Green Product Innovation

Innolux is committed to the development of environmentally friendly green products and expanding the production of non-toxic, energy-efficient, material-efficient products. To do our part for environmental sustainability, we take the energy consumption and environmental impact of our products into consideration at each stage of their life cycle—materials selection, production, shipping, use, and end-of-life disposal—and strive to reduce carbon emissions and the use of resources and energy, so as to minimize our environmental impact and fulfill our clients' expectations for sustainable products.

Item	Technology	Description	Benefits	Carbon reduction volume <sup>Note</sup>
Material efficiency	Diffuser film with reduced thickness	Reduction in weight thanks to less diffuser film and plate used; improvement in portability and energy efficiency	Reduction in diffuser film thickness from 2 layers to 1 layer led to 46.5% weight decrease	Estimated carbon reduction volume is 1.06 KgCO <sub>2</sub> e per unit; 823,831 units were shipped in 2023, for a total carbon reduction of 905 tCO <sub>2</sub> e.
	Diffuser plate with reduced thickness		Reduction in diffuser plate thickness of 40" products from 1T to 0.8T, led to 20% weight decrease	Estimated carbon reduction volume is 0.69 KgCO <sub>2</sub> e per unit; 823,853 units were shipped in 2023, for a total carbon reduction of 590 tCO <sub>2</sub> e.
			Reduction in diffuser plate thickness of 50" products from 1.5T to 1.2T led to 20% weight decrease	Estimated carbon reduction volume is 1.01 KgCO <sub>2</sub> e per unit; 335,138 units were shipped in 2023, for a total carbon reduction of 350 tCO <sub>2</sub> e.
			Reduction in diffuser plate thickness of 24" products from 1T to 0.8T led to 24% weight decrease	Estimated carbon reduction volume is 0.15 KgCO <sub>2</sub> e per unit; 249,969 units were shipped in 2023, for a total carbon reduction of 38 tCO <sub>2</sub> e.

Note: The carbon emission factor used in the calculation of carbon reduction volume was provided by Ecoinvent 3.9.1\_SimaPro 9.5.0.1.





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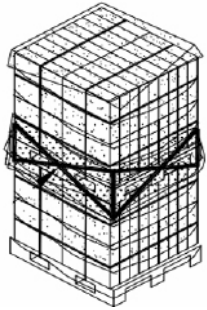
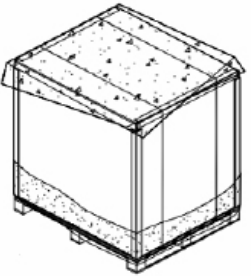
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Item	Technology	Description	Benefits	Carbon reduction volume <sup>Note</sup>
Material efficiency	Highly integrated IC design	Multiple IC modules with different functions used in laptop products combined into a single integrated TconEmbedded Driver (TED) IC to achieve energy and material efficiency.	Design integration of six ICs with different functions into one multifunctional TED IC led to an 83% reduction in the number of ICs used.	Estimated carbon emission reduction of 22,576 KgCO <sub>2</sub> e per unit; a total of 43,629 units were shipped in 2023 for a total carbon reduction of 984,952 tCO <sub>2</sub> e.
Energy efficiency			Reduction of power consumption in products from 0.482 mW to 0.269 mW, a drop of 44%.	

Note: The carbon emission factor used in the calculation of carbon reduction volume is the factor for the year 2022 provided by the Energy Administration, Ministry of Economic Affairs of the Republic of China.



Item	Technology	Description	Benefits
Transportation	Load factor optimization	Improve load factor by switching to stacked pallet packaging for shipping	<ul style="list-style-type: none"><li>Increased shipping volume with twice the load factor</li><li>Reduced fuel consumption and carbon emissions in shipping</li><li>Reduced costs from shipping container rentals and shipments</li></ul>



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## 3-3 Client Relationship

GRI : 418-1

We value our clients and strive to meet their needs and expectations. The use of intelligent tools gives us flexibility in our decision-making, paving the way for us to provide high-quality products and services that meet customer-end demand for software/hardware integration. By winning our clients' trust, we establish solid and lasting partnerships and achieve win-win outcomes.

### 3.3.1 Customer Quality Management

With the goal of becoming the world's top provider of display systems, Innolux established the Innolux Quality Management System pursuant to the IATF 16949 automotive quality management system requirements as well as the ISO 9001:2015 standard for quality management systems. We also follow the Plan-Do-Check-Act (PDCA) cycle to ensure effective operation of the system and continued increase in its effectiveness.

In addition to ensuring the compliance of our panels, intelligent automation products, and aerospace products with the quality management system standards, we plan to incorporate the ISO 9001:2015 standard in 2024 and the IATF 16949 standard into our advanced packaging business for PLP solutions in Q4 2024, so as to meet our clients' requirements and expectations.

#### Customer satisfaction

Vision ► Mission ► Strategy



#### ◆ Quality policy

Collaboration and empowerment of innovation,  
Utilization of smart technology,  
Optimization of technical and managerial capabilities,  
Comprehensive solutions provided through working with key partners,  
Continuous improvement to achieve new heights in quality,  
Value Co-Creation with Clients

### Skill Building

In order for employees to remain competitive by improving their skills and professional competencies in the rapidly changing corporate environment, Innolux holds annual QM seminars and book clubs for new employees. In 2023, we launched the QMC talent development program to offer quality management training courses (e.g., Green/Black Belt course for quality engineers and reliability engineers) to help employees develop quality management knowledge and skills via courses and hands-on learning in today's fast-changing working environment, and to apply what they learn to our fab operations. We also encourage employees to obtain Certified Quality Engineer (CQE) and Certified Reliability Engineer (CRE) certificates from the Chinese Society for Quality. In 2023, five employees obtained the CQE certificate, and one employee obtained the CRE certificate.



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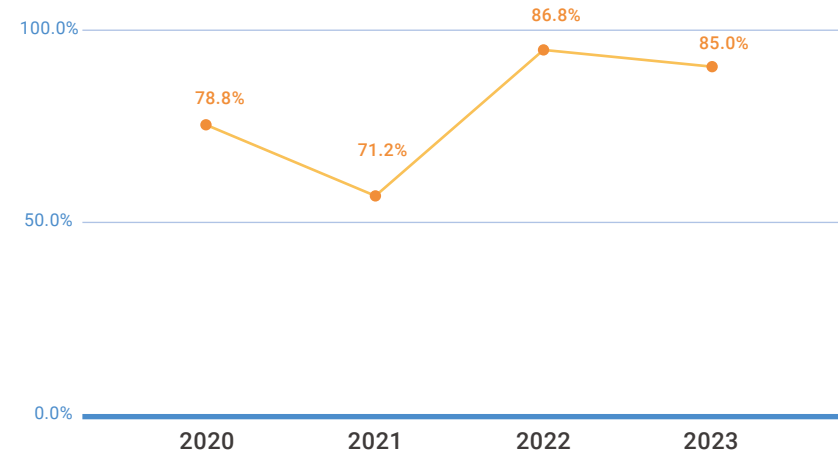
### 3.3.2 Client Service

Client satisfaction is our mission at Innolux, and we accomplish it using a big data collection system enhanced by our intelligent analysis and diagnosis. We also utilize quality indicators to conduct risk prediction and maintain client relationships to accurately determine client rankings, which allow us to quickly implement improvements and meet our clients' expectations, thereby achieving the mutually beneficial outcomes of value creation and building client rapport.

#### Client Satisfaction Survey

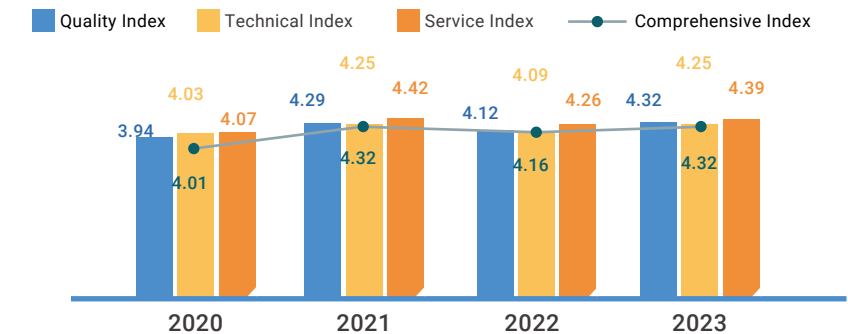
Client feedback and satisfaction surveys are an opportunity for continuous improvement and service enhancement. Every year, Innolux conducts a client satisfaction survey of clients showing growth potential and those with prominent or leading roles in their fields, as well as OEM partners with large production volumes. The survey examines three major indices—quality, technical, and service—and allows us to collect suggestions and feedback from our clients, perform data analysis, and develop suitable improvement plans that further improve product quality and strengthen client relationships. In 2023, we conducted a satisfaction survey of 40 clients, which accounted for 80% of the Company's shipment area; the response rate was 85.0%.

#### ◆ Client satisfaction survey response rate in the past four years



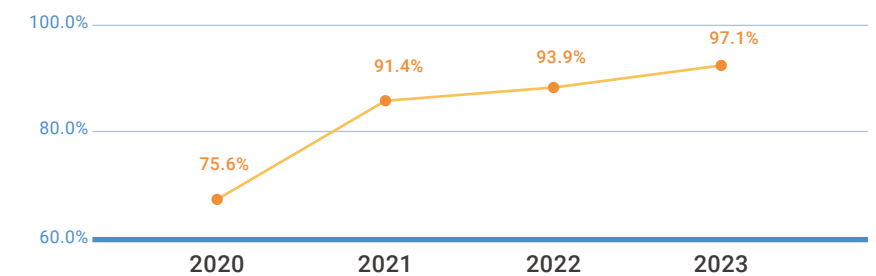
Innolux continuously improves the quality of its products to increase client satisfaction rates. We also perform on-site checks and offer on-site technician services to promptly resolve any issues reported by our clients. We have established Task Forces team to handle major incidents and carry out quality improvement projects jointly with our clients. The client satisfaction rates we received for the quality, technical, and service indices in 2023 were higher than those of the preceding year, with a mean index value of 4.32 and with every index value meeting our self-set target of 4.

#### ◆ Analysis of client satisfaction rates in the past four years



In the past four years, Innolux has seen an upward trend in client satisfaction rates, which reached 97.1% in 2023, surpassing our goal of 95% for that year. The company will continue to improve product quality and strengthen our relationships with our clients as we move toward our sustainable development goals for 2030: a satisfaction rate of 98%.

#### ◆ Client satisfaction rates, 2020-2023





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## Responses to Client Sustainability Surveys

Innolux values communicating with its clients on ESG topics. In 2023, we responded to sustainability surveys received from 148 clients, an 83.87% increase compared to 2022. Every year, we use the RBA Self-Assessment Questionnaire (SAQ) to evaluate our operational risks and management systems in four areas: labor, health & safety, the environment, and ethics. In 2023, all of our sites achieved a score of 90% or above and qualified as Low Risk (85% or above). At our clients' request, we also underwent 8 sustainability audits, 6 of which were RBA Validated Assessment Program (VAP) audits conducted by independent third-party auditors at our sites in Tainan, Kaohsiung, Ningbo, Foshan, and Nanjing. The complete audit reports were disclosed to our clients and other stakeholders through the RBA-Online platform. Furthermore, we exchanged experience in environmental protection and diversity, equity, and inclusion (DEI) with 5 of our clients. The clients conducted on-site inspections of our performance in circular economy (see sections 5.5 [Water Management] and 5.7 [Circular Green Factory]), energy savings and carbon reduction (see section 5.3 [Greenhouse Gas Management]) and employee care (see sections 4.1.5 [A Warm and Welcoming Workplace] and 4.3.2 [No Workplace Communication Gaps]) and expressed satisfaction with the implementation status. Innolux is committed to growing together with its clients and working together towards a sustainable future.

### ◆ Clients' ESG concerns

Aspect	Topic of Concern	Our Response
Labor and human rights	<ul style="list-style-type: none"> <li>Forced labor</li> <li>Freedom of employment choice</li> <li>Working time and attendance management</li> <li>Grievance and communication channels</li> </ul>	Innolux complies with the RBA Code of Conduct and reimburses migrant workers' recruitment fees. Regarding working hours, we raised internal awareness of the related regulations and adjusted our quarterly production plans according to future production capacity. We also established accessible and efficient communication and grievance channels for both internal and external stakeholders to facilitate mutual development. Internal audits are also conducted annually to ensure improvement and effective operational management.
	Supply chain management	In 2023, we included the working hours and employment process of our service providers as major areas of focus in our supplier audits, thereby mitigating Innolux's supply chain human rights risk.
Environment	<ul style="list-style-type: none"> <li>Science Based Targets initiative (SBTi) targetsetting progress</li> <li>Renewable energy use</li> <li>Product carbon footprint disclosures</li> </ul>	Innolux passed the SBTi review in 2023 and pledged to a 15% reduction in Scope 1 and Scope 2 GHG emissions against the 2020 levels by 2026. We also established various environmental indicators and disclosed our carbon management performance through CDP and sustainability reports. For more information, please refer to section 5.3: Greenhouse Gas Management

## Client Recognition

Innolux is highly regarded by its clients due to the exceptional product and service quality we provide. In 2023, we received recognition from four of our clients, demonstrating our effective management of the relationships between Innolux and its clients.

### ◆ Awards received from clients in 2023

Client and Award Name	Description
SKYWORTH Quality Award	<ul style="list-style-type: none"> <li>Top quality performance of the year</li> <li>Most efficient on-site service</li> <li>Prompt and effective quality improvement</li> </ul>
Wistron Quality Excellence Award	<ul style="list-style-type: none"> <li>Top performance in overall quality</li> </ul>
COMPAL Best Quality Award	<ul style="list-style-type: none"> <li>Top performance in customer satisfaction</li> <li>Top performance in Verified Line Reject Rate (VLRR)</li> <li>Lowest customer complaint rate for Line Reject (LR) and Field Reject (FR)</li> <li>Higher level of cooperation than competitors</li> </ul>
SAMSUNG SLQE Award	<ul style="list-style-type: none"> <li>Top performance in quality evaluation</li> <li>Outstanding performance in market, VLRR, and quality strategies of the year</li> </ul>



### 3.3.3 Client Privacy

To ensure the protection of personal data and privacy, Innolux formulated the Employee Code of Conduct, Innolux Corporate Social Responsibility Best Practice Principles, and Supplier Corporate Social Responsibility Code of Conduct Operating Standard to demand compliance from employees, contractors, and subcontractors, and ensure that all internal and external business partners maintain compliance with local regulations and client requirements. We also require all personnel to maintain confidentiality when handling the personal data of all parties (including suppliers, clients, consumers, and employees) in accordance with the relevant laws and company regulations. Any violations of privacy and theft of personal data is strictly prohibited. Between 2020 and 2023, we did not receive any complaints regarding violations of client privacy or loss of client data; we also did not receive any complaints or fines from external authorities.

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## 3-4 Supply Chain Management

GRI : 2-6 、 2-23 、 2-24 、 2-25 、 203-2 、 204-1 、 305-5 、 308-1 、 308-2 、 414-1 、 414-2

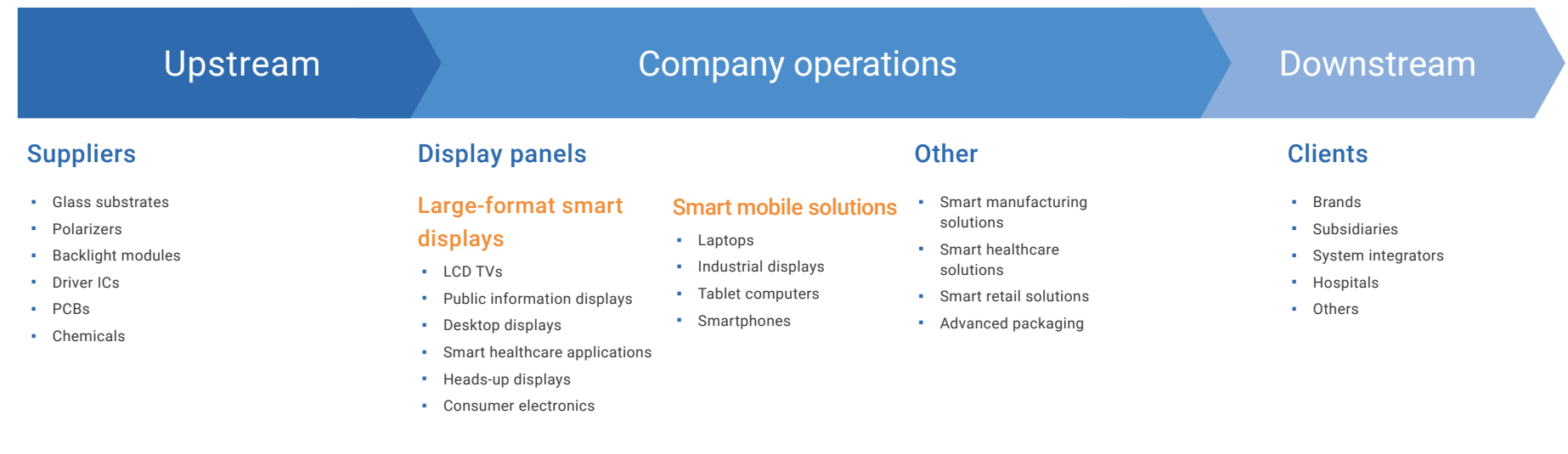
Effective supply chain management plays a crucial role in boosting organizational competitiveness. To ensure supply chain resilience, Innolux attaches great importance to product quality, delivery, and price, and we encourage our suppliers to monitor their social and environmental impacts, safeguard human rights, and pursue co-prosperity with society. Ultimately, we hope to work with our suppliers to create sustainable value.

### 3.4.1 Supply Chain Overview

For streamlined supplier and procurement management, our supply chain mostly consists of suppliers and contractors that provide equipment, raw materials, essential components<sup>Note</sup>, outsourced manufacturing, and transportation services. Innolux's key material and component suppliers are primarily based in Taiwan, China, the United States, Japan, and South Korea. Innolux provides extensive product solutions for high-end information products and consumer electronics manufacturers around the world. Thanks to our global presence, our clients can expect the most timely and comprehensive service from us. Currently, most of our manufacturing activities are base in Taiwan and China.

Note: Key components include glass substrates, color filters, polarizers, backlight modules, driver ICs, PCBs, and chemicals.

#### ◆ Industry value chain



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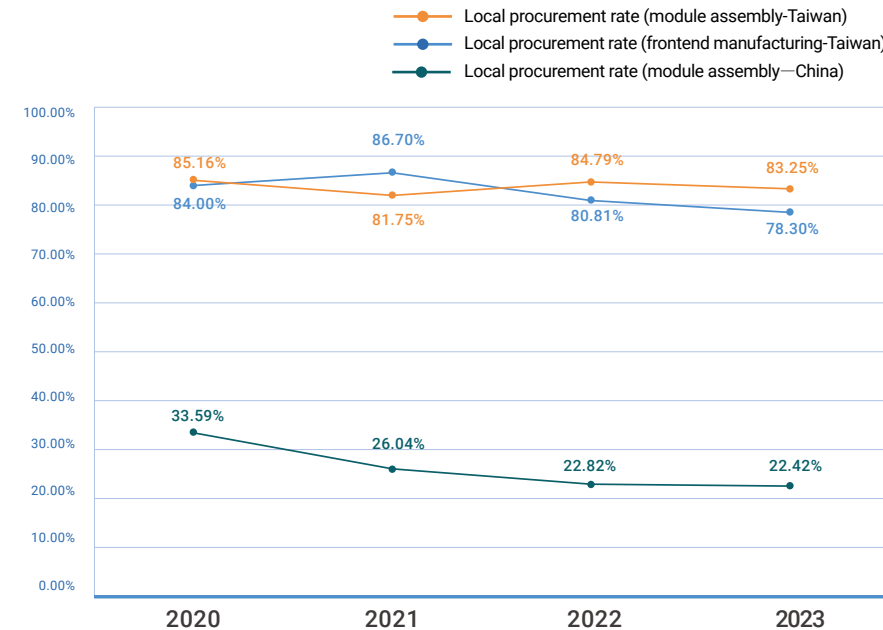
## Local Procurement<sup>Note</sup>

Innolux actively promotes the formation of industry clusters to encourage the localization of production and supply chains, which not only shortens product delivery schedules and saves transportation costs, but also reduces the carbon footprint of transportation and boosts local economic development.

We conducted a procurement analysis of front-end (manufacturing) and back-end (module) processes across our Taiwan sites and determined that on average, 78.30% and 83.25% of our purchases were made locally in 2023. Primarily responsible for back-end module processes, our sites in China sourced 22.82% of their 2023 procurement locally, which was slightly lower than the year before mainly due to cost optimization and supply chain risk hedging. Innolux will continue to support local suppliers without compromising quality, delivery schedules, service standards, supply stability, and cost competitiveness.

Note: Local procurement refers to procurement sourced from suppliers in the same geographical region as Innolux. Percentages are based on net procurement amount.

### ◆ Local procurement trend in the most recent four years

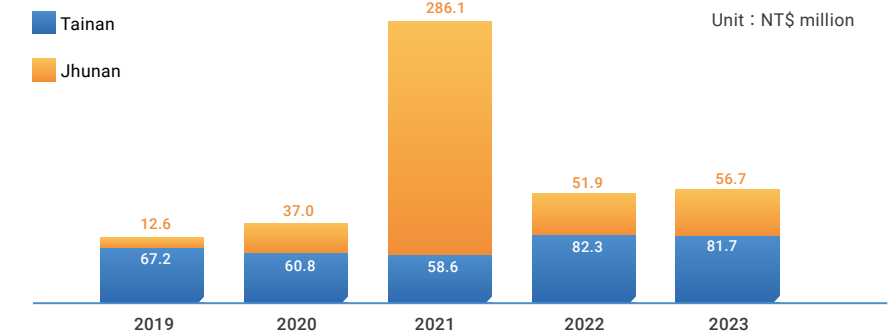


## Green Procurement

Green procurement is an important part of Innolux's sustainability development initiative. Our procurement strategy prioritizes products and services that produce little pollution, have eco-friendly certification, and are recyclable and energy efficient. In 2023, our green procurement reached NT\$138.4 million. The highest spending category was green dining (37%), followed by IT equipment (25%), which was the highest spending category in 2022. Packaging materials and carboard boxes came in third (19%), followed by green transportation (14%) and other spending (5%), which showed increasing green spending in green dining and green transportation for the people's livelihood. In the future, we will continue to implement green procurement and environmental sustainability initiatives at every unit, to build a green supply chain that is unique to Innolux.

Indeed, our green procurement efforts at our Tainan/Kaohsiung and Jhunan sites have led to their recognition as outstanding green procurement businesses by local environmental protection authorities.

### ◆ Green procurement trends across Taiwan sites<sup>Note</sup>



Note: Based on cost of procuring certified green products from our supply chain partners

## Green Logistics

Green logistics has become an indispensable element of global sustainable development. As a part of its Green Supply Chain Management (GSCM), Innolux implemented a wide range of green logistics initiatives to reduce pollution, conserve energy, and cut down on carbon emissions, all while maintaining high client satisfaction. We are replacing old, fuel-intensive vehicles, switching to more eco-friendly transportation modes, and increasing our warehouse and inventory efficiency. In doing so, we are not only moving towards a more sustainable future, but are also creating tangible financial benefits for our shareholders by reducing energy bills.

Innolux sees environmental protection as a crucial part of its supply chain management. Without compromising quality, we require our suppliers to play their part in safeguarding the planet Earth by replacing decades-old vehicles (trailers, in particular) with Euro 5/6 eco-friendly vehicles pursuant to environmental protection regulations. We also performs regular audits through the Supplier Vehicle Audit Checklist to ensure that we only work with eco-conscious suppliers who care for the land that we live on.

Our digitalized logistics management platform allows us to keep track of product shipments. Furthermore, we reuse import shipping containers to export goods, and we work with our logistics partners to deliver products through a combination of water- and land-based transportation options to clients and downstream partners located in areas inaccessible by large container ships in order to ensure speedy shipment, fulfill delivery commitments, and maintain supply chain stability. As a cost cutting and carbon reduction measure, we are also looking to reduce reliability on air transport, moving cargo via sea transport instead. In 2023, we achieved 1.64 million tCO<sub>2</sub>e in carbon emissions reductions. In the future, we will continue to work with our suppliers to reduce our collective carbon footprint by implementing sustainable logistics initiatives such as reusing import shipping containers for export cargo.



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## 3.4.2 Sustainable Supply Chain

Following review and approval by the Company's senior executives, we incorporated ESG risk management into our procurement system by formulating the Innolux Supplier Corporate Social Responsibility Code of Conduct Operating Standards and the Supplier Corporate Social Responsibility Self-Assessment Questionnaire (SAQ), which were informed by the Responsible Business Alliance (RBA) Code of Conduct, the UN Guiding Principles on Business and Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. We require suppliers to sign the Code of Conduct, carry out regular assessments of suppliers' ESG risk exposure, organize supplier engagement and compliance campaigns, and hold regular supplier meetings to ensure that our partners meet our best practice standards and prevent any potential ESG conflicts.

Meanwhile, we are asking suppliers to obtain ISO 9001:2015 (quality management systems), ISO 14001:2015 (environmental management systems), and ISO 45001:2018 (occupational health and safety management systems) certification. Key suppliers are also encouraged to join the RBA Validated Assessment Program (VAP) to boost sustainable competitiveness and become core partners of Innolux.

### Supply Chain Management Policy

We see all suppliers as collaborative partners, and we are committed to creating mutually beneficial relationships with our partners. We seek to build long-term partnerships to foster a sustainable supply chain and provide high-quality, environmentally responsible products for our clients.



Supplier Portal

#### ◆ Supplier ESG risk management procedures



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## New Supplier Selection and management

When selecting new suppliers, we consider the potential impacts on the environment, society, and corporate governance, as well as the potential risks associated with supplier type, industry characteristics, and geopolitical location. To help us make informed decisions, all prospective suppliers are asked to sign the Supplier's Undertakings and the Supplier Corporate Social Responsibility Self-Assessment Questionnaire (SAQ) as a preliminary selection criterion. Based on the specific industry and product risks, an audit team consisting of our procurement, quality assurance, sustainability governance, and technical personnel then conduct a new supplier audit to find outstanding suppliers that fit Innolux's needs.

### ◆ New supplier selection process



## Supplier Classification

### Tier-1 Suppliers

- Suppliers who directly transact with Innolux (597 suppliers in 2023)

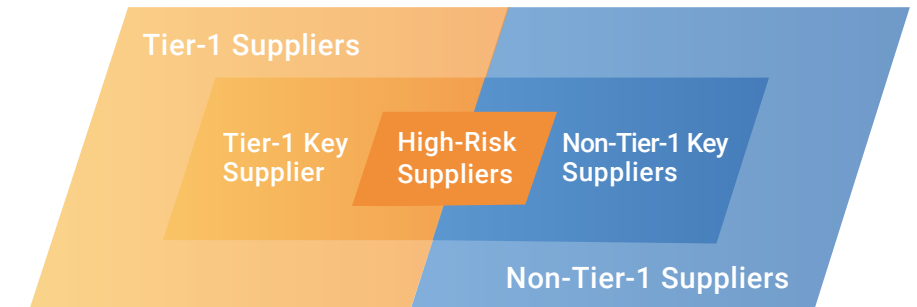
### Tier-1 Key Suppliers

- Suppliers who i) are irreplaceable, ii) are chosen by our clients, or iii) rank in the top 91% in terms of raw materials procurement volume (108 suppliers in 2023)

### Non-Tier-1 Key Suppliers

- Distributor-designated suppliers or upstream vendors (28 suppliers in 2023)

### ◆ Schematic diagram of supplier categories



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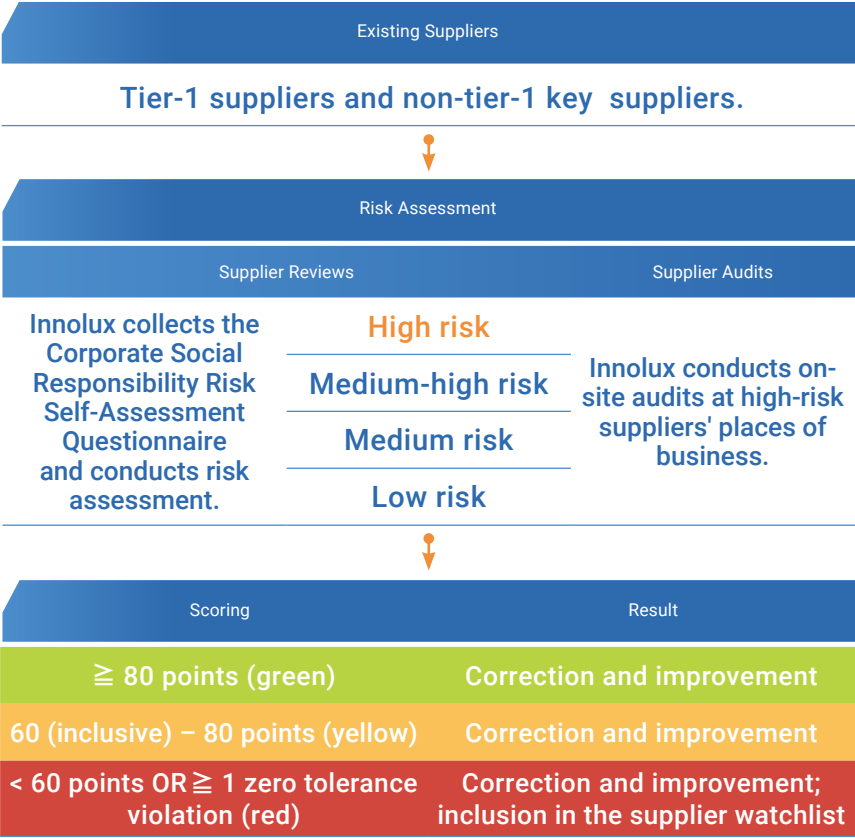
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ESG Risk Assessment

Innolux puts great emphasis on our suppliers' compliance with the five major aspects of the RBA code of conduct—labor, health and safety, environment, ethics, and management system. Therefore, we formulated the Innolux Supplier Corporate Social Responsibility Code of Conduct Operating Standards, and we conduct annual supplier surveys to determine the risk level of each key supplier. High-risk suppliers are subject to an onsite audit. In 2023, we collected 89 completed self-assessment questionnaires from tier-1 and key non-tier-1 suppliers, of which 7 tier-1 key suppliers were designated as high risk and requiring an on-site audit. Since 2010, we have performed risk assessments of 1,346 suppliers; so far, no suppliers have been blacklisted.

Existing supplier risk assessment process



Supplier risk assessment results

	Method	Number of suppliers	Coverage	Target coverage	Results	
Risk assessment	Review of written documents	89	65.4%	60%	Number of high-risk suppliers	7
On-site audit	Second-party audit <sup>Note</sup>	7	100%	100%	Number of terminated suppliers	0
					Number of suppliers in need of improvement	7

Note: For key suppliers, we may invite an independent third-party auditor to perform the on-site audit if necessary. However, this was not necessary in any of the audits we performed in 2023.

Audits and Follow-ups SASB : TC-HW-430a.1、TC-HW-430a.2

To better understand suppliers' compliance with the RBA Code of Conduct, the relevant departments and personnel of the Company periodically conduct on-site audits at high-risk suppliers' places of business in accordance with Innolux' s Supplier Corporate Social Responsibility On-Site Audit Regulations, and we follow-up with suppliers after an audit to make sure they implement the necessary improvements. To minimize supply chain risks, we sometimes invite an independent third-party auditor to accompany us on the key supplier audits if necessary. In 2023, we conducted on-site audits of seven high-risk suppliers (1.17% of all suppliers and 5.15% of all key suppliers), finding 70 shortcomings, including 16 priority shortcomings, 46 major shortcomings, and 8 other shortcomings. Suppliers are required to provide a corrective action report (CAR) to address their shortcomings within 30 days of receiving the audit results. Once their CAR is approved by Innolux, suppliers may begin to implement improvements in accordance with the report. Upon completion of such improvements, suppliers must submit a case conclusion report to Innolux for reference.

Supplier compliance deficiency overview

Audit Item		Labor	Health and safety	Environment	Business ethics	Supply chain management
Non-compliance rate <sup>Note1</sup>	Priority	71.4%	71.4%	0.0%	0.0%	0.0%
	Other	100%	100%	14.3%	0.0%	0.0%
	Total	100%	100%	14.3%	0.0%	0.0%
Improvement rate <sup>Note2</sup>	Priority	40.0%	60.0%	NA	NA	NA
	Other	85.7%	71.4%	100%	NA	NA

Note1: Non-compliance rate = ( number of suppliers with compliance deficiencies / number of suppliers audited ) x 100%

Note2: Improvement rate = ( number of suppliers making improvements / number of suppliers requiring improvement ) x 100%



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An analysis of the CARs presented by the 7 high-risk suppliers reveals that among the five RBA aspects, they perform most strongly in “business ethics” and “supply chain management,” followed by “environment,” “labor,” and “health and safety.” In terms of deficiencies, one supplier was written up for an environmental issue (lack of labeling in the hazardous waste warehouse) while all seven suppliers were written up for labor and for health and safety issues, including unclear evacuation routes, emergency exit obstructions, and inappropriate (though not illegal) fees for immigrant workers.

Improvement and Support

Innolux provides on-site and remote support to help suppliers formulate improvement plans to address deficiencies, and makes sure that they implement their plan by the specified deadline. In addition, we regularly follow up with suppliers to keep track of their progress and make sure that all necessary improvements are addressed in an effective and timely manner. Suppliers whose improvement efforts still fall short of our standards are included in the supplier list for continued communication and guidance. However, to ensure that our ESG values are upheld, suppliers who fail to meet our requirements two years consecutively are disqualified from doing business with the Company.

As of the end of 2023, all 7 suppliers have presented their CAR, and 45 deficiencies (9 priority shortcomings, 30 major shortcomings, and 6 other shortcomings) have been adequately addressed. The remaining deficiencies are currently being addressed and are expected to be corrected by the specified deadline. In the meantime, we will continue to follow up with suppliers to keep track of their progress. In 2023, no suppliers were disqualified for violations of Innolux’s ESG guidelines.

RBA compliance deficiencies and improvement measures

Aspect	RBA compliance	Deficiency	Improvement measures
Labor	Work hours	> 60-hour work week	<ul style="list-style-type: none"><li>Expanding the work force and implementing better scheduling</li><li>Establishing a system to monitor attendance and send automatic alerts whenever there is an anomaly</li></ul>
		Ineffective work hour management	Improving shift scheduling system to better manage daily/monthly overtime hours to ensure compliance with RBA guidelines
	Freedom of employment	Immigrant worker fees (agency/service fees)	Asking suppliers to provide a timeline for the implementation of a zero fee policy for immigrant workers
	Remuneration	Late salary payment for new hires due to flaws in salary payment cycle design	Making changes to the salary calculation and payment system
Health and safety	Emergency response	Unclear evacuation routes or emergency exit obstructions	Modifying evacuation routes by a specified deadline and performing regular inspections to ensure that evacuation routes remain unobstructed
		Lack of GHS signage for hazardous chemicals	Reviewing local regulations and updating internal procedures
	Occupational safety	Failure to obtain or present permits or licenses	Reviewing and revising procedures to address deficiencies
Environment	Solid waste	Lack of labeling at hazardous waste warehouses	Reviewing local regulations and formulating procedures to improve hazardous waste storage and treatment

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Partnerships for Greater Sustainability and Resilience

In keeping with its mission to create shared value, drive industry growth, and initiate positive changes in our supply chain, Innolux and its subsidiaries CarUX Technology Pte. Ltd. and InnoCare Optoelectronics Corporation co-organized the “Fostering a Sustainable Earth” supplier conference, where we made presentations on ESG topics and trends, discussed our experience in sustainability initiatives, and shared useful resources with each other.

The conference was attended by 57 suppliers and was organized as a hybrid online/in-person event. We invited experts in sustainability trends, biodiversity, corporate DEI, and corporate governance to give lectures on the latest sustainability knowledge, and we offered ESG competency building training to our suppliers. We also shared our sustainability initiatives, strategies, and achievements, with an emphasis on common RBA compliance deficiencies, possible improvement measures, and benchmark case studies in the industry. At the conference, we invited suppliers to sign the Innolux Biodiversity and Zero Deforestation Policy as a pledge to safeguard forests and the ecology. To add a bit of fun to the conference we set up interactive stalls that introduced topics such as green innovation and DEI culture during breaks, sold locally-sourced produce from independent farmers, and hosted sustainability-themed board games suitable for players of all ages, allowing suppliers to experience Innolux's culture of sustainability through hands-on activities.

To recognize outstanding ESG suppliers, we handed out six sustainability awards at the conference—the Low-Carbon Supplier Award, Energy Conservation Award, Water Stewardship Award, Water Conservation Award, Innovative Supplier Award, and Social Inclusion Award—as tokens of appreciation for suppliers who have achieved great sustainability feats and as a way of demonstrating our strong ties with our partners in pursuing greater sustainability and resilience.



Supply Chain Co-Learning

In addition to the supplier conference, Innolux hosted three supply chain co-learning events in 2023 to further strengthen supply chain ties and foster communication. Co-learning topics included the latest international laws and management systems, product/ materials compliance, human rights management, and environmental protection in product life cycles. These co-learning events were attended by 1,175 individuals from 113 suppliers (including 46 key suppliers), accounting for 34% of our suppliers.

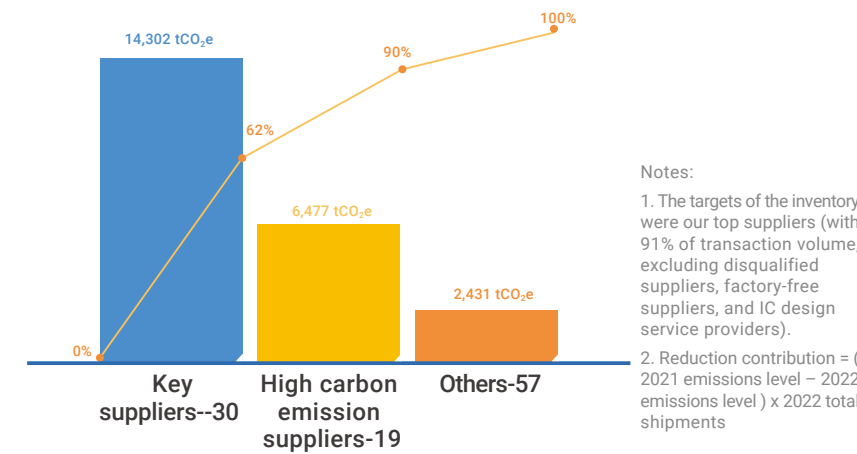
Date	Co-Learning Topic	Number of suppliers attending	Number of individuals attending
2023/7/19	<ul style="list-style-type: none"><li>Plastic material flame resistance testing and UL plastic recycling requirements</li><li>Number of individuals attending</li><li>Differences between IEC 62368-1 Ed. 3 and Ed. 4</li></ul>	74	425
2023/9/1	<ul style="list-style-type: none"><li>PSCIP safety regulations training</li></ul>	72	289
2023/12/26	<ul style="list-style-type: none"><li>Controlled substance handling guidelines v. 23</li><li>PSCIP system: Introduction to hazardous materials management</li><li>PSCIP system: System operations FAQs</li></ul>	113	461

Supplier Greenhouse Gas Inventory

Innolux conducted a supplier GHG inventory targeted at its top suppliers (who accounted for 91% of transaction volume) in 2023. The scope of the inventory covered GHG emissions, carbon management risks, emission reduction plans, renewable energy usage, and water usage. All data was required to be either ISO 14064-1:2018 certified or government verified. Sources of data included suppliers' official websites, government filings, and ESG/CSR reports. The 106 suppliers reviewed collectively contributed 23,210 tCO<sub>2</sub>e in carbon emission reductions. Of these suppliers, 24 (23%) have begun using renewable energy.

Nineteen of the 25 key suppliers reached their annual 2% reduction target. In fact, the average reduction was 4.5%, more than doubling the target. The 6 suppliers who failed to reach the target cited increased production capacity. Innolux will continue to keep track of suppliers' carbon emission reduction progress in order to reach its 20% reduction (compared to 2020) target by 2030.

2023 Supplier Greenhouse Gas Inventory

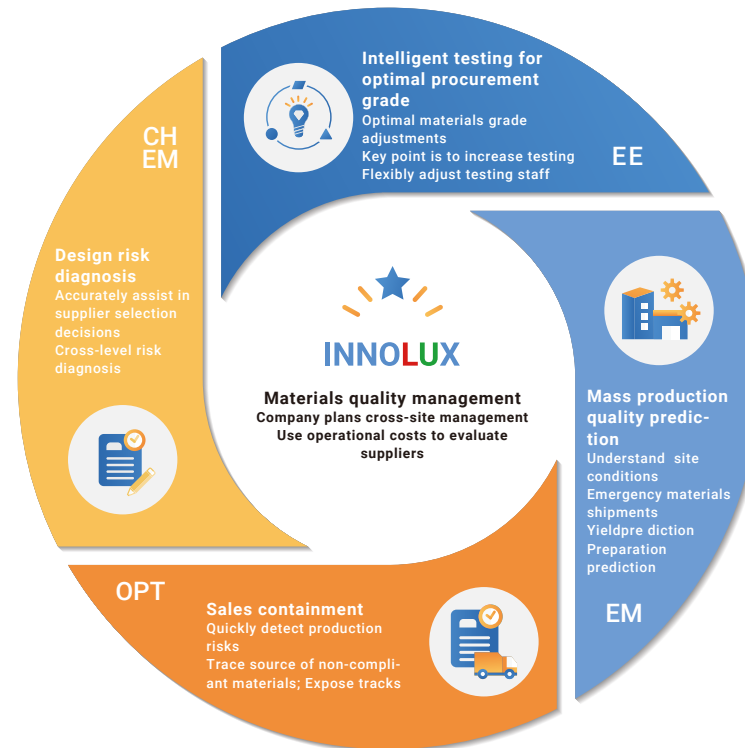


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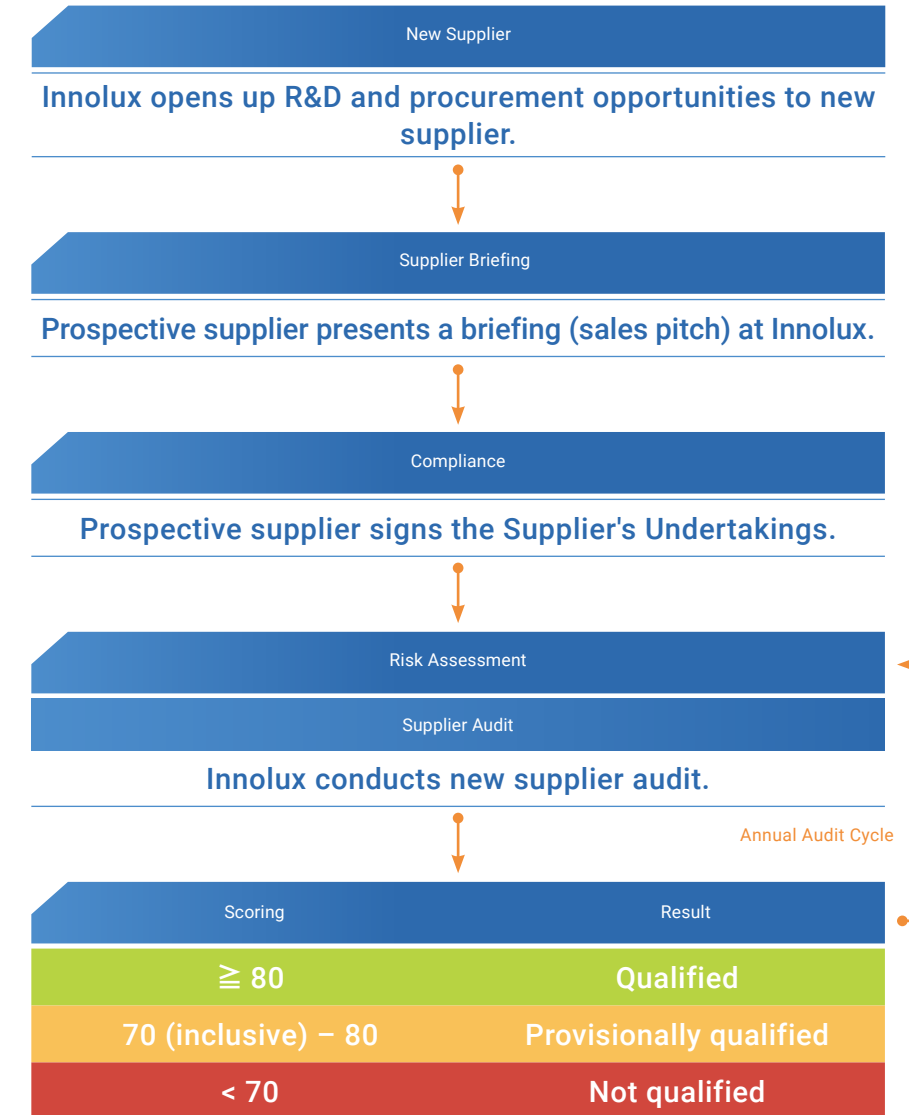
### 3.4.3 Supply Chain Quality Management

Innolux strengthens quality management by adopting strategies to cover various aspects of the supply chain, including equipment, procurement, production, sales, and governance. These strategies involve leveraging professional knowledge to actively diagnose development risks, make dynamic adjustments to testing methods, predict and prevent irregularities in real time, and implement early-stage quality control. The ultimate objective is to optimize decision-making pertaining to materials sourcing, ensure uninterrupted supply and production, and maintain optimal materials quality.

We collect information on supplier ratings, incorporate them into data generated from the supplier selection system, and make informed decisions on supplier selection based on a risk diagnosis. From there, we optimize materials specifications and set up key points to achieve flexible staff deployment and facilitate smart testing for optimal procurement. We adopt localized management to strengthen the use of data in yield estimation and materials inventory estimation to reduce the risk of materials shortages and predict the quality of mass-manufactured products. Finally, we developed a system that can quickly detect production line risks, estimate input yield, and trace non conforming materials so that the entire manufacturing process, from raw materials sourcing to end user delivery, is closely monitored, thus preventing the sale of defective products through proactive problem-solving and total quality control.



#### ◆ Supply Chain Quality Management Procedures





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## New Supplier Selection and Management

The criteria for screening new suppliers include the financial aspect, technology, quality, price, and green energy. By rating potential suppliers on these aspects, we identify those that perform well and are qualified to be our suppliers. Suppliers are audited annually to ensure compliance with the applicable regulations. In 2023, we reviewed 42 prospective suppliers, 31 of which were approved, 6 of which received conditional approval (additional review required), and the remaining 5 of which were disqualified.

### ◆ New supplier selection results

Approved	Conditional	Disqualified	Total
31	6	5	42

Approved: Score  $\geq 80$ ;  
Conditional approval:  $80 > \text{Score} \geq 70$  (additional review required);  
Disqualified: Score  $< 70$

## Annual Supplier Audits

Innolux conducts supplier audits on an annual basis. An audit plan is formulated based on the nature of the materials being supplied.

Suppliers are then audited on-site. For any non-conformances, Innolux requires the supplier to submit a corrective action plan that delineates improvements measures and deadlines for their implementation. In 2023, we conducted 128 on-site audits, with 126 suppliers being approved and 2 receiving conditional approval (additional review required). No suppliers were disqualified.

### ◆ Annual supplier audit results

Approved	Conditional	Disqualified	Total
126	2	0	128

Approved: Score  $\geq 80$ ;  
Conditional approval:  $80 > \text{Score} \geq 70$  (additional review required);  
Disqualified: Score  $< 70$

## Supplier Quality Evaluation and Support

Innolux performs a monthly supplier quality performance ranking (SQPR) review in which it classifies suppliers into four levels: A, B, C, and D. <sup>Note</sup> Level A/B suppliers are considered to have passed the review, where as Level C/D suppliers are put on the supplier watchlist and will be required to propose a weakness improvement plan. Innolux also offers the necessary support to help Level C/D suppliers implement improvement measures. For major noncompliance, we may move to temporarily restrict or permanently blacklist certain suppliers. In 2023, we held 45 meetings in which we offered guidance to 27 suppliers.

Note: Level A: Score  $\geq 95$ ; Level B:  $95 > \text{Score} \geq 85$ ; Level C:  $85 > \text{Score} \geq 65$ ; Level D: Score  $< 65$  (reduce procurement volume and provide guidance)

### ◆ Four key SQPR evaluation aspects





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100%

Immigrant workers are entitled to 100% reimbursement of agency fees

Higher

A higher promotion rate among female employees (compared to male employees) in the last three years

Nil

No work-induced occupational diseases reported (occupational disease rate ODR = 0)

NT\$24.7M

NT\$24.7M invested in employee healthcare

92%

92% one-year retention rate among employees who returned to work after taking parental leave

20

287,484 employees completed training in 20 programs in Innolux University's three colleges

Award

Named Business Leader in Healthy Workforce Sustainability

6.87







14 campus net zero promotion courses with an SROI of 6.87





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◆ Management Guidelines

	2023 Strategy	2023 Result	Target Met?	2024 Target	2025 Target	Medium- to Long-Term (2030) Goals
 <b>Human Rights</b> Follow international labor standards, provide equal employment opportunities, and abolish all forms of discrimination, inhumane treatment, and harassment	RBA self-assessment questionnaire (SAQ), VAP audit, and internal labor rights and CSR audits	RBA SAQ score $\geq 95.3$	●	RBA SAQ score $\geq 90$		
		No material violations (regulatory fines of NT\$1 million or more)	●	No material violations		
 <b>Diversity, Equity, and Inclusion (DEI)</b> Cultivate a welcoming workplace that is gender-equal, diverse, and inclusive	Multiple employee communication channels	100% employee complaint response rate	●	100% employee complaint response rate		
	Continued hiring of persons with disabilities	707 employees with disabilities on staff (better than local requirements)	●	Percentage of employees with disabilities hired $\geq 1.2\%$		
	First-ever employee commitment survey	85.6% valid response rate for all indirect employees	●	Employee commitment survey coverage > 36%	Employee commitment survey coverage > 50%	Employee commitment survey coverage > 80%
 <b>Talent Recruitment and Retention</b> Implement comprehensive human resource system and planning to attract the right amount of the right talent at the right time	Enhance communication channels to extend the reach of recruitment initiatives	89% vacancies filled	●	Recruit international talent through the Global Talent Program	$\geq 90\%$ vacancies filled	
	Key talent attrition rate 5%–10% (vs. 2019)	Key talent attrition rate 12.67%	○	Cultivate interdisciplinary talent through the establishment of the Semiconductor College and the Sustainability Program	Professional talent retention rate $\geq 75\%$	Professional talent retention rate $\geq 85\%$
	$\geq 80\%$ management positions filled internally	85% management positions filled by employees	●	$\geq 80\%$ management positions filled by employees	-	
 <b>Talent Development and Training</b> Craft limitless career paths for employees through digital transformation and strategification	Organize professional courses and management workshops on multiple topics through each college of Innolux University	102.7 average training hours per employee	●	$\geq 110$ average training hours per employee	$\geq 120$ average training hours per employee	$\geq 160$ average training hours per employee
	100% training program completion rate	100% training program completion rate	●	100% training program completion rate		
 <b>Social Engagement and Care</b> Give back to society and share good fortune with the community	Continued training and participation in volunteer services	3,105 cumulative hours	●	$\geq 3,450$ cumulative hours	$\geq 3,800$ cumulative hours	$\geq 5,500$ cumulative hours
 <b>Occupational Health and Safety</b> Minimize occupational hazards by fostering a "health and safety first" culture	Disabling injury frequency rate (FR) $\leq 0.22$	Disabling injury frequency rate (FR) = 0.41	○	Disabling injury frequency rate (FR) $\leq 0.26$	Disabling injury frequency rate (FR) $\leq 0.25$	Disabling injury frequency rate (FR) $\leq 0.22$
				Disabling injury frequency rate (FR) among contractors $\leq 0.25$		
				Percentage of employees at risk of chronic diseases $\leq 12.5\%$		
				$\geq 90\%$ counseling rate for mental health high-risk employees		

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# 4-1 Talent Recruitment and Retention

GRI : 2-7、2-8、2-21、201-3、202-1、202-2、203-2、401-1、401-2、401-3、404-2、404-3、405-1、405-2

Talent is the foundation of sustainable corporate development. At Innolux, we believe that successful talent recruitment and retention initiatives are key to maintaining our competitive advantage and driving medium- to long-term strategic growth. We use tools and metrics such as the employee commitment survey (see 4.3.3 Employee Engagement Survey) and employee turnover rate to evaluate employee experience and diversity. In recent years, we have also extended our sustainability initiatives and digital recruitment strategy to college campuses, providing innovative, diverse, and accessible recruitment channels for prospective employees. Meanwhile, we are committed to creating a welcoming workplace by cultivating sustainable thinking, fostering a diverse and inclusive corporate culture, encouraging work-life balance, and providing benefits that surpass local regulatory requirements.

## 4.1.1 Talent Blueprint

Diversity, equity, and inclusion (DEI) are the cornerstones of Innolux's recruitment policy. We do not discriminate against prospective employees based on gender, age, ethnicity, nationality, religion, political leaning, or sexual orientation. We have pledged to respect and safeguard human rights in accordance with the RBA Code of Conduct, the Innolux Corporate Social Responsibility Code of Conduct, and the applicable local regulations. In addition to our zero child/zero forced labor policy, we imposed a new rule in January 2021 that prohibits employment agencies from charging recruitment or agency fees, particularly for migrant workers.

### ◆ Global employee overview

Area	Taiwan	China	Other Locations	Total
Number of Employees	22,327	13,865	130	36,322

In 2023, we focused our attention on production optimization and operational efficiency enhancements through lean management. We hope to strengthen the structure and long-term development of the Innolux group through organizational transformation and production line optimization. To achieve this goal, we began offering severance packages that surpass local regulatory requirements to shorten the window between employees leaving Innolux and finding a new job. We also invited industry partners within the Technology Park to hold job-matching recruitment activities at Innolux that provided approximately 400 employment opportunities and allowed resigning employees to be interviewed and hired on-site, creating a win-win-win situation for Innolux, our industry partners, and former employees.

## Zero Carbon Recruitment

As a practitioner of sustainability, we have been extending the reach of sustainability initiatives into college campuses. As part of our digital campus recruitment strategy, we leverage a wide range of online and offline recruitment channels, such as our official Line@ account, the Future Recruitment Center, and the Paperless Smart CV System, to provide prospective employees with innovative, diverse, and accessible recruitment channels that are available anytime, anywhere. We also offer green shuttle services and public transit subsidies to encourage job seekers to travel sustainably and live a greener life. A total of 4,258 new employees were recruited in 2023.



## Maximum Unicorn Program

When it comes to diversity and inclusivity, Innolux attaches great importance to employee individuality and individual values. For the 2nd iteration of the Innolux Maximum Unicorn Program, we appointed campus ambassadors from different educational backgrounds (including the humanities, the sciences, and engineering) to share industry information with college students through in-class presentations, technical workshops, departmental or collegiate events, campus job fairs, and social media posts. We have trained more than 50 campus ambassadors to date.

We also raised the dollar amount of the Innolux Scholarship. Eligible master's degree students are now entitled to an annual scholarship of up to NT\$650,000 while doctoral students may receive up to NT\$1.25 million a year. Furthermore, these students enjoy the same benefits as official employees of the Company, including employee training opportunities, free English language courses, education and training workshops, and other educational resources. Students are paired with an industry mentor who will guide them through the transition into full-time employees following their graduation. In 2023, we hired 12 substitute military service draftees.

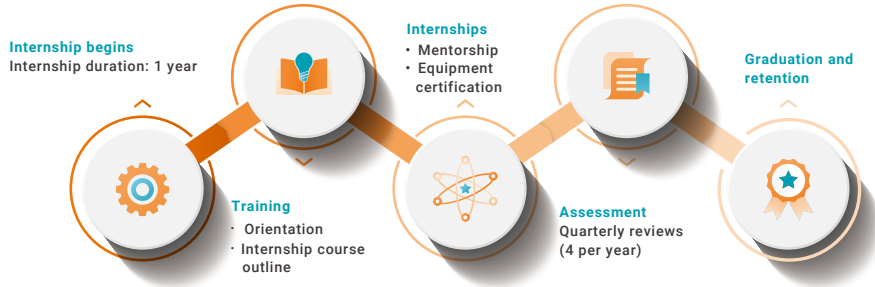
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Industry-Academia Collaborations

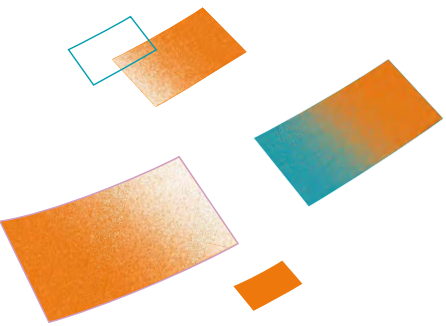
To help students explore career paths and practice what they are learning in real life, Innolux actively seeks industry-academia collaboration opportunities with higher education institutions in Taiwan. Students who demonstrate outstanding performance in an industry-academia collaboration project are provided with scholarships and an opportunity to become official employees of Innolux, allowing them to accumulate hands-on experience while still in school and kick start their career immediately upon graduation, and benefiting the Company, the schools, and the students. In 2023 alone, Innolux accepted 47 interns of different genders, nationalities, and disciplines. It is worth noting that 45% of the interns were female, and 35% were non-engineering majors, which marks a departure from the commonly held belief that the tech industry is male- and engineer-centric. Of the 47 interns, eight completed their internship with flying colors, winning them official job offers at Innolux.

Promotion and career development ▶ Self-discovery ▶ Practical application of knowledge



Campus Ambassadors

To strengthen our collaboration with universities and deepen our connection with students, we offered a scholarship of up to NT\$30,000 to five new campus ambassadors recruited in 2023. This allows currently-enrolled students to become Innolux spokespersons while still in school, which helps them accumulate experience in event organization, increases their exposure on social media platforms, and adds a unique entry to their résumés.



4.1.2 Diversity, Equity, and Inclusion

Innolux is committed to fostering a diverse and inclusive workplace that prohibits discrimination based on gender, ethnicity, nationality, language, or religion. We do our best to ensure that every employee is entitled to fair remuneration and equal employment/promotion opportunities no matter where they are in the world. Our aim is to drive the Company forward by creating an inclusive atmosphere, fostering a culture of mutual respect, and promoting life-long learning through employee solidarity.

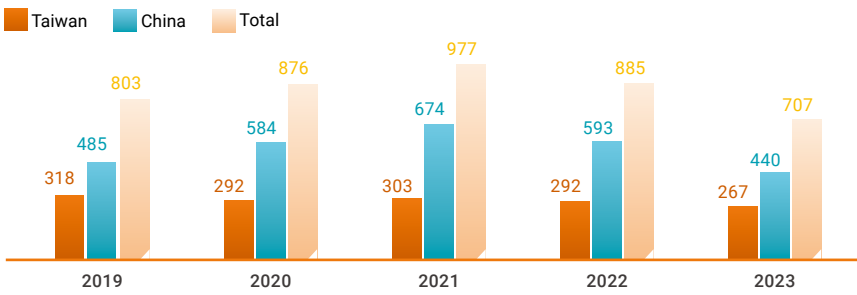
Equal Employment for People with Disabilities

Innolux prides itself on being the first in the industry to redesign jobs to meet the needs of people with disabilities, thus allowing them to work in cleanrooms. To do so, we formulated a set of standard operating procedures for workplace accessibility that promotes further understanding of the needs of employees with disabilities. Through our worksite accessibility analyses, employees are given a stage on which to shine and utilize their skillsets without being limited by their disabilities. Innolux's disability hiring initiative is more than just a regulatory compliance effort. Instead, we hope to assign employees to positions that suit them so as to help them acquire career skills, develop professional competencies, and build confidence. In fact, employees with disabilities at Innolux are demonstrating the same level of performance as their able-bodied peers.

A prime example of inclusive employment is our Foshan Site in China, which launched an employment program in collaboration with area schools for students with special educational needs. This equal employment initiative for people with disabilities earned the site the designation of Tier 1 Disability Employment Model Business in Guangdong Province as well as recognition as an Outstanding Disability Employment Business by the Nanhai District Government. The site also received a public grant of ¥1.01 million, showing that its equal employment initiatives have been recognized by the Chinese government.

As of 2023, Innolux employs 267 people with disabilities in Taiwan and 440 in China (weight-adjusted based on the number of employees with moderate-to-severe disabilities), accounting for 1.15% and 3.17% of all employees in the two regions, both figures of which exceed the regulatory requirements.

◆ Total number of employees with disabilities





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## Career Paths and Multifaceted Care Programs for Female Employees

When recruiting employees, Innolux upholds the principle of equal treatment, which guarantees fairness in hiring, salary, and promotion decisions regardless of a candidate's gender, ethnicity, nationality, religion, age, physical condition, political leanings, marital status, or union/guild membership. We strive to create a safe and welcoming workplace for employees with different gender identities and sexual orientations. Our range of grievance mechanisms, sexual harassment prevention measures, and maternity leave packages make for a comprehensive women's care program to ensure that female employees can achieve a work-life balance. Women represent 21.57% of our full-time STEM staff, and we aim to achieve a target of 22% by 2030.

### ◆ Ratio of female employees<sup>Note 1</sup>

Item <sup>Note 2</sup>	2019	2020	2021	2022	2023
All employees	40.69%	39.84%	40.54%	40.65%	38.44%
All management positions	17.95%	18.81%	19.47%	19.61%	19.60%
Entry-level management positions	19.30%	20.30%	20.96%	20.89%	20.77%
Senior management positions	5.26%	6.25%	6.25%	7.69%	9.09%
Sales-related management positions	35.71%	41.03%	41.30%	30.43%	32.56%
STEM positions <sup>Note 3</sup>	20.74%	20.53%	21.53%	21.52%	21.57%

Notes:

1. Includes all female employees at Taiwan and China sites

2. "All employees": all female employees; "all management positions": all female managers; "entry-level management positions": all entry-level female managers; "senior management positions": female executives who are within two levels of command of the CEO; "sales-related management positions": female sales department managers at all levels

3. STEM (Science, technology, engineering, and mathematics) positions: chief engineers, senior engineers, engineers, and associate engineers

## Human and Labor Rights Safeguards

- No employment fee: Innolux covers all agency fees, service fees, medical examination fees, and visa application fees associated with international and domestic recruitment.
- 100% reimbursement: Innolux reimburses immigrant workers for all agency fees, visa application fees, medical examination fees, and airline ticket costs incurred abroad, as well as for employment service fees, medical examination fees, and ARC application fees incurred in Taiwan.
- Free return ticket: Innolux pays for immigrant workers' return flights when their contract expires.

## Protecting and Retaining Foreign Workers

Approximately 3,100 of our employees are from the Philippines or Vietnam. In 2021, we implemented a zero-fee policy for immigrant workers at our Taiwan sites, and in the following year, we began reimbursing all fees incurred before and during the employment process, including agency fees, visa fees, medical examination fees, domestic employment fees, ARC application fees, and any other fees that may apply. As a socially responsible corporation, Innolux complies with international labor conventions and the RBA Code of Conduct to proactively provide life, physical, and mental care to support labor rights protections and international mobility, ensuring that immigrant workers can enjoy a better quality of life and greater employment benefits than legally required in both their home country and Taiwan.



## Language Learning Courses to Remove Communication Barriers

To help immigrant workers adapt to life in Taiwan, we offer free Chinese language learning courses with a reward system to encourage participation and help foster rapport between local and international employees. The courses focus on Mandarin pronunciation, daily conversation skills, workplace Chinese, and cultural understanding. Through interactive in-person learning activities, employees are able to improve their listening and speaking skills while gaining a deeper understanding of Taiwanese culture and society. The completion rate for the language course was 81% in 2023.

## Workplace DEI

Innolux is committed to workplace diversity, equity, and inclusion. We hold a variety of informal events such as international cuisine nights and intercultural exchanges to bring down cultural barriers, promote appreciation of cultural/individual differences, and build collaborative teams. Our cultural inclusion month campaign was attended by 6,900 employees and resulted in a satisfaction rate of 8.26 out of 10. Furthermore, to safeguard immigrant workers' health, we introduced dedicated nursing staff to care for our international employees, and to promote traffic safety, we completed our first ever traffic safety test (with a passing rate of 82%). We have designated 2024 as the inaugural DEI year to attract international talent and boost our corporate competitiveness.



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## 2023 Employee Diversity Analysis SASB : TC-HW-330a.1

### ◆ Diversity

	Item	Number of people	percentage
Taiwan	Disabled	267	1.15%
	Migrant workers <sup>Note 1</sup>	57	0.26%
China	Disabled <sup>Note 2</sup>	440	3.17%
	Minority <sup>Note 3</sup>	1,825	13.09%
	Migrant workers <sup>Note 4</sup>	81	0.58%

Notes:

1. 'Foreign worker' refers to full-time, non-Taiwanese workers in Taiwan.
2. Number of the disabled is calculated after adding moderate to heavy weights.
3. Minority refers to non-Han ethnic groups from China.
4. Migrant workers refer to full-time non-Han workers in China.

### ◆ Nationality

Site	Percentage of employee <sup>Note 2</sup>	Percentage of managers <sup>Note 3</sup>
Taiwanese	52.33%	71.32%
Chinese	38.20%	28.35%
Other Nationalities <sup>Note 4</sup>	9.47%	0.32%

Notes:

1. Includes all employees based in Taiwan, China, and other overseas sites
2. Calculated as the number of employees with the specified nationality divided by all employees
3. Calculated as the number of managers (including entry-level, middle, and senior managers) with the specified nationality divided by all managers
4. Employees who are neither Taiwanese nor mainland Chinese

### ◆ Percentage of local managers

Site		Local Manager <sup>Note 2</sup>	Non-local Manager	Percentage of local Manager
Taiwan		1,694	2	99.88%
China	Ningbo	362	27	93.06%
	Foshan	255	31	89.16%
	Nanjing	83	6	93.26%

Notes:

1. Based on employee data as of December 31, 2023
2. Includes assistant managers and above of Taiwanese nationality in Taiwan, and entry-level managers and above of Chinese nationality in China

### ◆ Gender and ethnicity

Employee type	Gender		Ethnicity <sup>Note</sup>	
	Female	Male	Asian	Others
Middle management and above	27	242	269	0
Technical staff	10,668	12,970	23,638	0
Other	3,266	9,149	12,375	40
Total	13,961	22,361	36,282	40
Percentage	38.44%	61.56%	99.89%	0.11%

Note: Employees are categorized by nationality due to the difficulty of obtaining statistics on their ethnicity. "Other" indicates employees of non-Asian ethnicity.

### ◆ Workforce overview for Taiwan sites

Item	Permanent employees		Contract employees <sup>Note 2</sup>		Interns		Temps		Contractors <sup>Note 3</sup>		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Number of employees	6,635	12,363	2,517	755	1	56	0	0	0	0	22,327
Total	18,998		3,272		57		0		0		22,327
Percentage	85.09%		14.65%		0.26%		0.00%		0.00%		100%

Notes:

1. Based on employee data as of December 31, 2023
2. Includes immigrant workers and industry-academia collaboration project participants
3. Includes contracted security, cleaning, and kitchen staff

### ◆ Workforce overview for China sites

Item	Permanent employees		Temps		Interns		Contract employees (including foreign workers) <sup>Note 2</sup>		Contractors <sup>Note 3</sup>		Total
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
Number of employees	Ningbo	2,572	5,211	13	31	0	0	0	0	0	7,827
	Foshan	1,650	3,147	12	34	0	0	0	0	0	4,843
	Nanjing	537	658	0	0	0	0	0	0	0	1,195
	Total	13,775		90		0		0		0	13,865
Percentage	99.35%		0.65%		0.00%		0.00%		0.00%		100%

Notes:

1. Based on employee data as of December 31, 2023
2. Includes migrant workers and industry-academia collaboration project participants
3. Includes contracted security, cleaning, and kitchen staff

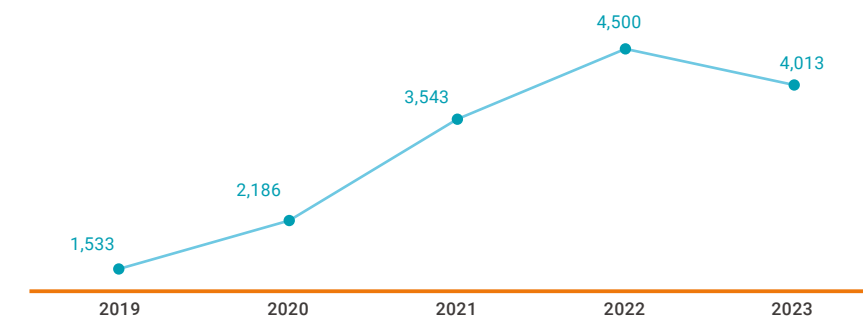
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### ◆ Employee Turnover (by age)

	Item	Taiwan	China	Other Locations <sup>Note</sup>	Total
2019	<30 years-old	1,736	22,395	-	24,131
	30-50 years-old	2,324	6,349	-	8,673
	>50 years-old	31	5	-	36
	Total	4,091	28,749	-	32,840
2020	<30 years-old	1,500	22,287	-	23,787
	30-50 years-old	2,227	6,992	-	9,219
	>50 years-old	34	18	-	52
	Total	3,761	29,297	-	33,058
2021	<30 years-old	989	23,843	-	24,832
	30-50 years-old	1,698	7,882	-	9,580
	>50 years-old	45	6	-	51
	Total	2,732	31,731	-	34,463
2022	<30 years-old	1,277	13,728	7	15,012
	30-50 years-old	1,996	6,013	10	8,019
	>50 years-old	55	28	8	91
	Total	3,328	19,769	25	23,122
2023	<30 years-old	889	5,976	4	6,869
	30-50 years-old	2,302	3,367	9	5,678
	>50 years-old	217	14	6	237
	Total	3,408	9,357	19	12,784

Note: Data on "Other" overseas locations were collected beginning in 2022.

### ◆ Average hiring cost per FTE



Note: Cost of recruitment/number of employees hired during the year.



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### 4.1.3 Remuneration and Benefits

Innolux's employee remuneration system is informed by industry standards, macroeconomic conditions, and corporate sustainable development. We conduct analyses of local pay standards in the electronics industry to ensure that our remuneration packages remain competitive in local job markets. Employees are entitled to just compensation based on their educational background, work experience, professional knowledge and skills, and seniority, regardless of their ethnicity, skin color, nationality, gender identification, sexual orientation, physical condition, marital status, family planning, age, political leanings, or religion. In addition to a fixed salary, we offer a variety of fringe benefits, including traditional holiday bonuses, continuing education subsidies, travel benefits, and performance-linked bonuses. The amount of compensation received by an employee depends on their position, their performance, their team, and the Company as a whole. We hope to attract and retain outstanding talent through profit-sharing with our employees. In 2023, the average annual income for nonmanagerial positions across our Taiwan plants was NT\$897,000 (up 0.6% from the previous year), whereas the median income was NT\$724,000.

#### ◆ Full-time nonmanagerial employee income

Region	Item	2022	2023	2023 (YoY rate of change <sup>Note 1</sup> )
Taiwan	Total number of full-time nonmanagerial employees	25,080	22,830	-9.0%
	Full-time nonmanagerial employee average income (NT\$ thousands)	892	897	0.6%
	Full-time nonmanagerial employee median income (NT\$ thousands)	709	724	2.1%
China	Total number of full-time nonmanagerial employees	15,350	9,967	-35.1%
	Full-time nonmanagerial employee average income (NT\$ thousands)	440	414	-5.9%
	Full-time nonmanagerial employee median income (NT\$ thousands)	380	399	5.0%

Notes:  
1. YoY rate of change = ( Value of the current year – Value of the previous year ) / Value of the previous year.  
2. Statistics are based on remuneration accrued for the year and the scope of disclosure set by the competent authority, which includes base salary, monthly food allowances, overtime, and discretionary bonuses. Pursuant to the Innolux Articles of Incorporation and Article 235-1, Paragraph 4 of the Company Act, profitability-based bonuses and profit sharing are not categorized as regular income.

Based on the above statistics, we calculated the difference between the highest compensated employee and the median income for both 2023 and 2022. The table below shows that pay disparity decreased by 34.4 times in Taiwan and increased by 0.6 times in China, mostly thanks to changes in operational and remuneration strategies.

#### ◆ Pay disparity analysis

Region/Year	Max-to-median income ratio		Year-to-year change <sup>Note</sup>
	2022	2023	2023
Taiwan	21.7 x	18.9 x	-34.4 x
China	9.7 x	9.5 x	0.6 x

Note : Year-to-year change = A / B.  
A = ( Max income in 2023 – Max income in 2022 ) / Max income in 2022  
B = ( Median income in 2023 – Median income in 2022 ) / Median income in 2022

As shown in the table below, employees' remuneration is not affected by gender. Indeed, female senior executives earned 1.08 times more than their male counterparts in 2023. For all other positions, this ratio fell between 0.88–0.99.

#### ◆ Female–Male Employee Compensation Ratio

Site	Position <sup>Note 1</sup>		Female	Male
Taiwan	Indirect Employees	Executive	1.08	1.00
		Manager	0.88	1.00
		Specialist	0.89	1.00
		Assistant	0.99	1.00
	Direct Employees	Technical	0.94	1.00
China	Indirect Employees	Manager	0.99	1.00
		Specialist	0.96	1.00
		Assistant	NA	None
	Direct Employees	Technical	0.94	1.00

Notes:  
1. Senior management includes managers who are within two levels of command of the CEO. Management positions include all entry-level managers and above. Technical staff refers to technicians with Taiwanese or mainland Chinese nationality.  
2. There are no senior management positions in the China sites.

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◆ Standard salary to minimum wage ratio for entry-level positions

Gender	Taiwan	China		
		Ningbo	Foshan	Nanjing
Female	1.32	1.59	1.74	1.48
Male	1.36	1.62	1.78	1.49

Note: Standard compensation for assembly line workers includes base salary, food allowance, and shift allowance.

Talent Retention

In mid-2023, we increased the remuneration of our direct and indirect employees by more than 4% to reflect external market standards and macroeconomic conditions. We will continue to provide employee benefits that are better than regulatory requirements and salary levels that are competitive in order to retain talent and create a happy workplace.

Remuneration and benefits package:

- Fixed salary, traditional holiday bonuses, performance bonuses, education subsidies, and travel subsidies
- Group insurance, social insurance, and housing provident fund contributions
- Talent retention bonus, long-term service bonus, and other bonuses linked to company profitability and employee performance

Desirable remuneration system

Paid time off for a better work-life balance

Innolux is committed to creating a quality workplace that allows employees to strike a balance between work and leisure. In addition to legally mandated annual leave, marriage leave, bereavement leave, and maternity/paternity leave, we offer employees 1 day of child companionship leave (taken when enrolling children in a new school or attending a parent-teacher conference, for example), 2 days of pregnancy checkup accompaniment leave (over and above the 7 days required by law), and 1 day of filial piety leave per year, affording employees the flexibility to plan their family time. In addition, employees at our Taiwan sites are immediately entitled to paid time off upon hiring, without being limited by the minimum service period set forth in the Labor Standards Act. Our China plants also offer paid time off in accordance with local regulations. Employees can request leave in accordance with their personal plans, allowing them to truly strike a work-life balance.

Flexible shifts

We grant employees a great deal of flexibility when it comes to how, where, and when they work. With flexible hours and the option of working from home, we are able to improve overall employee wellbeing, foster team spirit, lower absentee rates, increase productivity, and attract and retain talent.

◆ Flexible hours

- For up to 3 months (may be extended for an additional 3 months)
- Eligibility: Employees who need to take care a spouse or immediate family member due to an accident
- Possible alternative work hours: 07:00–16:00 / 09:00–18:00 / 10:00–19:00

◆ Flexible locations

- Allows employees to work from home (computer, internet access, and VPN required)

人生階段假讓您  
家庭陪伴不缺席

最新實施 2024.01.01 起實施

新消息~孝親假年齡限制放寬啦! 75歲調降至 70歲, 歡迎來使用!

孝親假  
休假1日/年  
父母年滿70歲(含)以上  
(原本人員父母或法定養父/母)

陪讀假  
休假1日  
每名子女接受高等教育入學或  
小學一年級新生入學,  
開學日申請。

陪產陪假  
休假2日  
配偶產後即可申請  
(僅於法令額外給予)

彈性工作有方法, 家庭照顧我幫你

彈性上班時間  
每次為一季,  
可延長一次

彈性上班地點  
一年10日,  
每月5日為上限

【適用對象】  
當月薪資及出勤符合勞基法規定適用對象  
【申請期間】  
經上二階主管同意後(至少為隔/週隔)  
【實施時間】  
● 07:00-18:00 ● 09:00-18:00  
● 10:00-18:00

【適用對象】  
可繼續執行工作, 所需設備(電腦/網路/VPN)  
【申請期間】  
經上二階主管同意後(至少為隔/週隔)  
【實施時間】  
\*備取遠端作業主管特別同意批准後, 暫停申請。

1. 申請時間: 每月15日前  
2. 申請地點: 各廠區人力資源課  
3. 申請方式: 填妥申請表, 經主管核准後, 送交人力資源課備查

All-inclusive insurance and retirement scheme

We provide employees with social insurance coverage consistent with local regulations to safeguard their fundamental rights and interests. For employees at our Taiwan sites, group insurance (covering death, major illnesses, medical expenses, accidents, and cancer) and overseas travel insurance are provided in addition to the mandatory labor, employment, and health insurance. We also extended group insurance coverage to employees' family members so that our employees can enjoy peace of mind at work and at home.

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Smart salary management platform

The WingHR mobile application allows employees at our Taiwan sites to look up their salary payments, the company calendar, remaining paid time off, and tax withholding. They can also sign in and out of work, request leave, add or remove family members from insurance coverage, change their pension contribution percentage, update their bank account information, add or remove dependent family members for tax purposes, choose their desired forms of employee bonus, and take online learning courses through the app. In 2023, we developed new functions such as smart workplace and an employee remuneration package overview to help employees get a better idea of their annual salary, bonuses, and benefits. At our China sites, employees can easily look up salary payments, remaining time off, shift schedules, recent events, and the latest company announcements through WeChat.

◆ Benefits that exceed regulatory requirements

Item	Statutory Standards	Benefits that are Superior to Statutory Requirements
Flex place	None	Employees may apply to work wherever for 10 days per year that suits the nature of work and personal needs.
Flex time	None	Employees may apply to work whenever in the event of emergencies that require care for immediate family or spouse.
Parental care leave	None	Employees with parents aged 75 years or older are entitled to 1 day of parental care leave to make arrangements and spend more time with parents.
Prenatal check-up accompaniment leave	None	Employees with pregnant spouses are entitled to 2 days of leave for prenatal check-ups to ease their concerns and welcome the birth of their baby.
Child companionship leave	None	Employees are entitled to 1 day of leave, which is better than statutory requirements, to accompany their child on the first day of kindergarten or elementary school to ease anxiety in the new environment and create fond memories.
National Judges Act	Employees shall be granted leave for statutory reasons for duties as a citizen judge. We determine eligibility for those who need to attend a regional citizen judge mock trials during transition before the enforcement of a new law.	While it is not stipulated by law, we still grant employees leaves to attend citizen judge mock trials for them to actively participate in local affairs and contribute to the society.
Insurance	Employees are enrolled in labor insurance, NHI, and labor pension system on their starting date.	1. Employees are enrolled in social and group (life, accident, health, cancer, and overseas business travel) insurance with special premium rates for spouses. 2. Group insurance will remain effective even during unpaid leaves for injury or illness to protect medical rights.
Annual leave	Employees are granted annual paid leaves after reaching a certain level of seniority.	On the starting date, new employees are granted the same amount of annual leave as those who have worked for 6 months; then the same as those who have worked for a year after 6 months, and so forth.

Note: Employees with injuries or physical or mental illnesses that require outpatient treatment or rest may request up to 30 days of sick leave per year while still being entitled to half of their regular pay.



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### Employee Stock Options

We view our employees as important human resource capital, and we strive to provide benefits that exceed the legal requirements. We implemented an employee stock purchase plan at our Taiwan sites as a profit-sharing measure, whereas at our China sites, we provide a pension savings plan to help employees make long-term financial plans. Since the launch of these benefits, our employees have given us positive feedback. Our average employee retention rate currently sits at 93.9%, in large part thanks to our outstanding benefits policy that fosters a spirit of teamwork, co-prosperity, and sustainability.

### Retirement Planning

Taiwan
We hire an actuary to perform annual pension assessments and prepare a report, and at the end of each financial year, we review the balance in our pension account to ensure that there is an adequate balance for pension payments in the following year, safeguarding the rights and interests of retiring employees.

China
In addition to mandatory pension and social insurance, we offer a pension savings plan. Under this plan, the Company contributes the equivalent of one month's salary to each employee's pension savings account every year, while the employee themselves can choose how much of their paycheck they want to deposit in their account. The balance of the account will be made available to the employee upon retirement.

### Maternity and Parental Support

We understand the challenge of raising children while having a full-time job. To support employees who are planning to start a family, we offer parental leave in accordance with the Gender Equality in Employment Act and the Regulations for Implementing Unpaid Parental Leave for Raising Children to employees who have been with the Company for at least six months. Across our Taiwan plants, a total of 212 employees requested parental leave in 2023. In the same year, 234 employees were expected to report back to work, 149 (64%) of whom actually did. Among the 157 employees that returned to the Company in 2022 after taking parental leave, 145 (92%) are still with Innolux (as of the end of 2023). This shows that the maternity and parental support we offer is effective in helping parents return to the workplace.

Site	Number of employees in ESOT/fixed deposit plan in 2023	Number of employees in ESOT/fixed deposit plan who remained in service in 2023	Retention rate of employees in ESOT/fixed deposit plan in 2023
Taiwan: ESOT plan	9,865	9,357	94.9%
China: Fixed deposit plan	2,003	1,783	89.0%

### Care Packages and Child Care Assistance for Mothers

- During pregnancy
- We formulated maternal healthcare and assessment measures in accordance with the Maternal Healthcare Guidelines for Female Employees and the applicable supporting directives.
  - We provide parents with priority parking, priority meal pick-up reminder service, priority seating, and priority elevators.
  - We provide pregnancy checkup leave for mothers and accompaniment leave for their significant others.
  - In 2023, we performed maternal health risk assessments on 656 (78.66%) out of 834 female employees in Taiwan and China who had given birth in the past year, and we transferred 9 employees to more suitable positions based on the assessment results.
- After return to work
- We introduced lactation rooms, childcare services, parent-child activities, a nursery, and parenting workshops across all our sites.
  - We introduced child companionship leave (taken when enrolling children in a new school or attending a parent-teacher conference, for example).
- Contracted kindergartens
- We contracted with kindergartens to provide company-to-school shuttle services so that employees don't have to worry about driving their children to school.
- Nurseries
- At the end of the school day, our school-to-company shuttle service transports children back to the Company, where they can spend time in the nursery while waiting for their parents to finish work.
- Unpaid parental leave
- Before their parental leave concludes, we reach out to employees to discuss their plans to return to the workplace. Based on their needs, we can assign them to a suitable position or adjust their work schedule to ensure a smooth transition process.
  - The employee retention rate after parental leave reached 92% (based on the number employees who remain with the Company for one year after returning to work). A total of 212 employees requested unpaid parental leave in 2023.
- Maternity subsidies
- We welcomed 438 newborns in 2023 with NT\$880,000 in maternity subsidies.

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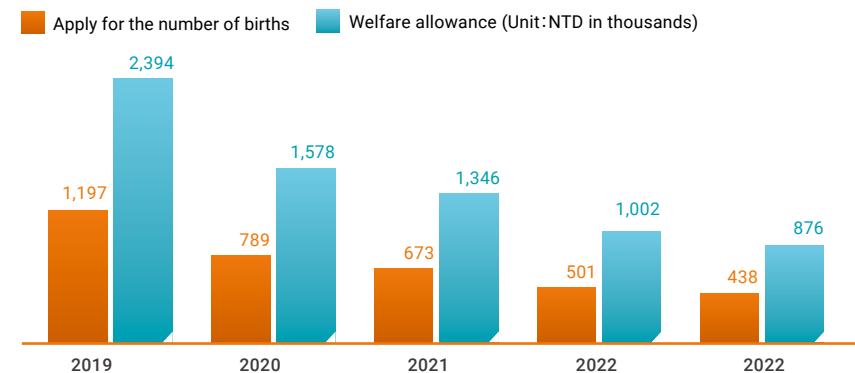
#### ◆ Statistics on unpaid parental leave

Taiwan Sites	Female	Male	Total
Employees eligible for leave in 2023	540	1,060	1,600
Employees who applied in 2023	148	64	212
A: Expected reinstatements in 2023	170	64	234
B: Reinstatements in 2023	106	43	149
C: Employees who continued working for a year after reinstatement in 2022	107	38	145
D: Reinstatements in 2022	114	43	157
Reinstatement rate (%) = B/A	62%	67%	64%
Retention rate (%) = C/D	94%	88%	92%

Note: Employees eligible for maternity/paternity leave was calculated based on those eligible in 2023 among applicants from 2021 to 2023.

*Retention rate of employees returning from unpaid maternity/paternity leave in 2023 was 92%*

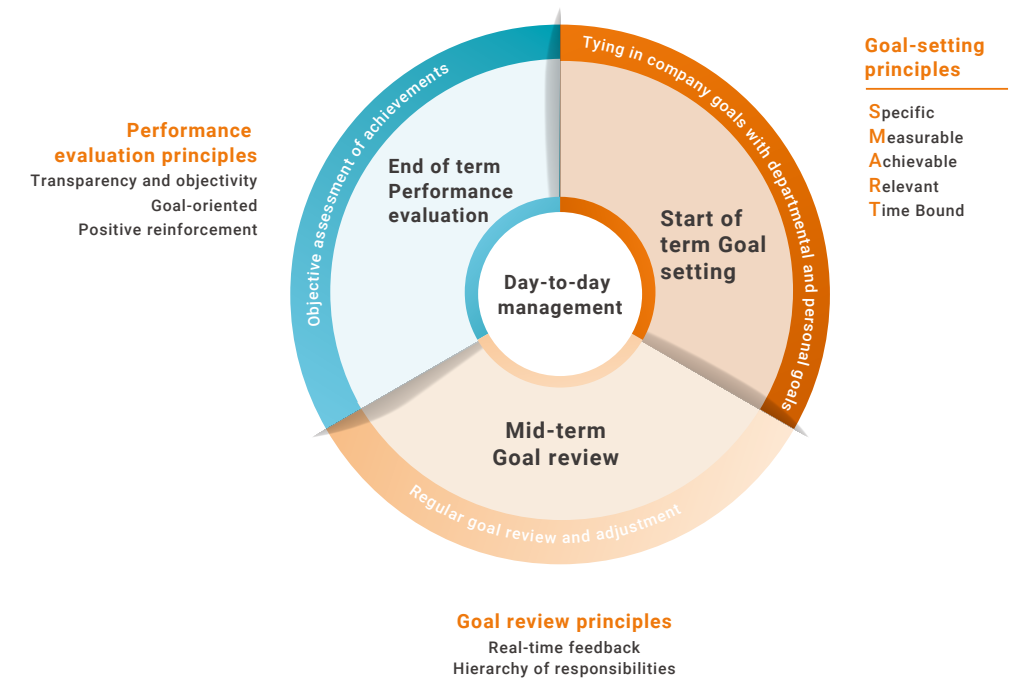
#### ◆ Childbirth Subsidy Applications



### 4.1.4 Performance Management and Development (PMD)

An effective performance management system is conducive to performance improvement and the creation of value at the individual, organizational, and corporate levels. Innolux has a comprehensive PMD system that takes the six major competencies into consideration. From day-to-day management to end-of-term assessments, the system covers all aspects of performance management. The PMD cycle begins with start-of term target setting, continues with a mid-term target review, and concludes with an end-of-term assessment. The targets set at the beginning of each cycle closely correspond with the personal, departmental, and corporate goals of the year and must be specific, measurable, achievable, relevant, and time-bound (SMART). The mid-term review provides a chance for us to re-examine our goals and progress and make the necessary adjustments to the targets. The end-of-term assessment is conducted by managers at the end of each year, who review employee performance against the targets and give objective feedback and positive, constructive comments. 2023 performance assessment coverage rate for all employees across the globe.

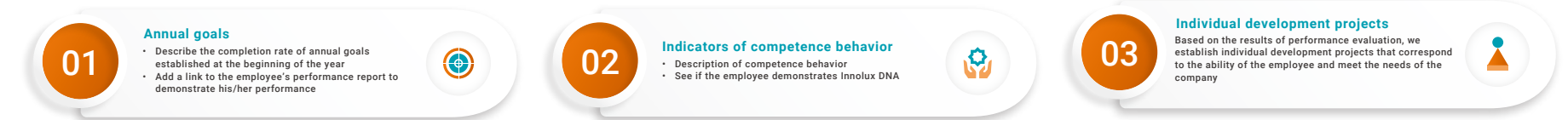
#### ◆ PMD Cycle



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## ◆ Performance evaluation framework



## ◆ Employee evaluation methods

Method	Target(s)	Coverage	Frequency	Description
Goal-oriented assessment	Employees	100%	Annual	The three categories of the assessment include annual targets, professional competency indicators, and personal development. Annual targets are set for individual employees at the start of each year and reviewed at the end of the year.
Multifaceted review	Employees	100%	Annual	Employees are asked to perform a self-evaluation before a secondary review by their superiors. Compared to traditional one-way evaluations, this multifaceted review method improves the validity of the assessment process.
Assessment and grading	Employees	100%	Annual	Employees are assigned one of four grades by their superiors based on their evaluation results for the given year.
Team evaluation	Senior and middle managers	1.13%	Annual	Senior executives set strategic goals and performance targets for the year at the Operating Strategy Workshop. Middle managers communicate the goals and targets to their team members at the Management Boot Camp to enhance management effectiveness.
	Managers	7.89%	Quarterly	At the quarterly Accountability Conference, the Company shares its operating results and prospects with the entire employee body, explores opportunities for growth, and reviews team achievements.
Team agility assessment	Where necessary	-	Irregular	Periodic team meetings (which may be held on a weekly, monthly, or quarterly basis depending on the nature of the team) are held to review individual performance and offer feedback and to make the necessary strategic adjustments to ensure that all targets are met.  Teams are encouraged to use instant messaging software and project management tools to share strategies, discuss problems, and find solutions.

## Equal emphasis on professional and managerial skills

- In keeping with our strategic goals, employees may choose to switch between technical and managerial positions based on their job performance and career goals.
- This ensures that every employee is assigned to a position that allows them to shine, which in turn enhances the Company's competitiveness, allowing it to achieve technological breakthroughs.

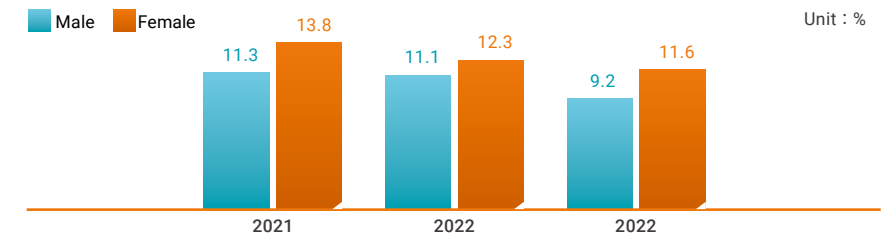
## Interdisciplinary learning through job rotation

- We provide a wide range of training courses and career opportunities that help shape employees into multifaceted interdisciplinary talent.
- Job rotation is an important factor in promotion consideration. Employees are given a more lenient review during their first year in a new position. This gives the Company greater flexibility in human resource management while allowing employees to request job rotation without worrying about possible repercussions.
- We provide a variety of training courses to help employees develop an interdisciplinary skillset.

## Gender Equity in the Workplace

- The promotion rate of female employees has surpassed that of male employees by 10% to 30% for three consecutive years (2021-2023).
- Despite the tech industry being a historically male-dominant industry, the higher promotion rate among female employees in the past three years shows that outstanding employees are able to advance in their career paths regardless of gender.

## ◆ Job promotion rate



Note: Promotion rate = Number of promoted employees / Number of employees eligible for promotion.



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## ◆ Performance Management and Development

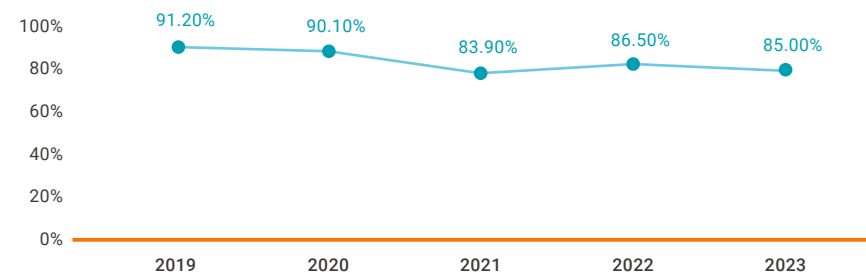


## ◆ Employee Evaluation Coverage

	Female	Male	Total	Coverage
Senior executives	1	7	8	100%
Middle management	32	261	293	100%
Entry-level managers	549	2,102	2,651	100%
Technical staff	1,088	1,704	2,792	100%
Others	12,539	18,276	30,815	100%
Total	14,209	22,350	36,559	100%

Note: Employees who were hired within the past 4 months or who were on leave for more than 240 days in 2023 were excluded.

## ◆ Rate of internal promotion for management positions



Note: Rate of internal promotion = Number of internally promoted managers / ( Number of internally promoted managers + Number of externally hired managers )

## 4.1.5 A Warm and Welcoming Workplace

Innolux strives to foster a happy workplace that is conducive to the collective good of the Company without compromising employees' individual values.

We organize recreational events, employee club activities, and benefits that encompass dining, housing, transportation, education, and leisure to create the ultimate work-life balance for our employees.

### Lifelong Learning

Innolux is a pioneer in the industry when it comes to implementing a series of lifelong learning initiatives that "safeguard employees' work, leisure, health, family, and wealth in the latter half of their lives". We hope that through a range of lifelong learning activities, senior employees can feel at peace with or even excited for the second half of their lives, which echoes our mission to "balance work and life, foster physical and mental well-being, create familial bliss, and ensure financial freedom in retirement" for our employees. At the end of the day, a company cannot be successful without happy employees. It is our wish that all retired Innolux employees can enjoy a retirement that is marked by financial security and freedom.



## 2023 Lifelong Learning Activities

### Monopoly for Senior Citizens— Retirement Life Planning

- The Innolux Education Foundation worked with the Taiwan Active Aging Association and professors from the National Chung Cheng University Department of Adult and Continuing Education to design a senior citizen-themed board game in the style of Monopoly.
- We designed a companion course for the board game to help employees make plans for the second half of their lives based on the five aspects of life—work, leisure, health, family, and finances. The course is also linked to our ESG goal to foster co-prosperity with society and happiness for employees.
- We trained 46 internal lecturers and launched the course in 2023. To date, 125 employees have completed the course.



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### Assistive devices for older workers

- We help employees apply for assistive devices, and we replaced 40 computer screens for greater ease of reading.
- We received a government subsidy of NT\$79,083 to redesign positions for 12 senior employees.
- We guided suppliers in applying for the same subsidy (NT\$26,775 granted).



### Innolux Active Aging Workshops

- Nine active aging workshops held in 2023 were attended by 359 employees, with a satisfaction score of 4.75 out of 5.



### Quality Work Environment

#### ◆ Healthy dining options

Our nutritionists redesigned our menu to address the 10 most common anomalies found in health examination results among senior employees. Low-carb, low-calorie meals in ESG-certified paper meal boxes are available on Tuesdays and Thursdays. An average of 1,494 low-carb, low-calorie bento boxes were sold every month in 2023, up 12% from the previous year.



#### ◆ Meatless Mondays (no red meat)

We work with employee meal providers to implement a special Monday menu without red meat (pork/beef). By choosing meat products with a lower carbon footprint, we are taking one step closer towards our environmental protection, health, and carbon reduction goals. In 2023 alone, employees decreased their pork consumption by 28.4 tons and their beef consumption by 4.3 tons, contributing to 460 tCO<sub>2</sub>e in emissions reductions.

#### ◆ Pheasant-tailed jacana-friendly rice

To foster ecological sustainability, safeguard employee health, and protect the local population of endangered pheasant-tailed jacanas, our employee cafeterias exclusively use organic rice grown without any pesticides, insecticides, or chemical fertilizers.

#### ◆ Organic vegetables

We support independent farmers in the Jhunan and Tainan areas by making monthly food purchases from them. By sourcing ingredients from local organic farms, we are able to reduce transport costs and our carbon footprint while allowing our employees to enjoy safe and healthy vegetables at employee cafeterias. We purchased 58.543 metric tons of organic vegetables in 2023.

#### ◆ Energy efficient water dispensers

In 2023, we replaced 77 drinking water dispensers with energy efficient models, each of which reduces carbon emissions by 0.185 tCO<sub>2</sub>e per year (or 14.22 tCO<sub>2</sub>e per year combined).

#### ◆ EV-only parking

We introduced parking spaces dedicated to electric vehicles and formulated the Innolux EV Parking and Charging Bay Safety Manual for the Greater China Region after conducting a thorough study of the safety guidelines, emergency response measures, and damage control and prevention procedures associated with EVs, as well as domestic and international EV safety management standards. To forge employee consensus, we also conducted a survey to gauge employees' support of this move. Of the 341 valid questionnaires collected, close to 80% of the responses were positive.

For employees driving electric vehicles, we organized an EV parking and lithium battery fire safety training session that was attended by 70 employees.





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## A Healthy and Sustainable Workplace

To care for our employees' physical/mental health and family/work life, Innolux strives to foster a warm, welcoming, safe, harmonious, and healthy workplace. Furthermore, in response to global trends in workplace DEI, we regularly organize a wide range of activities to meet employee needs, including sport competitions, parent-child activities, movie screenings, and team building workshops. Ultimately, we hope that our employees can find a balance between their work life and a family life that is free from stress.

As part of its equal employment initiative, Innolux has been actively building an accessible workplace since 2011 by offering full-time and part-time positions tailored to people with disabilities, who enjoy the same benefits as other employees. In fact, we currently have six full-time blind/visually-impaired massage therapists on our staff; we are the first in the industry to take this step.



DEI Month [2,551 participants]



Summer outdoor music festival at Ningbo Site [5,000 participants]



Outdoor birthday party at Tainan site [4,483 participants]



INX Sports Day [2,864 participants]



Team building for employees with disabilities at Foshan Site



Dragon Boat Festival celebrations at Nanjing Site [1,650 participants]

## Employee Clubs

With a budget of NT\$2 million each year dedicated to employee clubs, Innolux employees are encouraged to participate in on-site and off-site club activities to expand their interpersonal network, explore their interests, and learn new skills, which in turn increases interaction between departments and builds tighter working relationships. To foster sustainable social values, we also partner with other businesses and organizations to co-organize events. The total number of club members rose by 21% in 2023, while the number of club events rose by 54%.



Dragon Boat Club (Taiwan Site)



Running Club (Foshan Site)



Badminton Club (Ningbo Site)



## 4-2 Talent Cultivation and Development

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Innolux strives to provide learning and career opportunities that suit the needs of individual employees. We founded Innolux University to cultivate interdisciplinary digital talent based on the Innolux Employee Development Position/Seniority Chart (see figure to the right). Beginning from the moment they join Innolux, employees are provided with a comprehensive learning and training system with rich resources tailored to different positions and ranks, including employee orientations, on-the-job training, and self-regulated learning. During their time at the Company, employees' career paths are determined by their own needs and job performance. According to the Company's organizational strategy, employees who choose the Leadership Development Path will receive different levels of leadership training when they are promoted to management. This systematic talent cultivation system enables employees to continue to seek self-growth and reach their full potential. The rate of internal promotions continued to rise in 2023, remaining above 80% for the fifth consecutive year. In 2023, 3.72 million hours of training was administered. On average, each employee received around 102.7 hours of training.

### Training Statistics for 2023

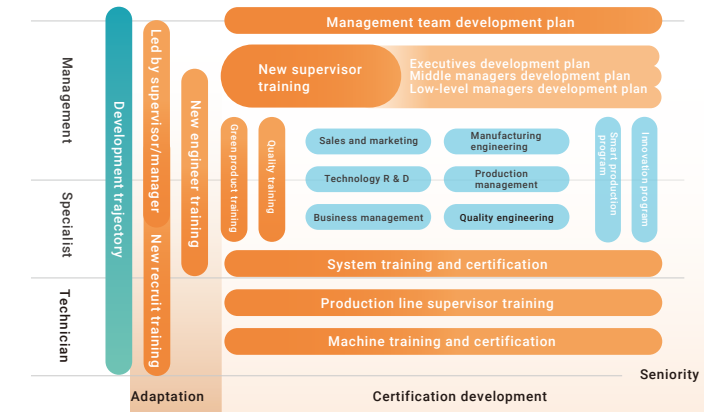
#### ◆ By employee category

Average training (hours)	Management (Section Chiefs and above)		Indirect Labor		Direct Labor	
	Female	Male	Female	Male	Female	Male
Taiwan sites	37.3	32.9	22.5	20.9	1.5	2.7
China sites	Ningbo	34.2	38.8	22.4	29.2	6.2
	Foshan	24.7	27.6	15.2	16.1	2.3
	Nanjing	37.7	34.0	16.8	18.3	0.3

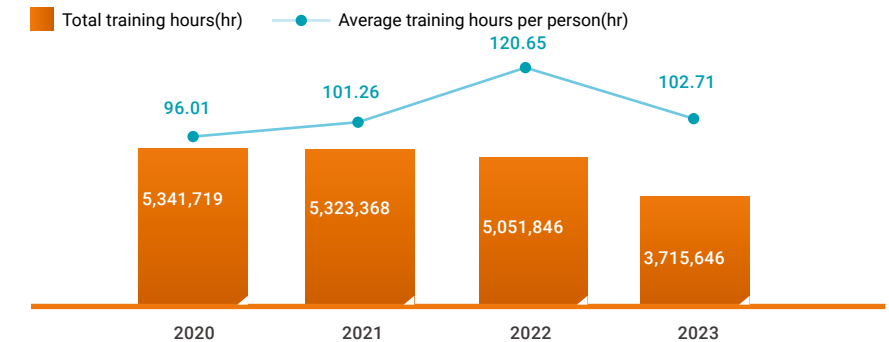
Note: Average training hours = Total training hours / Number of employees.

#### ◆ By types of courses

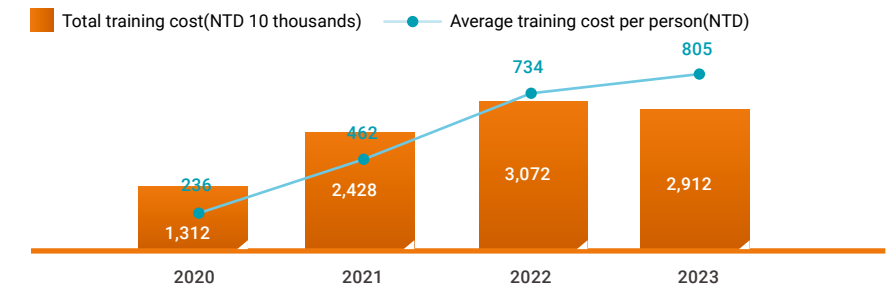
Number of trainees	Taiwan sites	China sites		
		Ningbo	Foshan	Nanjing
Frontier College	9,582	7,593	6,514	1,883
College of Management	22,561	3,503	2,190	1,004
College of Science	94,637	71,430	7,221	2,483
Liberal Education Center	42,001	9,573	4,289	1,020
Training for production line supervisors/on RBA and care for the disabled	160	601	70	26



#### ◆ Training Hours



#### ◆ Training Costs



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## Training Results

### ◆ Program name: Quality Technology Improvement Program

Contents	
Quality management techniques (including basic quality management tools and six sigma green-black belt courses): Promoting quality awareness and techniques through quality assurance training	
Target(s)	Objectives
Technology R&D staff, engineers, quality assurance departments, customer service agents, and manufacturing engineers (22,669 passed this program in 2023, accounting for 62.4% of the employee body)	Improve quality awareness and lower defective product rate
Level1 Satisfactory	
An evaluation survey to understand employees' satisfaction levels with regard to the course and the instructor	
<ul style="list-style-type: none"> <li>Course satisfaction score: 4.4 out of 5</li> </ul>	
Level2 Examination	
Summative learning assessment following the conclusion of the course	
<ul style="list-style-type: none"> <li>Average final exam score: 86.7 out of 100</li> </ul>	
Level3 Behavior	
Verification that students can practice what they learn in the course in a real-life setting	
<ul style="list-style-type: none"> <li>10 CIP projects implemented. The project content includes the enhancement of production efficiency and the improvement of product quality</li> </ul>	
Level4 Result	
Real-life metrics of course effectiveness	
<ul style="list-style-type: none"> <li>NT\$10,125,266 in cost savings</li> </ul>	
Level5 ROI	
Return on investment (ROI) of the course	
<ul style="list-style-type: none"> <li>ROI=38.6</li> </ul>	

### ◆ Program name: Site Management Talent Cultivation Program

Contents	
The Site Management Boot Camp aims to instill key management competencies in senior executives through a series of team building challenges and communication/ learning activities that promote out-of-the-box thinking, empathy, and understanding. The ultimate objective is to eliminate egoism, enhance team leadership abilities, and point the way towards the next wave of corporate transformation.	
Target(s)	Objectives
Senior and C-level executives (0.3% of the employee body)	Share important management beliefs and build a talent bank of senior executives
Level1 Satisfactory	
An evaluation survey to understand employees' satisfaction levels with regard to the course and the instructor	
<ul style="list-style-type: none"> <li>Course satisfaction score: 4.8 out of 5</li> </ul>	
Level2 Examination	
Summative learning assessment following the conclusion of the course	
<ul style="list-style-type: none"> <li>Homework submission rate: 90.7% (Management behavior log)</li> </ul>	
Level3 Behavior	
Verification that students can practice what they learn in the course in a real-life setting	
<ul style="list-style-type: none"> <li>39.8% selected to join the High Potential Talent Bank</li> </ul>	
Level4 Result	
Real-life metrics of course effectiveness	
<ul style="list-style-type: none"> <li>98.2% retention rate</li> <li>21.3% received promotion</li> </ul>	
Level5 ROI	
Return on investment (ROI) of the course	
<ul style="list-style-type: none"> <li>ROI quantification method pending</li> </ul>	

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### Innolux University

In keeping with Innolux's 3-V strategy (create value, drive value, and share value), the Company established 20 programs spread across 3 colleges and 1 center under the Innolux University umbrella. The 20 programs correspond with the Company's talent cultivation needs and provide an opportunity for managers and employees to learn about digital transformation, management competencies, professional skills, and foreign languages.

#### Frontier College

##### Artificial intelligence (AI) program ∙ Business intelligence (BI) program ∙ Digital transformation lecture series

In keeping with our continued push for digital transformation, we compiled a team of experts to optimize training courses in AI/BI knowledge and tools, strategic thinking for digital transformation, and digital business models, with the aim of cultivating a new generation of digital talent. We hope to realize smart manufacturing and smart operations throughout the organization in order to achieve greater flexibility in decision-making and organizational transformation. At the individual level, we hope that every employee will jump on the transformation bandwagon by improving their personal value and seeking diverse opportunities. Our AI/BI programs are aimed at helping the organization achieve flexible decision-making and sustainable development. In addition to course topics developed for managers, digital researchers, and field experts, we included ESG issues in the courses.

- 25,572 employees trained

#### College of Science

##### Job-specific training programs ∙ Engineering+ workshops

Professional courses in the College of Science are designed to be job-specific and emphasize field-specific knowledge and hands-on practice.

- 1,053 courses offered
- 175,771 employees trained

#### College of Management

##### Empowerment Program: management courses, empowerment courses, and stress and emotional self-regulation courses

The College of Management launched the Empowerment Program in 2022 with the Stress Relief and Management course. In 2023, it added the Emotional Self-Regulation and Relationship Restoration course to help employees practice positive thinking, regulate their emotions, and develop the resilience to care for themselves emotionally under high stress situations.

- 2,332 employees trained (satisfaction score: 4.6 out of 5)

##### Case Study Room: case studies for senior and C-level executives

The Case Study Room is a new program launched in 2023 to help the Company achieved strategic information and organizational transformation. Targeted at senior and C-level executives, the program leads managers to think outside the box through a series of case studies that test their decision-making skills, familiarize them with management theories and tools, and train their strategic thinking and planning abilities.

- 56 employees trained (satisfaction score: 4.8 out of 5)

##### Talent Cultivation Program: cultivation of high potential talent through internships

Also launched in 2023, the Talent Cultivation Program is the answer to how to align corporate goals with employee career development goals. It creates a comprehensive human resources system for talent selection, leadership assessment, and career development. In addition to internal performance evaluations, the program has also introduced external leadership assessment tools to seek out potential talent for the senior management level and formulate the corresponding training plans. Furthermore, the program helps optimize our talent bank and resume management system, improve upward mobility, and boost overall talent competitiveness.

#### Liberal Education Center

##### Liberal education courses, policy awareness courses, English courses, and Chinese language courses for immigrant workers

Liberal education courses familiarize employees with Innolux's corporate culture through a multifaceted set of courses.

- 56,883 employees trained

### Specialty Courses

#### Sustainability lecture series

#### To foster a culture of sustainable thinking in line with international ESG standards and SDGs

To fulfill our corporate social responsibility, align the Company with international ESG standards and SDGs (particularly in the areas of workplace DEI, gender equality, and biodiversity), and promote a culture of sustainable thinking and awareness of sustainability issues among senior executives and the entire Company, we organized two sustainability lectures in 2023: "Corporate sustainability governance—Gender Equality and DEI Strategies" and "Our Impact and Dependence on Biodiversity under the TNFD Framework". In total, 30 employees completed the course.

#### Supply Chain Resilience and Risk Management

#### To share and strengthen risk management and sustainable development knowledge

With sustainable development-linked risk management as the through line, we invited our procurement and supply chain management staff as well as our suppliers to attend the course to help them understand the importance of risk management to businesses. From corporate governance to business continuity, trainees are introduced to the strategies and challenges of the post-pandemic "new normal." In 2023, we held 29 such courses, benefiting 566 trainees.

#### Flagship Youth Employment Project

#### To hire young employees in accordance with government policy and provide them with the necessary professional training

In 2023, a total of 43 trainees completed the program and formally joined the Company. We will continue to provide a variety of professional training opportunities to help them find their own career path and reach their full potential.

#### Industry-academia collaboration projects

#### To provide internship opportunities and appoint lecturers at universities to offer practical courses so as to bridge the gap between theory and practice

We work closely with top-rated universities to recruit students with a background in optoelectronics or automation equipment. Through summer internship programs and industry-academia collaboration projects, as well as the Maximum Unicorn Program launched in 2023, we are expanding the scope of our industry-academia collaborations with the goal of recruiting graduating students to the Company immediately upon graduation.



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## 4-3 Labor Rights and Relations

GRI : 2-23 、 2-24 、 2-25 、 2-26 、 406-1 、 408-1

### 4.3.1 Respect for Human Rights

#### Human Rights and DEI Policy

At Innolux, we attach great importance to human rights issues. We strive to safeguard the rights and interests of employees, contract/part-time workers, clients, suppliers, and the general public by complying with the Global Compact, the UN Guiding Principles on Business and Human Rights (UNGPR), the Responsible Business Alliance (RBA) Code of Conduct, the International Labor Organization (ILO) Code of Conduct, and local regulations. We formulated the Innolux Human Rights & Diversity, Equity and Inclusion Policy to ensure that our daily operations and business activities meet the applicable requirements for fair treatment of and respect for individual differences. The policy applies globally to our employees, contract workers, clients, and suppliers. We hope to work with our stakeholders towards a better world in which every human being is respected.

In addition, the Innolux Code of Conduct, Employee Handbook, Work Rules, Recruitment/Employment Rules, Code of Practice for Complaints Management and Sexual Harassment Prevention Measures, Principles for the Prevention of Wrongful Harm During the Performance of Duties, and Greater China Code of Practice for Employee Care and Assistance, among others, all clearly state our commitment to protecting employee rights as stipulated by law, including freedom of employment, humane treatment, protection from discrimination and harassment, and employee complaint channels. As part of our human resources management action plan, we formulated the Innolux Supplier Corporate Social Responsibility Code of Conduct for materials suppliers and service providers.

#### Implementation Guidelines

Innolux's Human Rights Policy applies to the parent company and all of its subsidiaries (covering all employees and operating activities), suppliers, contractors, service providers, clients, and other value chain partners.

- Equal employment opportunities and treatment, no discrimination or differences due to factors such as race, ethnicity, skin color, national origin, gender, sexual orientation, religion, etc. to practice the workplace value of diversity, equity and inclusion.
- Forced labor, child labor, and human trafficking are prohibited in business activities or supply chains.
- Comply with all applicable wage, benefit and working hours regulations, and ensure freely chosen employment.
- Provide a safe, healthy, humane treatment and non-harassment and bullying working environment, and assist employees to maintain work-life balance.
- Respect the rights of employees to have the freedom of association and join various social organizations.
- Maintain positive labor relations and provide multiple communication platforms.
- Respect and protect the collection and use of personal data to act in compliance with legal requirements.
- Adhere to the principles of integrity and honesty, abide by the anti-corruption act of the country where the business is located, and prohibit any form of improper advantages.
- Implement responsible procurement and production ensure an adequate and effective conflict minerals and illegal logging supplier chain to create a sustainable supplier chain management system.
- Regularly identify and assess human rights-related risks, formulate mitigation and remedial measures, and provide multiple grievance channels.

#### Human Rights Risk Management Procedures

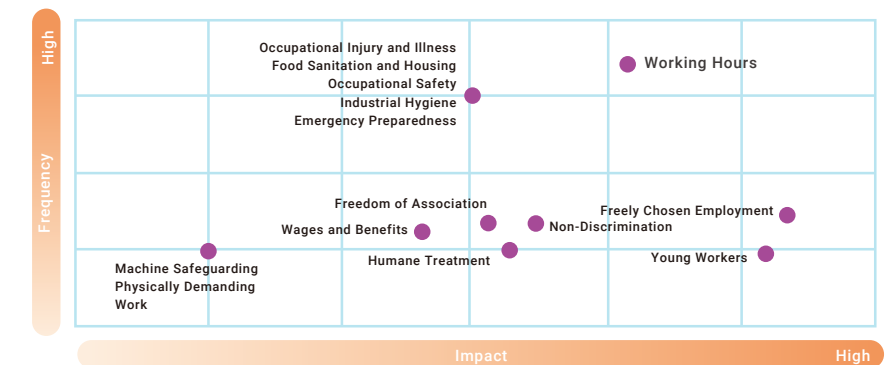
Each year, we conduct a human rights risk assessment in accordance with Innolux's Human Rights Risk Management Procedures, and then follow up with a materiality analysis of operations-related human rights topics. For each material topic identified, we formulate a corresponding action plan to mitigate our impact or compensate those affected.



#### Human Rights Due Diligence

Innolux identifies and manages human rights risks facing its operations in accordance with international human rights conventions, local regulations, and industry guidelines. In 2023, we identified 14 material topics, including freedom of employment, youth workers, working hours, wages and benefits, humane treatment, non-discrimination, freedom of association, occupational safety, emergency preparedness, occupational injuries and illnesses, industrial hygiene, hard labor, machinery maintenance, public sanitation, and food and housing. We also conduct annual human rights due diligence to assess other potential risks, with results regularly reported to our Sustainable Development Committee. We are committed to upholding the highest standards by incorporating human rights into every aspect of our operations.

#### ◆ Human rights risk matrix



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Material human rights topics	Risk groups					Methodology	Probability	Impact	Complaint channels
	Employees <sup>Note 1</sup>	Startups <sup>Note 2</sup>	Suppliers <sup>Note 3</sup>	Clients	Communities				
Freedom of employment	●	●		●		<ul style="list-style-type: none"> <li>Annual internal CSR audits</li> <li>RBA SAQS AND VAP AUDITS</li> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> </ul>	Low	High	<ul style="list-style-type: none"> <li>Internal employee mailbox</li> <li>Internal employee hotline (#67885)</li> <li>Internal WingHR app complaint feature</li> <li>External CSR mailbox (csr@innolux.com)</li> </ul>
Youth labor				●		<ul style="list-style-type: none"> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> </ul>	Low	High	<ul style="list-style-type: none"> <li>External CSR mailbox (csr@innolux.com)</li> </ul>
Work hours	●	●		●			High	High	
Remuneration and benefits	●	●		●		<ul style="list-style-type: none"> <li>Annual internal CSR audits</li> <li>RBA SAQS AND VAP AUDITS</li> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> </ul>	Low	Medium	
Humane treatment	●	●		●			Low	Medium	
Nondiscrimination	●	●		●			Low	Medium	
Freedom of association	●	●		●			Low	Medium	
Occupational safety	●	●	●	●		<ul style="list-style-type: none"> <li>Annual internal CSR audits</li> <li>RBA SAQS AND VAP AUDITS</li> <li>Annual conflict mineral inventories</li> <li>Annual supplier CSR risk assessments</li> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> </ul>	Medium	Medium	
Emergency response	●	●	●	●	●	<ul style="list-style-type: none"> <li>Annual internal CSR audits</li> <li>RBA SAQS AND VAP AUDITS</li> <li>Annual conflict mineral inventories</li> <li>Annual supplier CSR risk assessments</li> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> <li>Continuous monitoring of effluent and air pollution</li> </ul>	Medium	Medium	<ul style="list-style-type: none"> <li>Internal employee mailbox</li> <li>Internal employee hotline (#67885)</li> <li>Internal WingHR app complaint feature</li> <li>External CSR mailbox (csr@innolux.com)</li> </ul>
Occupational injuries and illnesses	●	●	●	●		<ul style="list-style-type: none"> <li>Annual internal CSR audits</li> <li>RBA SAQS AND VAP AUDITS</li> <li>Annual conflict mineral inventories</li> <li>Annual supplier CSR risk assessments</li> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> </ul>	Medium	Medium	
Industrial sanitation	●	●	●	●			Medium	Medium	
Physical labor	●	●	●	●			Low	Low	
Machinery maintenance	●	●	●	●			Low	Low	
Public health, food, and accommodations	●	●		●	●	<ul style="list-style-type: none"> <li>Annual internal CSR audits</li> <li>RBA SAQS AND VAP AUDITS</li> <li>RBA AUDITS</li> <li>Sustainability topic surveys</li> <li>Continuous monitoring of effluent and air pollution</li> </ul>	Medium	Medium	

Notes:

1. Includes six major groups: domestic workers, immigrant workers, female employees, indigenous employees, youth labor, and child labor

2. Includes acquisitions, mergers, and joint ventures

3. Includes key components providers, employment agencies, and on-site service providers

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Human rights risk mitigation measures

In 2023, we collected feedback through multiple channels as part of our human rights risk inventory process for our Jhunan, Tainan, Ningbo, Foshan, and Nanjing sites. We identified “work hours” as a priority issue due to high risk probability and impact on our employees, startups, and suppliers, and we formulated the following mitigation and compensation measures to address the issue.

Risk group	Employees/Startups		Suppliers	
Material topic	Work hours			
Mitigation measures	Requiring manufacturing departments to make demand projections in order for HR to make timely adjustments to the workforce	Quarterly	Imposing the Innolux Supplier Corporate Social Responsibility Code of Conduct on suppliers	Regular
	Including work hour management performance in the annual internal CSR audits	Annual	Requiring suppliers to sign the Promise of Undertakings to ensure compliance with the RBA Code of Conduct	Regular
	Organizing training, such as new employee orientation and management training, to reiterate work hour requirements and standards	Irregular	Conducting annual supplier CSR risk analyses	Regular
Compensation measures	Keeping track of attendance records through the internal shift management system	Regular	Performing on-site audits of high-risk suppliers, requiring an improvement plan if shortcomings are found, and, in severe cases, terminating the business relationship	Regular
	Automatic alerts and management intervention when overtime is detected	Regular		

Human Rights Management Results in 2023

To help employees better understand our human rights management policy, Innolux requires all new hires to attend human rights training as part as their orientation and onboarding process in accordance with the RBA Code of Conduct. Through training, new employees become familiar with the human rights, environmental protection, and ethics guidelines that apply to the global electronics supply chain. Furthermore, to safeguard the rights and interests of all direct and indirect employees, we conduct a series of internal and external audits to determine whether the Company itself and its supplier chain partners are in violation of human rights standards.

Employee orientation	Workplace Antiharassment and Antibullying Awareness Campaign	Audits
11,532 hours	3,118 hours	5 internal audits 7 external audits (89 supplier questionnaires)

Workplace Assault and Sexual Harassment Prevention

Innolux is committed to ensuring that our employees are never subject to any form of workplace discrimination, sexual harassment, or bullying, and we have a comprehensive training and management system for this purpose.

Regulatory basis

Sexual Harassment Prevention Measures and Complaints and Management Guidelines

Training

Education in the zero tolerance policy for workplace discrimination, bullying, and sexual harassment at new employee orientation and line/unit manager training; maintaining complaint channels

Statistics on workplace bullying and sexual harassment training		
Sessions	Attendees	Total hours
512	3,118	33,887

Promotion measures

Posters and computer boot screens that promote antidiscrimination, antibullying, and sexual harassment prevention

Complaint channels

Employee hotline #67885 / Employee mailbox / WingHR app / WeChat

Response measures

1.

We established a dedicated unit to receive complaints and oversee the competent unit(s) in implementing improvement plans.
2.

We require absolute confidentiality by all relevant units to protect the identity of victim(s) or whistleblower(s); investigative results are reported to the Sexual Harassment Complaint Committee for resolution.
3.

Upon becoming aware of an (alleged) sexual harassment incident, the Sexual Harassment Complaint Committee must convene to review the case. The Committee is composed of 5–7 members, at least half of whom must be female. Conflict of interest recusal rules apply.
4.

Allegations found to be true are handled in accordance with the Innolux Commendation and Discipline Guidelines.

Corrective measures

1.

Tangible measures: Reassignment of work positions, locations, or shifts
2.

Emotional support: Provision of counseling resources



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## 4.3.2 No Workplace Communication Gaps

At Innolux, we value and respect our employees' rights and opinions. We have set up a variety of channels, both to disseminate company information and to encourage two-way communication to build a transparent and open environment that is great for team spirit and keeps employees informed of company dynamics while allowing them to express any opinions or doubts they have about the workplace. To safeguard and ensure employee rights, we provide channels for employees to voice their opinions anonymously, and we keep employees' identities and opinions confidential and protect them from unfair treatment or retaliation if they report or file a complaint. In 2023, the Company received 1,445 reports filed internally by employees. Of these reports, 232 were grievances relating to labor standards, and we responded to all of them for a 100% response rate; 5 reports concerned sexual harassment, and all 5 were dealt with formally. There were no other discrimination-related grievances, and all reports were handled and the appropriate actions were taken to improve matters.

### Dissemination of Information

- WingHR App—Contains the latest news and information on employee welfare
- Email—Used to disseminate company regulations and send emails to employees from top-level management
- Bulletin board—For labor policies and information on health, safety, sanitation, and corporate events
- TV wall—Broadcasts information related to employee welfare
- Innolux E-Newsletter—Informs employees of company policies and provides an avenue for building rapport with employees and maintaining communication with resigned/retired employees

### Two-Way Communication

- Meetings with management—Senior managers report on the company's operating status, employees ask questions about the current status of the company
- 24/7 Employee Care Helpline/Employee Care Mailbox—For collecting and responding to employee grievances/feedback around the clock
- Seminars for employees/foreign employees—Employees share and discuss work experiences; an opportunity for foreign employees to meet up regularly
- Consultation room—Provides one-on-one individual counseling services
- Email—Plant manager/supervisor mailbox
- Employee representative/labor management meetings—Regular engagement with employee representatives

## Grievance Handling Procedures

### General Cases

- We register received complaints in the Employee Care System for processing by the responsible unit, who may interview individuals involved as necessary to better understand the case and respond if not filed anonymously.

### Sexual Harassment

- We register received complaints in the Employee Care System. The HR department is responsible for managing and submitting it to the investigating committee to review evidence, interview parties involved and witnesses, collect information, then schedule a meeting to verify the case and decide on disciplinary measures and other conditions.



## Labor-Management Communication

### Face-to-Face Communication

#### Taiwan

Labor Management Meetings<sup>Note1</sup>: 36  
Employee Welfare Committee: 6  
Direct Labor Seminars: 26  
Appointments with Management: 4

#### Ningbo

Direct Labor Seminars: 78  
Appointments with Management: 4

#### Foshan

Labor Management Meetings: 2  
Employee Welfare Committee: 1  
Employee Representative Meetings: 12  
Appointments with Management: 4

#### Nanjing

Appointments with Management: 4

#### Notes:

- Labor management meetings are convened quarterly. Issues are compiled one month before each quarterly meeting for discussion, and meeting minutes are published. Employees are informed of trade union representative elections, and labor representatives are elected through online voting.
- In accordance with Responsible Business Alliance (RBA) policy, employees are entitled to the freedom to organize trade unions. In 2023, no employees organized a trade union at Taiwan sites, while the Ningbo and Foshan sites in China have trade unions.

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## Employee Assistance Programs (EAPs)

Employees are a company's most valuable asset. The Company recognizes the possible impacts that problems encountered by employees can have on work and life. We collaborated with external groups to incorporate the EAP into the WingHR app for 24/7 counseling services. We hope counseling and legal consulting services will help reduce and solve problems both in our employees' day-to-day lives and at work, so that they are able to focus on work and enjoy good physical and mental health. The EAP has cumulatively served 595 people since 2021. A total of 195 people used these programs in 2023 with a 5.7 satisfaction score (out of 6).

## 4.3.3 Employee Engagement Survey

### Global Employee Engagement Survey

Employees are a company's most valuable asset and the key to corporate sustainability and stronger competitiveness. Effectively harnessing human capital to create value is a major component of our business strategy. We conducted an employee engagement survey in 2023 to investigate six aspects of employee engagement: the employees themselves and their work, quality of life, opportunities, rewards, and policy. The questionnaire included questions about employees' intrinsic/extrinsic motivation, individual perceptions, whether employees felt satisfied with their job, whether they had a clear purpose, and whether they felt a sense of well-being or suffered from stress. The overall satisfaction score was 82.9, which exceeded the target score of 75. The survey score was calculated from the percentage of employees who gave a positive rating of 5 (strongly agree) and 4 (agree) on a 5-point scale. The survey was administered globally to all indirect employees working at our five manufacturing sites; the coverage rate was 35.9%, and the valid response rate was 85.6%, which exceeded the target rate of 75%. We used the survey to identify management issues, explore the organizational climate, and collect feedback to formulate action plans for improvement, drive a positive cycle in the management system, and facilitate continuous improvement at Innolux.

Action plans were formed and implemented based on the engagement survey results.

- Check: Identify gaps in company strategies and employee perceptions.
- Improve management: Treat the root cause of a problem, launch improvement plans, and make the most suitable arrangements with limited resources.
- Embody spirit: Take employees' opinions seriously and work to establish a sense of belonging to encourage a higher retention rate and reduce costs due to replacing employees.
- Set goal: [Commitment to Sustainability by 2030] Increase the coverage of the employee engagement survey to 80% or higher and achieve a score of 80 or higher.

## 4-4 Safety and Protection

GRI : 2-23 、 2-24 、 2-25 、 403-1 、 403-2 、 403-3 、 403-4 、 403-5 、 403-6 、 403-7 、 403-8 、 403-9 、 403-10

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It is our duty to create a safe and healthy work environment for our employees. To strive for a workplace free of occupational hazards and illnesses, the Company has established an Environmental Safety and Health Policy in an effort to ensure that the work environment complies with safety standards and to protect employees from injuries or harm. By using passive (raising awareness through the use of multimedia technology) and active (organizing events and activities) approaches, we improve employees' occupational health and safety awareness, demonstrate our commitment to safeguarding worker safety and promoting physical and mental health, and fulfill our promise of building a safe and healthy workplace in line with the UN SDGs.

### Environmental Safety and Health Policy

Our Environmental Safety and Health Policy is based on the company's sustainability vision of the 3 GOs: Go Green, Go Responsible, Go Sharing. We pledge to abide by this policy in our development initiatives, now and in the future.

1. Meet all government environmental protection, safety, and health regulations and strive to comply with international environmental protection, safety and health standards.
2. In response to global climate change, international environmental protection trends and meeting customer requirements, we are committed to promoting the "green vision", strengthening green product design, manufacturing and delivery, and cooperating with value chain partners to implements resource saving, energy saving, low carbon, emission reduction, waste reduction, and recycling the economy, greening, biodiversity are considered to reduce the impact of products and processes on the environment.
3. Root the culture of corporate risk management, and develop and promote the integrated framework of risk management.
4. With the goal of zero accident, zero pollution, and zero occupational diseases, implement hazard and environmental impacts, and environmental pollution to effectively reduce the risks of employees, customers, contractors, suppliers, and stakeholders. Jointly improve the environmental protection, safety and health performance of the value chain.
5. Everyone shall fulfill the duty, form the culture, and implement the discipline of occupational safety.
6. Promote healthy activities to improve the well-being of employees.
7. Provide education and training as well as communications channels to increase employees' environmental protection, safety and health management.
8. Refining emergency response preparations, developing business continuity plan(BCP), identifying risks and opportunities, and reducing business impacts.

### 4.4.1 Occupational Safety and Health Management

Innolux has established a series of occupational safety management systems and standards to keep abreast of and monitor environmental risks. We have adopted 23 work platforms/systems, 18 operational areas/functions, 7 management platforms, and 55 reporting systems to monitor and manage environmental safety and health and ensure the safety of the Company's operating environments.

#### ◆ INX Safety and Health Management Dimensions





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In 2023, Innolux established seven occupational safety and health management indices. The targets were reached for six indices, but not for the employee disabling injury frequency rate (FR). To build a more harmonious workplace and strengthen employee health management, Innolux will continue to strive to meet these seven indices and will also introduce another three management indices: contractor disabling injury frequency rate, percentage of people at risk for chronic diseases, and percentage of people requiring immediate mental health care.

Occupational Safety and Health Index		Jhunan	Tainan	Ningbo	Foshan	Nanjing	Greater China Site
Item	Target						
Employee disabling injury frequency rate (FR)	0.22	0.23	0.89	0.00	0.00	0.45	0.41
Ban on use of Group 1 <sup>Note2</sup> agents classified by 2022 IARC <sup>Note1</sup> in manufacturing processes	0	0	0	0	0	0	0
Pre-operation Equipment Sign-Off Level 1 <sup>Note3</sup> safety inspection completion rate for machinery	100%	100%	100%	100%	100%	100%	100%
Employee mental health care rate <sup>Note4</sup>	95%	100%	100%	100%	100%	100%	100%
Annual self-initiated health checkup rate <sup>Note5</sup>	80%	99.6%	99.2%	100%	100%	100%	99.6%
Environmental monitoring results indicating that the level of hazardous chemical substances in the operating environment is lower than one-tenth of the permissible limit	95%	100%	97%	100%	100%	99%	98%
Percentage of labor representatives on Occupational Safety and Health Committee	40%	45%	69%	59%	65%	75%	61%

Notes:  
1. IARC-International Agency for Research on Cancer  
2. Group 1 agents are carcinogens.  
3. Equipment Sign-Off Level 1 – the Innolux equipment safety check system  
4. Mental health care rate = Number of people who completed annual health questionnaire/Total number of employees when questionnaire was administered.  
5. Self-initiated health checkup rate = Number of people who completed self-initiated health check for the year/Number of employees qualified for the company's annual health checkup; self-initiated health checkup refers to medical exams not stipulated by law (annual health checkup in China and Taiwan not conducted during the year).

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Occupational Safety and Health Management System

In 2023, Innolux obtained ISO 45001: 2018 Occupational Health and Safety Management Systems certification for all sites in Taiwan and China. All Taiwan sites also passed the Taiwan Occupational Safety and Health Management System (TOSHMS) verification. By using the Plan-Do-Check-Act (PDCA) model in accordance with the principles of ISO 45001, we have set up a safety and health management system that applies to all stages of the production process,

including R&D, design, raw materials procurement, production and manufacturing, waste disposal, and transportation, and all activities and services in which workers are involved. We periodically conduct hazard identification and risk assessments, regularly monitor procedures, and analyze work safety to eliminate potential hazards, thereby enhancing the safety and health of the workplace and workers. The management system covers 46,657 workers, 91.1% who are employees and 8.9% who are non-employees (contractors, construction workers, security guards, cleaning staff, kitchen staff). To foster professional competencies, we conduct annual training of our internal and chief auditors, with 228 internal auditors and 20 chief auditors passing in 2023.

Environmental Safety and Health (ESH) Committee

Innolux convenes quarterly Environmental Safety and Health(ESH) Committee meetings with the head of each production site, the responsible departments, and labor representatives<sup>Note</sup> to discuss occupational safety and health issues. A Greater China ESH Committee meeting is held biannually; the meeting is chaired by the President and attended by heads of each site from Taiwan and China, with representatives from headquarters reporting on their progress on environmental safety and health concerns.

In 2023, we began calculating the rate of attendance by labor representatives at ESH Committee meetings; labor representatives from the Greater China site accounted for 63% of all attendees, which exceeded the 40% target.

Note: Labor representatives are committee members who are not (1) representatives of the company or their attorneys, (2) plant/site managers (or higher positions), or (3) persons designated by the Company who have been granted significant decision-making power.

ESH Committee Meetings

Taiwan Sites	China Sites
1,528 labor representatives, accounting for 63% of all attendees required to be present	264 labor representatives, accounting for 61% of all attendees required to be present

Issues of Concern During Committee Meetings

Meeting	Frequency	Chairperson	Participants	Issues of Concern
Greater China ESH Committee	Biannual	President	Head of each production site, representatives from headquarters	<ul style="list-style-type: none"><li>ESH-related sustainability vision and policies</li><li>ESH -related short-/medium-/long-term goals and annual performance management</li><li>ESH, loss prevention, risk management, and business operations</li><li>Operational hazards, environmental impacts, action plans</li><li>Stakeholder concerns, impacts, and business reports</li></ul>
ESH Committee	Quarterly	Head of each site	Responsible departments, labor representatives	<ul style="list-style-type: none"><li>ESH policies</li><li>Internal/external issues, communication</li><li>ESH management plan</li><li>Occupational disease prevention and health-promotion activities</li><li>Pandemic prevention management and ESH performance evaluations</li></ul>

Communicating Health and Safety Issues

We encourage employees to take the initiative in improving ESH practices by using the Company's internal communication systems to report operational and environmental issues in need of on-site ESH performance management. In addition, the company invites departments to submit plans, measures, and suggestions for improving operational and ESH facilities. In total, 126 proposals on safety (hazard prevention) and health (promotion) were submitted in 2023.

Communicating Health and Safety Issues

	Reports Made	Closed Cases	Case Closure Rate
Internal Communication	1,377	1,332	96.7%

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### 4.4.2 Occupational Safety and Health Risk Management

Innolux established its hazard identification and risk assessment/management procedures in accordance with ISO 45001:2018 and the TOSHMS. Each year, we use the ESH identification and evaluation form to identify process or operational hazards and classify risks according to the severity and frequency of hazardous events. Then, based on the severity, risk control measures such as orientation and on-the-job training, procedure monitoring, operational environment monitoring/measurement, health checkups, and hazard prevention controls are formulated and added to the management plan for improvement monitoring and follow-up management. Management conducts pre-event or post-event risk assessment of accidents, the use of new materials, chemicals, or machinery, and changes to the operating environment/conditions (i.e., when regulatory amendments and organizational changes affect our production activities). Our Environmental Safety and Health(ESH) Handbook also states that workers may stop working immediately and extract themselves from a work scenario if they have reason to believe that their life or health is imminently or seriously endangered, and that workers in such scenarios are indemnified against any liability.

01

**Hazard Identification**  
Regularly conduct hazard identification for accidents or events that may cause harm to employees.

02

**Risk Assessment**  
Assess and analyze risk levels based on severity and frequency.

03

**Risk Management**  
Establish risk control measures based on risk levels.

Our hazard identification and risk assessment results for 2023 identified the top three risks related to health and safety. These risks were minimized to a controllable level by introducing engineering controls and administrative controls.

#### ◆ Top three health and safety hazards by type

Health Hazard		Safety Hazard	
Type	As a % of All Hazards	Type	As a % of All Hazards
Work-related loads	24.4%	Punctures, cuts, scratches	20.0%
Musculoskeletal disorders	20.2%	Drawing in, entanglement	16.5%
Long-term exposure to chemicals	19.0%	Electrocution	7.6%

### Occupational Health Management

To reduce health hazards and risks, Innolux incorporates health into our hazard identification and risk assessment system. Risks are classified according to health checkup and health questionnaire survey results. Management measures based on the nature of the hazard are implemented until risk is minimized. For a more immediate, convenient, and comprehensive monitoring of individual health, our Taiwan sites use the H2U health bank cloud-based network platform and APP system for health management. Internet of Things (IoT) technology is used to integrate individual health information (e.g., daily activities, medical exam reports, and personalized health risk assessment results), deliver health information, and recommend custom self-management plans, with the goal of creating a healthy and happy workplace. In compliance with the Personal Data Protection Act, Innolux obtains signed consent from employees for the collection, processing, and use of their personal health data for health management. In December 2023, the Jhunan T2 site received the 2023 Health Management Award for Outstanding Healthy Workplace thanks to the Company's health management, prevention of occupational injuries, and creation of a healthy workplace environment.

### Operational Safety Management

Innolux works continuously to improve manufacturing/equipment safety and material management processes. We conduct hazard assessments before using new raw materials to ensure that we adopt suitable preventive measures. For materials that are already in use, operational checks and regular hazard monitoring are performed to ensure hazard and risk control. In addition, the company monitors hazardous operations. Any units intending to carry out hazardous or risky operations must submit an application and obtain approval before they can proceed. To ensure a safe operating environment for workers that is in compliance with the Occupational Safety and Health Act and the Regulations of the Labor Health Protection, we formulate environmental monitoring plans for designated worksites, monitor operating environments regularly, equip employees with personal protective equipment, provide special health examinations for laborers involved in tasks with special health hazards, and conduct health management based on the risk level of such tasks.



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## ◆ Improvements to Operational Safety Management

### Equipment Safety

#### Management Approach

Safety assessment and acceptance procedures: Risks and hazards are identified by dividing production into three stages, namely pre-production, the production stage, and equipment servicing and maintenance. Machine and equipment safety design is implemented to ensure compliance with international standards. Innolux has established Equipment Safety Regulations to implement equipment safety inspections.

#### Implementation Results in 2023

Completed safety inspections of 452 process machines and equipment.

### Process Safety

#### Management Approach

Innolux collaborates with the Safety and Health Technology Center and the Industrial Technology Research Institute to assess pipeline risks in accordance with API570 for mechanical integrity management of silane and natural gas pipelines that are at risk of fire and explosion.

#### Implementation Results in 2023

- Conducted pipe corrosion mechanism assessment and non-destructive testing using X-ray, ultrasound, and guided wave testing technologies.
- Established and implemented the Pipe Inspection System to eliminate potential hazards and risks and ensure the safety of system operations for a safe workplace.

### Chemical Safety

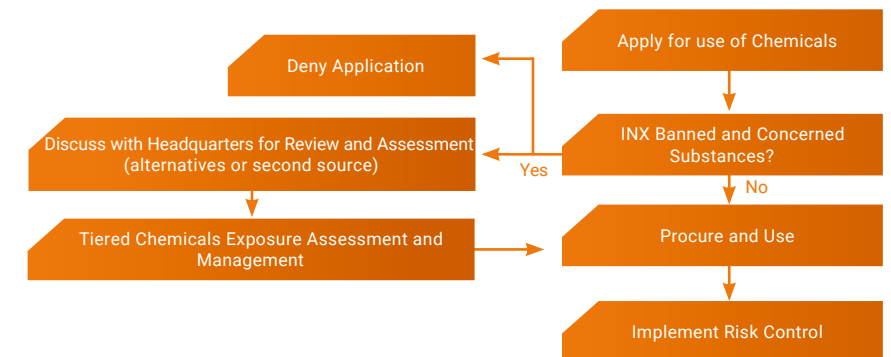
#### Management Approach

- Adoption assessment stage
  - A chemical management system (CMS) is used to ascertain whether substances restricted by Innolux (e.g., IARC-classified Group 1 and 2A agents or other restricted substances under international convention) or by competent authorities are contained in the chemicals that we are planning to use.
  - We also assess and select low/non-hazardous chemicals to replace hazardous chemicals at this stage.
- Adoption stage
  - Hazardous substances produced during manufacturing processes and dangerous and harmful substances in manufacturing systems (such as waste-disposal system, ventilation and dust removal system, and exhaust emissions and wastewater treatment system) are analyzed and tested at this stage. We subsequently adopt effective prevention and control measures.
- Document management
  - The lists of banned or restricted substances are updated at least once a year to ensure that there is no risk of exposure and no violations.
  - Hazardous chemical labeling as well as SDS setup and reviews have been completed for all of the chemicals that we use, and all operators who handle chemicals have completed the appropriate training.
- Hazard monitoring
  - We established a management index;  $\geq 95\%$  of points tested for hazardous chemicals in the operating environment were less than one-tenth of the permissible limit.

#### Implementation Results in 2023

- Adopted the Hierarchy of Controls for Chemical Exposure Assessment and Management, which is initiated when using substances restricted by Innolux and substances of an unknown nature to ascertain potential risks or hazards and subsequently adopt control measures according to assessment results.
- Banned or restricted the used of five substances since 2019.
- Environmental monitoring at 3,372 monitoring points; results indicated that target was achieved for 3,311 points, and 98% of points had less than one-tenth of the permissible limit.

## ◆ Process for Managing Use of New Chemicals



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### 4.4.3 Health Care

Innolux strives to achieve the true state of health as defined by the World Health Organization (WHO): "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." Employees are a company's most valuable asset. We comprehensively assess our employees' needs and organize health promotion activities and health examinations to ensure that every employee has access to comprehensive health care, thereby realizing the vision of helping employees achieve a work-life balance. In 2023, Innolux spent a total of NT\$24.7 million on health care (including health examinations, health management, and health promotion).

#### Health Examinations and Health Care

To care for the health of our employees and prevent occupational illnesses, Innolux implements health management by regularly organizing health examinations, consultations, and education each year. In 2023, there were no cases of occupational disease due to work-related incidents (occupational disease rate=0). Our kitchen staff are required to submit periodic health examination reports and are permitted to begin service at our sites only after they are confirmed to be free of any notifiable disease by a nurse in charge of labor health services. Workers who engage in tasks with special health hazards (e.g., elevated operations) are required to have their blood pressure measured to ensure that it is within the normal range before they can start working on a job. Anyone working at Innolux manufacturing sites (including employees, on-premises vendors, contractors, and visitors) who feel unwell or need to breastfeed a child or use a breast pump is entitled to use our on-premises health facilities and services.

#### ◆ Innolux Health Care Strategies



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## ◆ Health Examinations and Health Care

Measure	Description	Results	
		Taiwan Sites	China Sites
General medical exam	Regular employee health examinations are scheduled each year to care for employees' health and prevent major illnesses.	<ul style="list-style-type: none"> <li>Taiwan sites added a thyroid test to the health checkup.</li> <li>19,208 employees were eligible for the general health checkup and 19,081 employees underwent a general health checkup, for a participation rate of 99.34%.</li> </ul>	<ul style="list-style-type: none"> <li>Based on death statistics, health examination results, and common illnesses of local residents, we added kidney, liver, uric acid, and liver fluke examinations to the health examination.</li> <li>9,604 employees were eligible for the general health checkup, and all 9,604 employees underwent the general health checkup, for a participation rate of 100%.</li> </ul>
Value-added health services	Value-added cancer screening services as well as health consultations and education are provided during health examination periods.	<ul style="list-style-type: none"> <li>7 cancer screening services were provided to a total of 37,407 employees.</li> </ul>	
Special health examination	Appropriate health management measures are provided for workers who engage in tasks with special health hazards.	<ul style="list-style-type: none"> <li>2,402 employees received special health examinations; the examination rate was 100%.</li> <li>No employees required special health management.</li> </ul>	<ul style="list-style-type: none"> <li>Special health examination: 1,565 employees were transferred from a general job post to a special job post; 100% of them completed special health examinations. 1,492 employees were involved in hazardous work; 100% of them completed special health examinations. 951 employees left a special job post; 100% of them completed special health examinations.</li> <li>No employees required special health management.</li> </ul>
Cerebral and cardiovascular disease management	In accordance with Guidelines for the Prevention of Diseases Resulting from Abnormal Workloads under the Occupational Safety and Health Act, health management is provided to high-risk groups (those who work in shifts, work at night, or have long working hours) who are at Level 2 or higher risk of developing work-related cerebral or cardiovascular diseases.	<ul style="list-style-type: none"> <li>Number of individuals managed: 3,861 people, accounting for 31.54% of high-risk groups; 3,106 people completed personalized health management. We will continue to complete our health management goals.</li> </ul>	
Occupational musculoskeletal disease prevention	Risk for musculoskeletal disease is assessed to identify those who are at risk or suspected of showing symptoms; health education and appropriate positions at work are subsequently provided.	<ul style="list-style-type: none"> <li>20,904 employees completed the questionnaire.</li> <li>395 employees are suspected of showing symptoms and all of them have been given health guidance on alleviating their symptoms.</li> <li>3 employees received appropriate work assignments (work rearrangement and/or a change of work station).</li> </ul>	<ul style="list-style-type: none"> <li>Promoted ergonomics</li> </ul>
Maternal health protection	This measure involves conducting risk assessment and classification for female employees who report a pregnancy and those who have given birth in the past year.	<ul style="list-style-type: none"> <li>272 female employees reported a pregnancy; all received health education and 9 received assistance with work arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>384 female employees reported a pregnancy; 244 of them received management for a management rate of 63.54%. We will continue to complete management.</li> </ul>
Care for senior employees	This measure applies to middle-aged and elderly employees; it involves hazard identification, risk assessment, and job suitability assessment to ensure that older employees are physically able to handle the job they are hired to perform.	<ul style="list-style-type: none"> <li>2,295 employees were subject to job suitability assessments; 341 were assessed as "physically weak". We will continue to arrange medical consultations for these employees and provide health-related assistance.</li> <li>0 employees required work adjustments.</li> </ul>	



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## ◆ Employee Health Examination Statistics

Site	Total Number of Participants			Number of People with Abnormal Health Exam Results							
	Recommended to participate	Participated	Participation Rate	Minor		Moderate		Serious		Follow-up from Nurse	Consultation with Doctors
				Follow-up Recommended	Completed	Follow-up Recommended	Completed	Follow-up Recommended	Completed		
Taiwan	19,208	19,081	99.34%	10,694	10,694	4,735	4,639	1,223	735	1,202	644
China	9,604	9,604	100%	548	548	364	364	354	354	1,266	494
Total	28,812	28,685	99.56%	11,242	11,242	5,099	5,003	1,577	1,089	2,468	1,138

Note: We abide by legal stipulations requiring annual health checkups; if an employee who reaches the re-examination year does not get a health checkup, the employee's supervisor will urge the employee to get a checkup and keep a record of the request. There are no health checkup regulations for employees in China.

## ◆ Cancer Screening

Screening Item	Legal Requirements		Taiwan (No. of Participants)	China (No. of Participants)	Total (No. of Participants)
	Taiwan	China			
Cervical cancer: Pap smear	Stipulated by law	Not stipulated by law	192	531	723
Breast cancer: Breast ultrasound/mammogram	Stipulated by law	Not stipulated by law	281	523	804
Ovarian cancer: Uterine, oviduct, and ovarian ultrasound	Not stipulated by law	Not stipulated by law	118	2,548	2,666
Colon cancer: Fecal occult blood test	Stipulated by law	Not stipulated by law	18,241	756	18,997
Liver cancer: Abdominal ultrasound	Not stipulated by law	Not stipulated by law	305	-	305
Thyroid ultrasound	Not stipulated by law	Not stipulated by law	575	4,734	5,309
Malignant tumor marker test <sup>Note</sup>	Not stipulated by law	Not stipulated by law	6,955	1,648	8,603
Total			26,667	10,740	37,407

Note: Cancer screenings may be individually organized at the discretion of the manufacturing site or provided as part of the health examination. Tumor marker test screens include but are not limited to AFP (liver cancer), EVB-igA (nasopharyngeal cancer), PSA (prostate cancer), and CA-125 (ovarian cancer). Screening items are determined at the site's discretion. Total number of participants is calculated for all items.

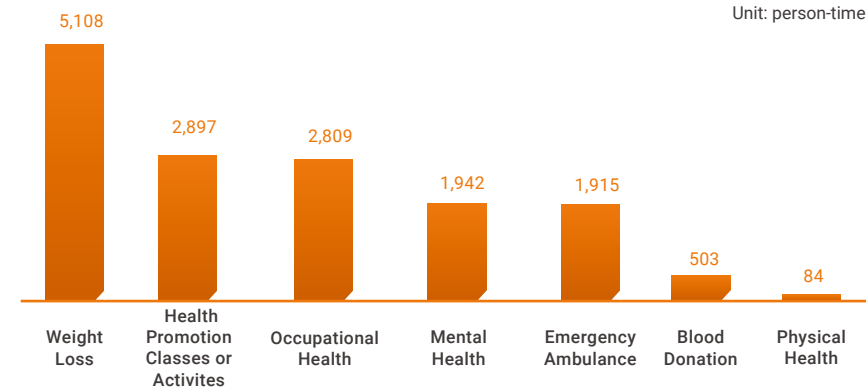
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## Mental Health Care

Innolux has established a mental health management system based on “five levels of illness prevention in three stages” to care for employees’ mental health. The Company provides mental health lectures and activities to improve employees’ understanding of mental health and skills to maintain mental well-being, and has established effective communication channels. In 2023, we organized a series of courses on workplace stress management to improve employees’ ability to recognize and manage work-related stress; additionally, we provided motivational, consultation, and annual care programs and collaborated with the employee relations unit to offer external resources such as legal consultation and family counseling services, thereby building a complete network of EAPs.

To prevent self-harm in employees, Innolux has established crisis intervention and emergency procedures, educates and trains employees on methods for handling and intervening in crises, and provides casualty simulation exercises and emergency drills. In addition, we have strengthened environmental safety to prevent self-inflicted injury. Ensuring the safety and mental health of our employees is our collective goal and responsibility.

### ◆ Type of Health Promotion Activity and Number of Participants



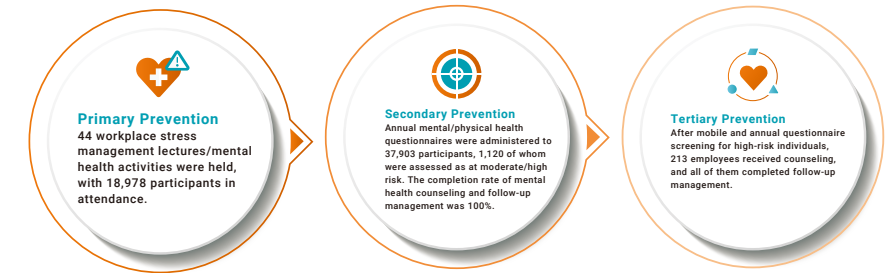
### 4.4.4 Occupational Accident Management

In 2023, our Lost Time Injury Frequency Rate (LTIFR) was 0.41, disabling injury severity rate was 6, and annual rate of occupational accidents per 1,000 people was 1.478. Our LTIFR was far lower than the average (0.85) in the Electronic Parts and Components Manufacturing Industry in 2022 published by the Occupational Safety and Health Administration, Ministry of Labor.

In January 2023, a death caused by a serious occupational accident occurred at Innolux. The cause was death on impact when an employee was troubleshooting a machinery failure. After the incident, the company and equipment manufacturer commissioned a trusted third-party safety standard assessment institution to investigate and determine the cause of the problem. The problem was addressed by reinforcing machine safety design, revising instruction manuals on machinery maintenance/operations, strengthening operator training, and conducting on-site inspections to ensure proper implementation. The company also applied these corrective actions to all other machines in the same category, thereby creating a safe operating environment to prevent recurrences.

Note: Major occupational accident refers to an event that involves over 180 lost workdays.

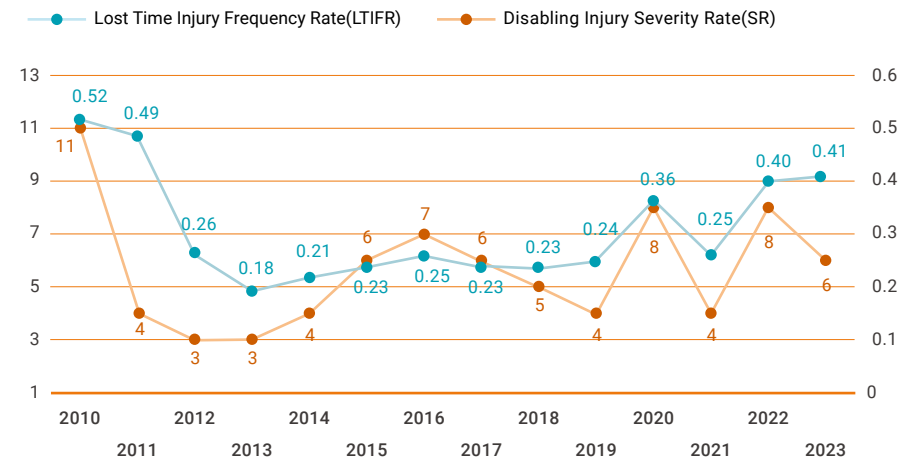
## ◆ Mental Health Management System



## Health Promotion

Our employees’ physical and mental health development is important to us. Innolux therefore organizes a wide range of health promotion activities and encourages every employee to find a work–life balance. In 2023, we organized 55 health promotion activities, attracting 15,314 participants.

Life is precious. To create a safe workplace and champion the popularization of first aid skills, our executives are active supporters of AED+CPR training in the Greater China site. We set training goals of achieving 4% coverage in our Taiwan sites and 3% coverage in our China sites for 2023 (short-term); 10% coverage in the Greater China sites by 2025 (medium-term); and 20% by 2030 (long-term). In 2023, we exceeded the long-term goal by training a total of 15,339 people for a coverage of 43.4%. Additionally, our Tainan site succeeded in obtaining safe workplace certification, bringing our total number of certified sites to 8.



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## ◆ Employee Occupational Accident Statistics

Item		Taiwan Sites	China Sites	Company Wide
Number of Lost Time Injuries	Female	14	1	15
	Male	20	1	21
Total		34	2	36
Number of Severe Disabling Injuries	Female	0	0	0
	Male	0	0	0
Total		0	0	0
Lost Time Injury Frequency Rate (LTIFR <sup>Note1</sup> )	Female	0.73	0.06	0.44
	Male	0.80	0.03	0.39
Total		0.77	0.04	0.41
Disabling Injury Severity Rate (SR <sup>Note2</sup> )	Female	11.00	1.00	7.00
	Male	11.00	1.00	5.00
Total		11.00	1.00	6.00
Injury Rate (IR <sup>Note3</sup> )	Female	0.21	0.01	0.13
	Male	0.24	0.00	0.12
Total		0.23	0.00	0.12
Lost Workday Rate (LDR <sup>Note4</sup> )	Female	2.33	0.21	1.42
	Male	2.20	0.25	1.16
Total		2.26	0.23	1.26
Annual rate of occupational accidents per 1,000 people <sup>Note5</sup>	Female	2.277	0.207	1.564
	Male	2.355	0.107	1.424
Total		2.323	0.141	1.478
Death Rate <sup>Note6</sup>	Female	0.000	0.000	0.000
	Male	0.008	0.000	0.004
Total		0.005	0.000	0.002
Actual Hours Worked		44,091,347	42,636,919	86,728,265
Number of Workers		22,384	14,159	36,543

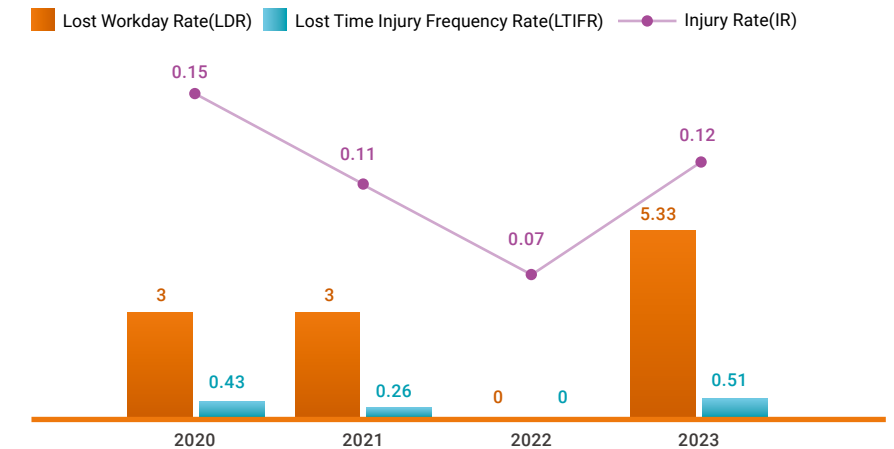
Note: Statistics include all employees in 2023 (including contract employees).

1. LTIFR: number of disabling injuries per one million work hours. Formula: number of disabling injuries x one million work hours / total work hours; decimals are rounded down to the nearest hundredth.
2. SR: number of days lost due to disabling injuries. Formula: number of days lost to disabling injuries x one million work hours / total work hours; decimals are rounded down to the nearest unit.
3. IR: number of accidents per 200,000 work hours. Formula: (number of lost workday events + number of restrictive workday events) x 200,000 work hours / total work hours; decimals are rounded off to the nearest hundredth.
4. LDR: number of days lost to disabling injuries per 200,000 work hours. Formula: number of days lost to disabling injuries x 200,000 work hours / total work hours; decimals are rounded off to the nearest unit.
5. Annual rate of occupational accidents per 1,000 people: number of deaths or injuries in a year per 1,000 employees. Formula: (number of employees lost to death or injury + number of restrictive workday events) x 1,000 people / total number of people.
6. Deaths: number of deaths per 200,000 work hours. Formula: number of deaths x 200,000 work hours / total work hours.

## Occupational Accident Management for Contractors

Contractors employed by Innolux must comply with our Contractor Management Regulations, which stipulate that construction workers must complete contractor safety and health training before commencing construction work. Such training informs them of workplace hazards, the work environment, risk factors, and preventive measures. For high-risk operations, our site operators and contractors jointly complete operational hazard identification, risk assessment, and emergency response plans. Through mutual communication, we hope to minimize the occurrence of abnormal events. Moreover, the company can control construction applications on contractor websites, including personnel identification and construction information verification when entering our sites and personnel management when leaving our sites. This ensures the safety of the operating environment and of construction workers. In 2023, the lost time injury frequency rate (LTIFR), injury rate, and lost workday rate (LDR) of our contractors were 0.51, 0.12, and 5.33, respectively. Our contractors did not experience any occupational fatalities between 2019 and 2023.

## ◆ Contractor LTIFR, Injury Rate, and Lost Workday Rate in 2020–2023





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## ◆ Contractor<sup>Note 1</sup> Training

Site	Training Topic	Number of Contractors	Number of Training Participants
Tainan	Mobile elevating work platforms (MEWPs)	21	104
	How to install mobile crane auxiliary boom	21	56
Ningbo	Course for construction overseers and fire monitors	38	141
Nanjing	Training on use of safety and emergency response equipment	2	43
	Safety and health education and training for on-premises vendors	17	58
	Monthly safety meetings for contractors	11	122

Note: The above courses do not include hazard notification training for contractors entering our sites.  
Note 1: Contractor refers to businesses contracted to perform work for Innolux in areas managed by Innolux and includes outsourced workers.

## ◆ Contractor<sup>Note1</sup>-related Occupational Injury Statistics

Item	Taiwan Sites		China Sites		Company-wide	
	2022	2023	2022	2023	2022	2023
Number of Lost Time Injuries	0	4	0	0	0	4
Lost Time Injury Frequency Rate (LTIFR) <sup>Note2</sup>	0	0.69	0	0	0	0.51
Injury Rate (IR) <sup>Note3</sup>	0.09	0.17	0	0	0.07	0.12
Lost Workday Rate (LDR) <sup>Note4</sup>	0	7.13	0	0	0	5.33
Death Rate <sup>Note5</sup>	0	0	0	0	0	0
Number of Contractor Staff Entering Our Sites	772,469	722,159	230,785	36,083	1,003,227	758,242
Total Contractor Work Hours	6,179,752	5,777,272	1,774,064	1,951,416	7,953,816	7,728,688

Notes: Lost workdays are calculated using calendar days and excluding the day an injury happens and the day a worker returns to work.  
1. Contractor refers to businesses contracted to perform work for Innolux in areas managed by Innolux and includes outsourced workers.  
2. Lost Time Injury Frequency Rate (LTIFR): refers to the number of disabling events per one million work hours. Formula: number of contractor disabling events x one million work hours / total contractor work hours; decimals are rounded off to the nearest unit. Number of injuries includes work-related injuries and injuries inflicted when moving from place to place within a production site.  
3. IR: refers to the number of injuries per 200,000 work hours. Formula: (number of lost workday events + number of restricted workday events) x 200,000 work hours / total work hours; decimals are rounded to the nearest hundredth.  
4. LDR: refers to number of workdays lost to disabling injuries per 200,000 work hours. Formula: number of lost workdays x 200,000 work hours / total work hours; decimals are rounded to the nearest hundredth.  
5. Death rate: refers to the number of deaths per 200,000 work hours. Formula: number of contractor-related deaths x 200,000 work hours / total contractor work hours.

## Accident Management

Innolux formulated the Accident Reporting and Investigation Guidelines to facilitate the immediate handling of accidents, minimize losses, and prevent recurrences. Should an accident happen, we report, investigate, analyze, and document the incident using the Electronic Accident Management System. Incidents are classified as major, general, minor, or near-miss. In 2023, a total of 58 accidents and 3 near-miss events were reported, 84.8% of which have been corrected and rectified.

### ◆ Top 5 Work-Related Injuries

Type of Hazard	Falling, slipping	Drawing-in, entanglement, impact	Severing, cutting, scratching	Compression	Collision
Percentage	13.8%	10.3%	6.9%	3.4%	3.4%
Corrective Action	<ul style="list-style-type: none"> <li>Work-related injuries occurring when performing tasks: <ul style="list-style-type: none"> <li>We implement incident prevention management, inspections for specific items, work safety analysis, and operational safety monitoring.</li> </ul> </li> <li>Work-related injuries occurring during daily activities and injuries inflicted when moving between places in production sites: <ul style="list-style-type: none"> <li>We post safety warning signs in hot spots and high-risk zones and set up traffic signs.</li> <li>We reinforce measures to promote workplace safety policies/road safety practices, and broadcast safety messages.</li> <li>We ramp up general inspection efforts.</li> </ul> </li> </ul>				

Note: Number of accidents includes number of work lost and number of work restricted. The top 5 work-related injuries exclude non-work-related injuries caused by daily activities (46.6%) and when moving between places in production sites (10.3%).

### ◆ Description of and Improvements to Near-Miss Events

	Description	Improvement Action
1	A security guard slipped and fell when opening a water gate to check the rainwater drainage system, which had flooded due to heavy rainfall.	<ul style="list-style-type: none"> <li>We improved the water gate so that opening the cover is not required when opening/closing the gate. This measure prevents the risk of slipping and falling.</li> <li>Security guards are prohibited from handling non-security related tasks.</li> </ul>
2	An employee splashed propylene glycol methyl ether acetate (PGMEA) into their eye when using it to clear a clogged pipe.	<ul style="list-style-type: none"> <li>We introduced standard operating procedures for pipe cleaning.</li> <li>The relevant operators were re-trained.</li> </ul>
3	An employee accidentally splashed liquid into their eye when performing servicing and maintenance and experienced a burning sensation in the eye.	<ul style="list-style-type: none"> <li>We convened a pre-operational toolbox meeting to highlight precautionary measures and PPE requirements.</li> </ul>

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Strengthening Worker Safety Awareness

Innolux offers three types of occupational safety and health training courses as needed for various departments and positions: general safety and health seminars, training in specific fields of expertise or skills areas, and training in emergency response plans. We hope that by participating in these courses, employees and contractors can master the skills, knowledge, and competences required to ensure workplace safety. In 2023, Innolux offered 3,498 training sessions with 203,464 participants. Training covered physical training, forklift-operation training, training for supervisors of hazardous procedures, ERT knowledge/skills training, workplace safety inspections, AED and CPR courses, basic equipment safety training, earthquake drills, ergonomic engineering and hazard identification, and respiratory protection training.

To improve the quality of training courses for employees, our internal occupational safety and health instructors undergo training and certification in accordance with company regulations. We also establish procedures to evaluate course contents, quality, and alignment with the needs of trainees, with the goal of enhancing employees' safety and health awareness and preventing occupational diseases and accidents.

Occupational Safety and Health Training Statistics

Site	Jhunan		Tainan		Ningbo		Foshan		Nanjing		Total	
	Employee	Contractor	Employee	Contractor	Employee	Contractor	Employee	Contractor	Employee	Contractor	Employee	Contractor
Training Sessions	129	196	466	99	1,274	186	966	98	18	66	2,853	645
Number of Participants	51,624	2,345	70,848	4,153	51,826	3,282	15,953	1,684	1,415	334	191,666	11,798
Total Training Hours	51,516	2,345	492	12,459	9,653	372	1,604	147	1,415	334	64,680	15,657

Recognition and Performance

Event/Seminar Title	Topic	Organizer
Workplace Health and Safety	Innolux was invited to an OHS interview on November 13, 2023 to share the DNA of our ESH practices and how we incorporate ESG into daily business operations.	Global Views Monthly
Healthy Workforce and Sustainable Leadership Award	Innolux was honored with the Healthy Workforce and Sustainable Leadership Award on November 16, 2023 at the Workplace Sustainability, Health, and Safety Conference, during which we also shared our principles of putting people first and respecting human rights and our commitment to improving employees' well-being through proper management, talent development, and digital applications.	Occupational Safety and Health Administration, Ministry of Labor
Industry-Specific Labor Health Service Model	Innolux was invited to present our experiences in workplace health management and health service applications at seminars on May 10 and on May 23, 2023.	Occupational Safety and Health Administration, Ministry of Labor
Taiwan Occupational Safety and Health Management System (TOSHMS)	Innolux was invited to attend a seminar on November 28, 2023 to share our OHS management mechanisms and experiences.	Occupational Safety and Health Administration, Ministry of Labor

# 4-5 Working for the Common Good of Society

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Innolux is committed to business sustainability and co-prosperity with society. In 2008, we established the Innolux Education Foundation to give back to society and show our gratitude for the benefits that we have reaped from it. The foundation consolidates available resources from both within and outside of the company and encourages employees to volunteer and contribute to environmental education, rural education, cultural and arts literacy, and social wellbeing. We firmly believe in empowering children and changing their lives through education, and in a life enriched by culture and art. We are continuing to collaborate, interact, and co-create with our stakeholders to generate a synergy that will help us demonstrate our care for and fulfill our promises to Taiwanese society. In 2023, the Innolux Education Foundation focused on education, particularly environmental and rural education, by allocating a portion of our investment to support the following causes: 18% of total investment went to environmental education, including the launch of net-zero themed environmental education courses, leading a group of volunteers to promote environmental education on campus, and funding the filming of a documentary titled Braving the Peak to showcase the beauty of nature in Taiwan; 26% went to the Rural Children and Youth Study Aid Program, which helps schools in rural areas develop special courses, funds tutoring classes, and affords diverse learning opportunities for children. In addition, 56% of our total investment went to social welfare, with NT\$5.34 million derived from donations collected during the Foundation's fundraising campaign entirely donated for use as emergency funds for employees' family members. For seven consecutive years, the Foundation has launched the Christmas Gift Drive, which is a simple way of inviting employees to join our charity initiative. Going forward, Innolux will continue to work with the Innolux Education Foundation to make a difference to both environmental and rural education in hopes of inspiring more volunteers and amplifying our social impact through educational empowerment.

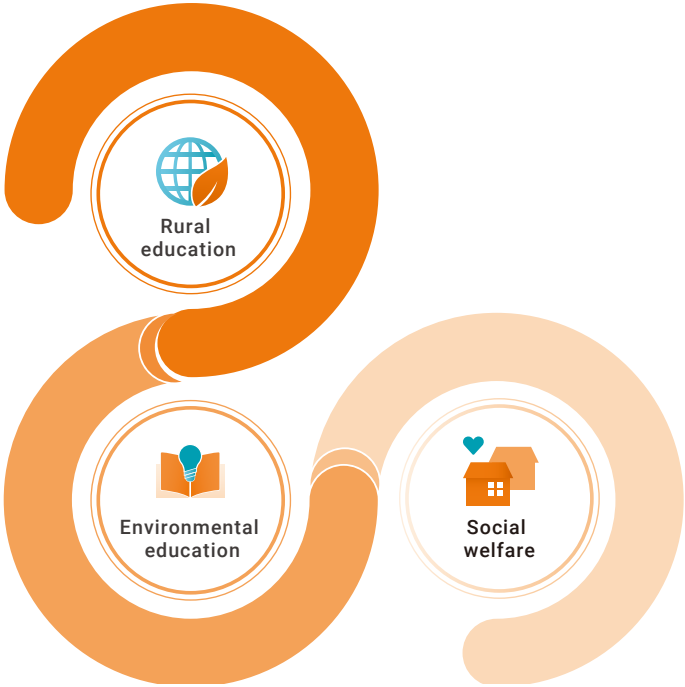
◆ Invested Amount

Item	Amount (NT\$)	%
Environmental Education	1,770,679	18%
Rural Education	2,532,378	26%
Social Welfare	5,481,087	56%



Innolux Education Foundation Website

◆ The Pillars of Innolux's Community Engagement





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## Go Green! Kickstart to Net Zero!

### Innolux Net Zero Environmental Education - Innolux Promotes Net Zero Emissions Education



Apart from going green, Innolux has also joined forces with the Innolux Education Foundation to exert a positive social influence. In response to a relative lack of educational resources on climate change in Taiwan's education system, the Innolux Education Foundation launched the Go Green! Kickstart to Net Zero! event

in 2022 by introducing Taiwan's first-ever Net Zero Emissions environmental education course. In line with two of the UN SDGs, SDG4 Quality Education and SDG13 Climate Action, the Foundation developed online and offline learning resources for environmental education, with the course designed around net zero concepts and featuring scenario-based learning and puzzles and games to educate students about greenhouse gases, net zero emissions, and the effects of climate change on the environment.

Go Green! Kickstart to Net Zero! received positive responses in the first year of its launch. Several schools have expressed a desire to gain access to Innolux's resources to help them address the lack of learning resources for environmental education. In 2023, the Foundation ramped up its efforts and visited more schools to promote environmental sustainability. Each year, the Foundation recruits volunteers to strengthen its capacity for course implementation and environmental promotion, and to help the engineers and administrators at Innolux to succeed in becoming "teachers" for schools. Course participants are able to acquire extensive knowledge of net zero goals, sustainability concepts, and sustainable practices. The program enables stakeholders, both within and outside of the company, to increase their awareness and understanding of our commitment to social and environmental issues, while employees get to learn about climate change and net zero emissions and in turn facilitate consensus building in the company through an understanding of the company's sustainability strategy. We organized 14 net zero promotion courses for 1,185 school children in 2023, with 88 volunteers providing 338 hours of service in total. To date, a cumulative total of 1,716 students have experienced our net zero themed course.

Innolux Education Foundation has long been committed to promoting environmental protection and ensuring the environmental literacy of children. By harnessing the power of education, we hope to inspire action for the environment, instill the concept of environmental sustainability, and scatter the seeds of net zero education across Taiwan so that the future pillars of our nation will strive to combat climate change and to work towards a carbon-free, sustainable future.



14 Campus visits for net zero promotion

1,185 student beneficiaries

88 volunteers

338 hours of volunteer service

6.87 SROI

Go Green! Kickstart to Net Zero! video



## FORMOSA 3D, a Movie Tour Program

### Using Visual Media, Innolux Reaches for New Horizons and Inspires Dreams for Posterity



Innolux is committed to developing technological products for visual enjoyment. FORMOSA 3D addresses environmental, cultural, and humanitarian issues and aims to broaden children's horizons through the use of images and videos and, by taking action, to promote environmental conservation, art, and aesthetics among children, to inspire the visions and dreams of our future generations.

In 2023, three parties joined forces, with Innolux tapping into its display expertise to sponsor naked eye 3D display technology for FORMOSA 3D. The combination of Innolux's high-quality displays and director Charlie Chu's rich video content created an unprecedented 3D experience that demonstrates the power of synergy. The Innolux Education Foundation has pledged to offer 3 years of financial support to FORMOSA 3D and its tours across schools in Taiwan, to present the beauty of Taiwan to children in rural areas and broaden their horizons with videos that touch the heart of every viewer. To date, more than 1,300 schools in Taiwan have signed up for FORMOSA 3D's mobile cinema. Thanks to this 3D video display vehicle, more school children are able to watch 3D movies, which before could only be seen in movie theaters, and experience their unique visual effects. Through this charitable collaboration, our brand and products can travel throughout Taiwan wherever the FORMOSA 3D vehicle goes, and we can continue to educate people on the environment, culture, and the arts to spur their creativity and to spread the DNA of Innolux's ESG and sustainable practices.



15 school tours

1,255 student beneficiaries

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## I Go Green – Sustainability Action for the Vitality of Forests in Taiwan



Our commitment to the environment, society, and governance (ESG) is an active response to Taiwan government's 2050 net zero transition goal. In 2022, the Company and the Innolux Education Foundation joined forces with the Chiayi Forest District Office (a branch of the Forestry and Nature Conservation Agency, Ministry of Agriculture) to launch the "I Go Green" campaign, which aims to have a positive social impact by promoting co-existence with the environment. As the campaign enters its second year, we are in the process of adopting 1.01 hectares of state-owned forest in Nanxi District, Tainan City in support of the Agency's forestation greening initiative. The mahogany trees we adopted in 2022 have already grown by more than 150 cm. In 2023, we invested more funds into supporting the District Office's forestation efforts, adopting 0.94 hectares of a new forest in Zhuozhen District, Tainan City. The land on which this new forest is situated features highly alkaline mudstone terrain with poor forest growth. To restore the forest ecosystem, the Forestry and Nature Conservation Agency decided to plant *Milletia pinnata*, chinaberry, and bishop wood trees, along with other drought-resistant trees that are suitable for alkaline soil and have strong root systems. This will create a green, eco-friendly habitat for ensuring the integrity of national lands. Innolux has also expanded the Company's forestation efforts to its production site in Kaohsiung by planting 800 carbon-capturing trees such as evergreen ash, *Acacia confusa*, Japanese zelkova, *Lagerstroemia subcostata*, and Formosan gum trees. The Foundation invited the employees of Innolux to support our tree adoption initiative and organized online and in-person events to strengthen employees' sustainability awareness.

Innolux and the Innolux Education Foundation are continuing to jointly promote and support environmental education on greening, forestation, and ecological restoration. We have invited the employees of Innolux to participate in environmental education activities such as beach cleanups, forest cleanups, ecological conservation, and greening promotion activities, with our beach cleanups in the coastal areas of Tainan and Miaoli over the past two years clearing thousands of kilograms of litter. We uphold the value of education, mutual prosperity in society, and environmental sustainability. By taking action to protect our forests in Taiwan, we hope to play a leading role in various environmental movements (e.g., promoting carbon sequestration, carbon reduction, water and soil conservation, and ecological restoration, and maintaining biodiversity), instill the concept of environmental sustainability into our corporate culture, and encourage our employees to practice sustainability in their daily lives rather than just talking about it. Through the I Go Green campaign, Innolux is making sustainability a part of our company DNA and taking action to protect and conserve the environment.



930 kg of marine debris cleared

11,000 carbon-capturing trees lanted to date.

## Braving the Peak: A Journey into the Central Mountain Range

### Innolux Unites to Brave the Peak: Witnessing the Beauty of Taiwan and Unleashing Our Inner Fire



Taiwan is small, yet it is home to many high mountains. This is also indicative of the spirit of Taiwan. Braving the Peak is a complete documentary of Taiwan's Central Mountain Range. It documents the 8-day journey of two trail runners, Ming-Cheng Ku and Ching Chou, as they run 332 kilometers to traverse the range. Through his camera lens, Director Shou-Yi Yang immerses the audience in the beauty and mystery of the Central Mountain Range. The documentary captures the perseverance of the two runners and their inner struggles and conflicts as they challenge the peaks, and carries the audience along on the expedition. The Innolux Education Foundation is proud to present this film, which documents the spirit of challenging oneself and the profound beauty of Taiwan. For this reason, we not only funded the runners' professional training and the postproduction in film-making, but also supported the runners' efforts during the filming period by putting together a team of Innolux employees to cheer for the runners at the top of Nanhua Mountain.

Innolux collaborated with the offices in charge of university social responsibility (USR) at Central University and National Sun Yat-sen University to promote this documentary on campuses, with special appearances from the protagonists and film director to share the challenges of Braving the Peak, how they fully realized their personal potential, and the concepts of forest and ecological sustainability. After the movie was released, the Foundation booked movie theaters in Miaoli and Tainan and invited employees and their families to the theater to feel the spirit of Braving the Peak—the spirit of challenging yourself and of realizing intergenerational collaboration—and realize the importance of a sustainable forest and ecosystem. By supporting this documentary, we hope that more people will be inspired to cherish our mountains, get out into nature to learn from and engage with the mountains around them, and experience the thrill of experiencing Taiwan's natural world first-hand.



3 Internal/external lectures

250 People attended lectures

4 Movie sessions

600 audience members



Braving the Peak featuring Innolux Warriors cheerleading team



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## Rural Children and Youth Study Aid Program

### Boosting Education and Cultural Sustainability in Remote Rural Areas

The Innolux Education Foundation has been supporting and funding the development of special courses for rural schools for three years now. A review of our past three years' achievements shows that the teachers and students of Miaoli Nanzhuang Elementary School have built a third recreational book area in the school, which holds books donated by Innolux employees; children can read, play games, or take a break there. Our stable supply of resources for continuous learning has contributed to award-winning performances: Penglai Elementary School's ocarina band won the national Miaoli District Ocarina Competition and the school's inline skating team won the Miaoli County Cup Competition; the folk parade club of Cigu Elementary School in Tainan won award of excellence in the Tainan City Creative Parade Competition. Cigu Elementary School also offered pottery classes and turned the students' pottery works into an art installation to beautify the school with marine imagery. Students from a traditional Siraya dance class offered at Ka-bua Sua Elementary School have been repeatedly invited to perform for the public, earning them nationwide recognition, while the students' Siraya-style artwork also won the Tainan Art Competition.

We invited the teachers and students from Ka-bua Sua, Cigu, and Nanzhuang Elementary Schools to join us in our 20th Innolux Family Day Celebration. The celebration included a morning trip to Chimei Museum, where the participants learned about the importance of biodiversity and natural resources and opened their minds to new ideas and ways of thinking, helping to bridge the urban-rural gap in art education. In the afternoon, the children gave a range of wonderful performances on stage (such as dancing while singing ancient ballads, playing the ocarina, and putting on a folk arts show), bringing unique sensory experiences to the lawns of Innolux. The Innolux Education Foundation continues to devote itself, through both funding and volunteer work, to supporting underfunded education in rural areas. We will continue to support educational efforts for schoolchildren in rural areas to help brighten their future prospects.



## Love Makes the World Go 'Round

### The Love Makes the World Go 'Round Program Uses People Power to Make a Difference



For seven years in a row, the Innolux Education Foundation has held its Christmas Gift Drive—Love for the Countryside in collaboration with the Taiwan Fund for Children and Families, for which we collect Christmas gifts for disadvantaged children in Miaoli and Tainan. Each year, our employees are touched and moved by the children's Christmas wish messages, and feel the satisfaction of making their wishes come true. So far, we have made Christmas dreams a reality for 9,000 disadvantaged

children.

Apart from taking care of the needs of disadvantaged children, we have expanded the scope of our charity efforts to include elderly people who are living alone. Our INNOWARM charity action utilizes the foundation's resources, while Innolux's Age Friendly Development Department works closely with the Huashan Social Welfare Foundation and local communities in Miaoli to set up a knitting classes, with employees of Innolux invited to learn knitting from local expert knitters, attend classes, and participate in charity sales. At the end of the year, 138 arm protectors and 145 beanies hand-knit by 111 volunteers were donated to elderly members of the Huashan Social Welfare Foundation. This model of inter-generational harmony is an opportunity for employees to learn while serving the community, and creates a virtuous cycle of working for the common good of society. Furthermore, the Innolux Education Foundation designed an age-friendly board game, entitled Five Signs of Good Aging: A Second Chance at Life. A game night was held at the company with the goal of helping older employees to plan for their retirement life. Meanwhile, 60 sets of the table game were also distributed to local communities for elderly residents to enjoy. There are many people in society who are in need of help. Innolux believes that every choice you make out of kindness can become a force for bettering society. We decided to start simply, by inviting our colleagues to "adopt" a child for gift-giving, donate a sum of money, or volunteer their time for the good of the society. We look forward to harnessing people power as an engine of influence and to foster change for the better.





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8.08% GHG emissions down by 8.08% vs. 2022

2.1% Energy use down by 2.1% vs. 2022

2.24% Power consumption down by 2.24% vs. 2022

2.51% Renewable energy accounts for 2.51% of all energy used

9.60% Water usage down by 9.60% vs. 2022

97.6% Water reclamation rate of 97.6%

8.82% Effluent down by 8.82% vs. 2022

11.77% Total waste production down by 11.77% vs. 2022

81.6% Average chemical recycling rate of 81.6%

SBTi Achieved the SBTi GHG emissions reduction goal






TNFD Introduction of TNFD framework for nature-related risk assessment

A List CDP water security questionnaire included in the A List for the first time; climate change questionnaire rated A-

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◆ Management Guidelines

	2023 Strategy	2023 Result	Target Met?	2024 Target	2025 Target	Medium- to Long-Term Target (2030)
 <b>Water Management</b> Improve water efficiency; diversify water sources	Obtain ISO 46001:2019 water efficiency management systems	FAB 6 was the first site to get ISO 46001:2019 certification	●	Water reclamation rate $\geq 97\%$ across Taiwan sites		Water reclamation rate $\geq 97\%$
	Improve water management and conservation	Water intensity down by 30.8% (vs.2016) across Taiwan sites	●	Water intensity $< 0.206 \text{ m}^3/\text{m}^2$ across major Taiwan sites	Water intensity down by 30% (vs. 2016) across Taiwan sites	
 <b>GHG Emissions</b> Increase low-carbon competitiveness; lower external environmental, financial, market risks	Reduce carbon/GHG emissions to mitigate climate change impacts	Scope 1 and Scope 2 emissions down by 23.3% (vs. 2020)	●	Scopes 1 and 2 emissions down by $\geq 10\%$ (vs. 2020)	Scopes 1 and 2 emissions down by $\geq 12.5\%$ (vs. 2020)	Scopes 1 and 2 emissions down by $\geq 25\%$ (vs. 2020)
		FCs emission intensity from TFT processes down by 84% (vs. 2016)	●	FC emission intensity from TFT processes down by 86% (vs. 2016)		
 <b>Energy Management</b> Create a win-win situation for both Company operations and environmental protection	Reach the 2025 target set by the government for major power users in Taiwan—66 MW of renewable energy power generation capacity— by 2023	66MW of renewable power generation capacity achieved, meeting the target set by the Taiwan government for major power users	●	Renewable energy accounts for $\geq 5\%$ of all energy used in greater China region	60,000 MWh of renewable energy generated from greater China region sites	Renewable energy accounts for $\geq 20\%$ of all energy used (RE20)
	ISO 50001:2018 energy management systems to cover 98% of power consumption in greater China region	ISO 50001:2018 energy management systems covers 98% of power consumption	●	Continuing introduction of ISO 50001:2018 energy management systems in greater China region		
	Install biogas generators at FAB 8	Biogas generator installation commissioned for FAB 8 in Tainan	○	Complete biogas generator installation at FAB 8		
	Average power consumption down by $\geq 1\%$ -1.6% (vs. 2021)	Total power consumption down by 11.3% (vs. 2021)	●	Average power consumption down by $\geq 1\%$ -1.6% (vs. 2021)		
 <b>Air Pollution Control</b> Control air pollution and minimize environmental impact	VOC emissions meet regulatory standards	VOC emissions meet regulatory standards	●	VOC treatment rate $\geq 92\%$		
 <b>Waste Management and Circular Economy</b> Innolux Green Manufacturing = Circular Economy X Zero Waste X Low Carbon— Building Green Factories	Waste-to-landfill rate $\leq 2.0\%$	Waste-to-landfill rate: 0.65%	●	Plan for UL 2799 introduction and select pilot site(s)	Hazardous industrial waste recycling rate $\geq 95\%$	Hazardous industrial waste recycling rate $\geq 95\%$
				Waste-to-landfill rate $\leq 1.95\%$		



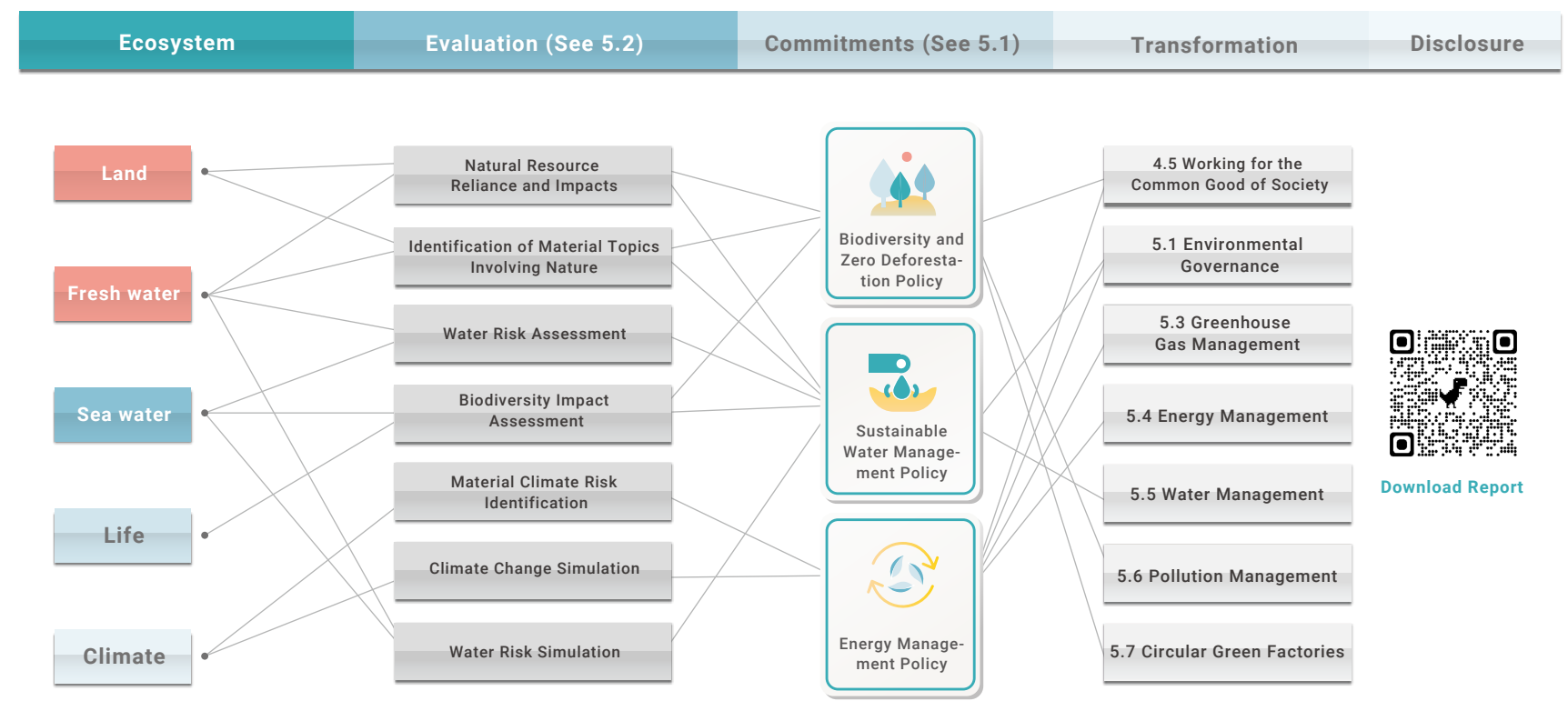
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# 5-1 Environmental Governance

GRI : 2-23 、 2-24 、 2-25 、 302-4 、 305-5

Innolux bases its environmental governance framework on the ISO systems for water, waste, and energy management. By reviewing internal and external factors affecting our operations and considering the needs and expectations of our stakeholders, we are able to identify opportunities for improvement in our manufacturing processes, set concrete improvement targets, and formulate action plans. We regularly review our progress when executing action plans and conduct a performance evaluation after the completion of each project, identifying project strengths and weaknesses in the current cycle so as to make the necessary improvements in the next cycle. Through this Plan-Do-Check-Act (PDCA) cycle, we are able to systematically improve our management initiatives to remain current and achieve our medium- and long-term environmental governance goals. In addition, we provide our employees with environmental protection-related training. In terms of external environmental topics, we have incorporated the Assess-Commit-Transform-Disclose (ACT-D) actions described in Natural Capital Protocol into our natural capital strategy.

## ◆ Natural Capital Action Plan

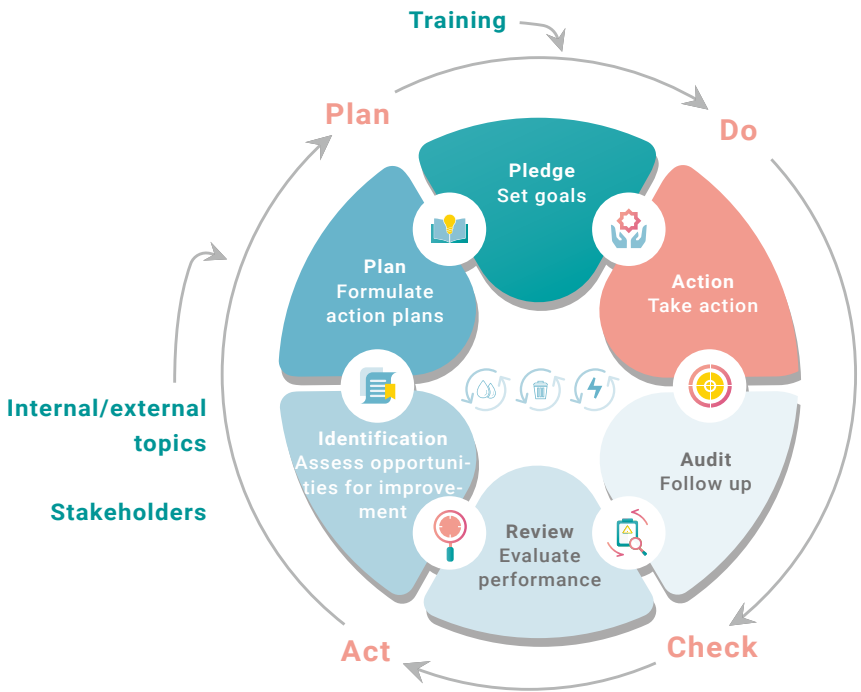


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◆ Environmental Governance Framework



To more effectively and comprehensively manage environment-related issues, we introduced the ISO 14001 environmental management systems, ISO 50001 energy management systems, and ISO 46001 water efficiency management systems to our processes to conserve resources, reduce carbon emissions, promote circular economy, preserve biodiversity, and minimize the environmental impacts of our products and processes in keeping with our Environmental, Safety, and Health Policy and our vision to “go green—drive towards a cleaner environment. As of 2023, we have reached 100% ISO 14001:2015 certification rate, and 98% of our energy use is now covered by the ISO 50001:2018 management systems. We selected Fab 6 as the pilot site for the introduction of ISO 46001:2019, and we are currently evaluating the timeline for introducing the standard to other sites. Furthermore, we completed the ISO 14064-1:2018 greenhouse gases inventory for all our sites ahead of schedule, and we have obtained third-party assurance to support our commitment to reducing greenhouse gas emissions and our carbon footprint.

We introduced the intelligent Facility Management (iFM) system to help monitor our progress in GHG emission and waste reduction, chemical recycling, and energy/resource conservation. The Innolux Sustainable Development Committee works with the Occupational Safety and Health and Environmental Protection Committee, Plant Technicians Committee, and Energy Management Committee to address climate-related issues. The Carbon Risk

Management Committee was established in 2023 along with the Energy Management Committee. The former of the two is responsible for improving the Company's carbon footprint reduction efforts, while the latter reviews the Company's performance in energy conservation. Projects proposed by the two committees are reviewed by the Plant Technicians Committee to determine their feasibility. In 2023, the Plant Technicians Committee rolled out 51 projects across the Company's sites in Taiwan. In total, we completed 59 environmental management systems (ISO 14001) projects in the Greater China region (85.5% project completion rate).

◆ Documents and Projects Rolled out by the Plant Technicians Committee

Type	Number KM <sup>Note 1</sup> documents produced	Number of projects rolled out <sup>Note 2</sup>
AC	11	11
Water	2	9
Gas	17	7
Electricity	13	24
Total	43	51

Note 1: KM = knowledge management documents reviewed by the Company  
Note 2: Covers all Innolux sites in Taiwan

◆ ISO 14001:2015 Environmental Management Systems Projects in 2023

Region	Projects started	Projects completed	Completion rate
Taiwan	43	34	79.1%
China	26	25	96.2%
Total	69	59	85.5%

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Communicating Environmental Topics

Innolux strives to stay on top of changes in environmental factors that may affect Company operations. We regularly review internal topics such as direct environmental impacts resulting from our production cycle, from the research and development stage all the way to waste disposal, and we also consider external topics that affect our operations, such as our geolocation, local regulations and policies, and market trends. In 2023, we received 492 communications regarding internal/external cases, 99.59% of which were addressed and resolved. We will continue to work on active cases to ensure satisfactory resolution.

Environment-Related Internal and External Communications

Category	Cases	Completed	Completion rate
Internal	52	50	96.15%
External	440	440	100%

Environmental Education

As part of our sustainability strategy, Innolux offers employees sustainability-related training that covers topics such as water/energy conservation and waste management. In a departure from traditional environmental education, our courses focus on encouraging employees to come up with innovative solutions to improve operational efficiency for a more sustainable future. Courses are provided for environment and safety staff, senior executives, and all interested employees. Through actual experience with circular economy projects implemented at our sites, employees are introduced to concepts such as water efficiency theory, the relationship between energy consumption and greenhouse gas emissions, and the benefits of waste reduction. In addition to in-house training, we periodically send employees to environmental seminars and workshops organized by government agencies. In 2023, we offered 26 sessions that were attended by 16,000 employees in total.

Environmental Accounting

In accordance with the Environmental Accounting Directives issued by the Ministry of Environment, we established a separate “environmental accounting” account in our procurement and accounting system to recognize and disclose environment-related expenditures incurred by the Company. In 2023, Innolux spent NT\$1,235.85 million and RMB¥3.08 million towards environmental protection across its Taiwan and China sites respectively.

Environmental Protection Expenditures

Category	Expenditure Item	Site	
		Taiwan (NT\$ million)	China (RMB¥ million)
Business operations	Pollution control	885.87	2.13
	Recycling costs	156.26	0.51
	Global environmental protection initiatives	174.12	0
Management	Environmental education programs, regulatory fees for licenses, environmental monitoring, and environmental management system	8.95	0.45
R&D	Research into end-of-pipe treatment and pollution reduction in manufacturing and marketing activities	10.56	0
Supply chain	Green procurement, product recycling, packaging recycling, and other client-site environmental protection requirements	0.02	0
Social activities	Community-based public relations initiatives, corporate image promotions, and other social events	0.07	0
Losses and damages	Decontamination costs, legal costs, and other losses and indemnities	0	0
Total		1,235.85	3.08



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### 5.1.1 Climate Change Governance

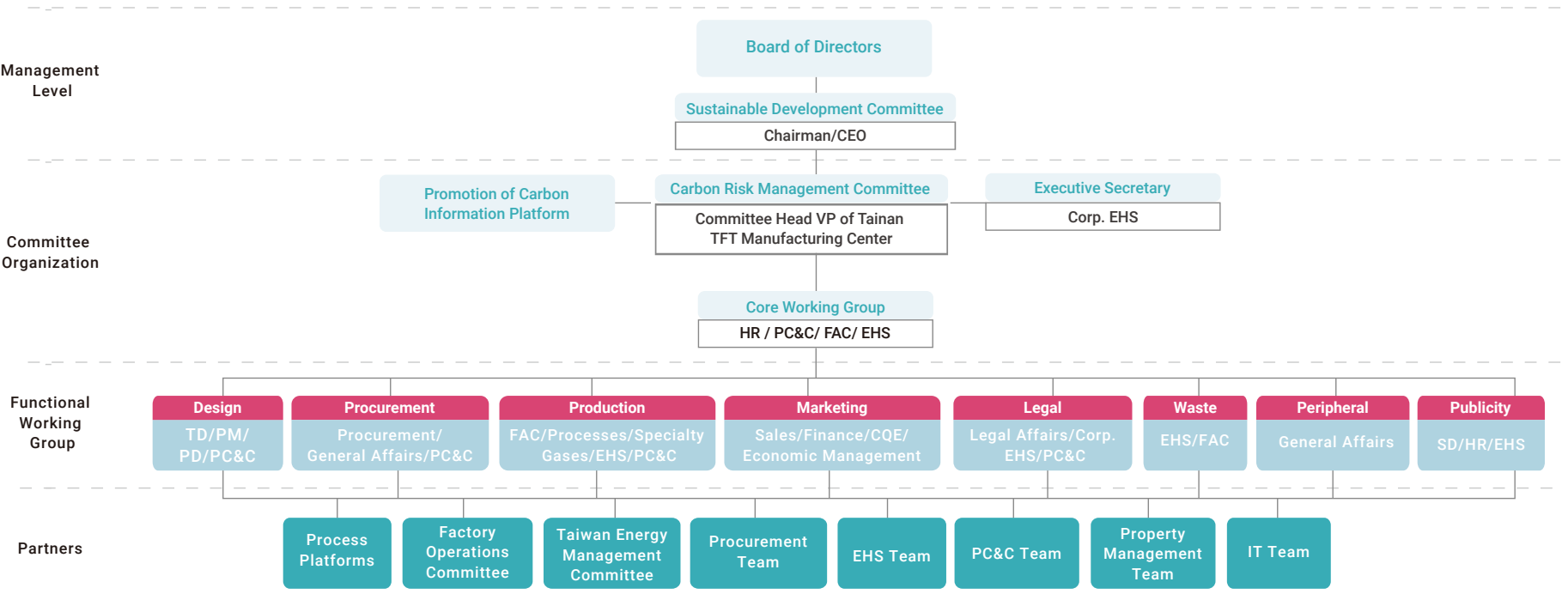
Climate change plays an important part in a business' sustainable development, and Innolux takes climate change management very seriously. We base our corporate risk management on the directives issued by the Task Force on Climate-Related Financial Disclosures (TCFD) and established the Carbon Risk Management Committee in 2021, introducing internal carbon pricing (ICP) and carbon sink methodology to our management effort. We want to do our part in keeping global warming under 1.5° C.

#### Climate Change Management Platform

The Sustainability Development Committee and the Chief Governance Officer report the Company's ESG results and vision to the Board of Directors at least once a year, and the Board reviews climate-related opportunities and risks and makes material decisions during its regular and interim meetings. The Carbon Risk Management Committee also conducts quarterly reviews of the implementation status of each of its subordinate working groups strategies (see the figure see the figure below).

Headed by the Vice President of Taiwan TFT Manufacturing Center, the Innolux Carbon Risk Management Committee is composed 4 core working groups in charge of formulating carbon footprint reduction action plans. The Environment, Health, and Safety (EHS) Group also serves as executive secretary to help set and implement carbon management goals. Under the 4 core working groups are 8 functional working groups each in charge of a different stage of our operations— design, procurement, production, marketing, legal, waste, peripherals, and publicity. In 2023, we invested NT\$612 million in our energy conservation initiatives (not counting renewable energy purchases and renewable energy facility installation), 99% (or NT\$606 million) of which was for R&D expenses to find innovative ways to improve energy efficiency.

#### Structure of the Carbon Risk Management Committee



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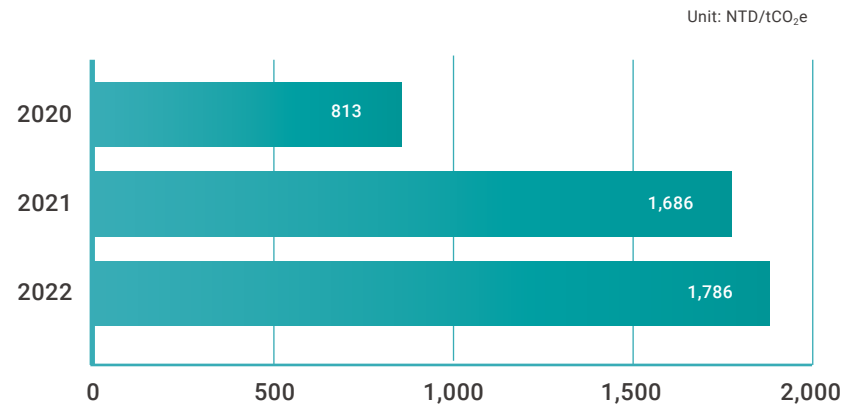
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Internal Carbon Pricing (ICP)

Carbon pricing has become a hot topic in the net zero era. In October 2023, The European Union's Carbon Border Adjustment Mechanism (CBAM) officially entered the pre-implementation phase. Reporting is now mandatory for steel and cement importation, and carbon tariffs will take effect in 2026. Domestically, the Climate Change Response Act, which formally codified the Net Zero by 2050 goal into law and provided a regulatory basis for an emissions tax, was promulgated in Taiwan in 2023. The Ministry of Environment has formulated a set of regulations for levying the carbon tax based on the Act, and beginning in 2024, power companies and major manufacturers that produce more than 25,000 tCO<sub>2</sub>e in a year will need to pay the tax.

Innolux introduced internal carbon pricing to its cost accounting in 2021 as a supporting measure for evaluating the Company's carbon reduction investment and improvement. Since then, we have adjusted our ICP based on our carbon footprint reduction results. In 2023, the ICP rose from NT\$1,686 to NT\$1,786 per tCO<sub>2</sub>e. Carbon pricing allows us to turn risks into opportunities, stay on top of carbon risks, manage carbon costs effectively, reach our carbon reduction goals, showcase our corporate ambition, stay competitive through low-carbon transformation, fulfill our promise to the environment, make low-carbon manufacturing a reality, and meet stakeholder expectations.

◆ Annual Trends in Innolux's Internal Carbon Pricing



Note: ICP = [ ( Investment (NT\$) ÷ Useful life of investment (years) ) + Maintenance costs (NT\$) + Testing costs (NT\$) ] / Reduction in GHG emissions (tCO<sub>2</sub>e).

Carbon Sinks

In March 2022, the Executive Yuan's National Council for Sustainable Development announced the Net Zero by 2050 Roadmap, which proposed 12 key strategies, including natural carbon sinks. In keeping with the international drive to reach Net Zero, Innolux is actively looking into new ways to reduce its carbon footprint and combat climate change. For example, we are working with National Taiwan University and the Taiwan Forestry Research Institute to conduct research into forest carbon sinks and bamboo grove carbon sinks, which is expected to help accelerate our net zero emissions roadmap.

**Bamboo Grove Carbon Sinks**

Innolux commissioned the Taiwan Forestry Research Institute (TFRI) to study the feasibility of bamboo groves as a possible method of carbon sequestration. In 2023, the TFRI completed a draft of the research methodology, conducted an on-site survey, produced a sample instruction document, interviewed experts and scholars, and underwent third-party audits. The application documents were submitted to the competent authority in late December, and we are expected to receive approval and proceed with the new method in H1 2024.

Energy Management Policy

Innolux formulated the following Energy Policy as the Company's standard for carbon footprint reduction, keeping true to its sustainability promises past, present, and future.

- 1. Meet government energy regulations and strive to comply with international energy standards, commit to ongoing improvement of EnMS management and performance of energy.
- 2. Corresponding to international energy management trends, devote to promote “Sustainable 3 Gos” , and fulfill energy saving and low carbon, improvement energy and resource efficiency, develop renewable energy in order to reduce the energy performance impact from manufacturing and operation.
- 3. Ensure the availability of information and resources to achieve objectives and energy targets.
- 4. Support the procurement of energy efficient products and services, and encourage the product design and development activities that take into account the energy performance improvement.
- 5. Provide education and training as well as communications channels to increase employees' energy management, and encourage all employees to participate in energy-saving proposals and implement energy management and energy-saving work.

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ISO 50001:2018 Energy Management Systems

For more strategic and systematic energy management, Innolux formulated the Energy Policy to boost energy efficiency, minimize waste, and maximize production outcomes using the least amount of environmental resources possible. We introduced the ISO 50001:2018 energy management systems in 2019 to two sites using different generations of manufacturing processes and have continued to roll out the system to other sites in the past few years. As of 2023, 98% of our locations are covered.

Energy Management Technical Committee

As the oversight body for energy management, the Innolux Energy Management Technical Committee is comprised of employees from the manufacturing, plant management, industrial engineering, procurement, EHS, and sustainability departments of the Company. The committee is responsible for formulating energy policies, setting energy saving goals, and keeping regular track of project implementation progress. In 2023, a total of 98 new initiatives were proposed, and 116 existing cases were completed in the energy-saving competition. This resulted in saving 39,775 MWh of electricity, equivalent to a reduction of 19,000 tCO<sub>2</sub>e. Furthermore, relevant incentives were provided for the best proposals

Overview of the Energy Management Technical Committee

Site	Employees on the Committee	2023 Outcomes			
		Initiatives	Completed	Energy conservation (kWh/year)	Annual energy conservation rate <sup>Note 2</sup> (%)
Jhunan	135	25	13	1,076,086	0.13
Tainan	656	59	96	38,416,826	0.98
Ningbo	50	7	2	0 <sup>Note 3</sup>	0.00
Foshan	48	7	5	281,991	0.21
Nanjing	30	0	0	0	0.00
Total	919	98	116	39,774,903	0.78

Notes:

1. Carbon reduction (tCO<sub>2</sub>e/year) = ( Annual energy saving x emission coefficient ) / 1000. Emission coefficient: 0.4950 kgCO<sub>2</sub>e/kWh in Taiwan, 0.5703 kgCO<sub>2</sub>e/kWh in China.

2. Annual energy conservation rate (%) = Annual energy saving / Consumption in 2022

3. Energy conservation not attributable to 2023

Energy Management Technical Committee

116 initiatives 39,775 MWh saved 19,000 tCO<sub>2</sub>e reduction

5.1.2 Natural Capital Governance

Climate change is closely related to biodiversity. Although the Earth's resources can seem boundless, climate change is causing the depletion of natural resources and biodiversity. To ensure the sustainability of natural resources, Innolux formulated the Biodiversity and Zero Deforestation Policy and Sustainable Water Stewardship Policy as a pledge to fulfill its natural capital governance commitment.

Biodiversity and Zero Deforestation Policy

As a long-time supporter of environmental sustainability, Innolux understands the importance of natural resource preservation to its net zero initiative. In order to minimize impacts on biodiversity, we formulated the Biodiversity and Zero Deforestation Policy in 2023 as a promise to safeguard biodiversity and end deforestation, and we impose the policy on our value chain partners.

- Respond to global natural goals and initiatives related to biodiversity conservation, zero deforestation, and indigenous rights.
- Avoid developing operational bases in global or national protected, or high-value areas and nearby of biodiversity and forestry species when adding or changing construction projects, and comply with international and local regulations.
- Analysis of natural resources dependencies and impacts among the value chain, monitoring zero deforestation and inventory of biodiversity, implementing biodiversity risk assessments, and building up action baselines.
- Adopt the concept of Nature-based Solutions, when developing biodiversity action plans, practicing the mitigation hierarchy structure that considers the four steps of avoidance, minimization, restoration, and offsetting, to the greatest extent possible in achieving the goals of NNL and NPI.
- Support the concept of a circular economy in designing products or packaging to reduce reliance on ecosystem services, reduce the loss of natural capital, and end all deforestation (No Gross Deforestation).
- Implement responsible procurement by prioritizing suppliers who emphasize sustainability and strictly prohibit cooperation with suppliers engaged in illegal logging or the destruction of ecology.
- Require value chain partners to follow the policy, seek opportunities for cooperation with external partners, jointly maintain biodiversity, and expect compensate with future reforestation and habitat creation to coexist harmoniously with nature.



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## Sustainable Water Stewardship Policy

Due to drastic climate change-induced hydrologic change, our external stakeholders are increasingly aware of the importance of water stewardship. As the ultimate guiding principle for and promise of water management, the Innolux Sustainable Water Stewardship Policy introduced the idea of water stewardship to its operations, products, and solutions, and to our value chain partners. We hope that through “reduce, replace, and reclaim,” we are able to meet our water saving targets, improve water efficiency, and promote water conservation throughout our value chain.

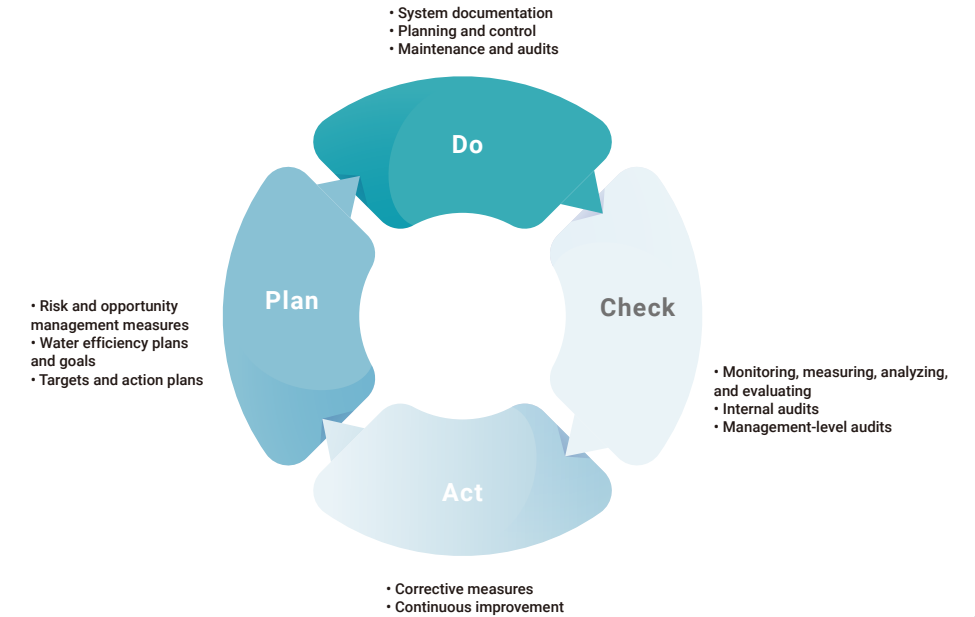
1. Work on water-related global goals and initiatives, go beyond regulatory compliance, and comply with international frameworks and standards, to measure and disclose performances against the issues transparently.
2. Adopting the concept of freshwater ecosystem conservation, alternative water sources utilization and intelligent monitoring system implementation, to integrate innovative practices which effectively reduce water withdrawal and consumption within both our direct operations and supply chains, lowering our water footprint to optimize water usage efficiency.
3. Target to prevent, minimize, and control pollution, with hazardous substances phase-out, implement regular water risk assessments, to pursue the impact mitigation of water resources.
4. Ensure access to water and sanitation for all, safety manage the Water, Sanitation, and Hygiene (WASH) from workplaces extend to local communities, responding to the SDGs.
5. Require value chain partners to follow the policy, seek opportunities for cooperation with external stakeholders, to educate and build capacity that enhances water resilience.

## ISO 46001:2019 Water Efficiency Management Systems

We first rolled out the ISO 46001:2019 water efficiency management systems in November 2023, with FAB 6 being our pilot site and the first fabrication plant to receive certification. The system involves setting water management goals and targets, taking plant-wide water resource inventories, and using the circular Plan-Do-Check-Act (PDCA) model to identify, manage, and mitigate/improve water risks and opportunities. In 2023, we proposed four water saving action plans to boost water efficiency, lower costs, and improve water resilience, conserving 3,997 m<sup>3</sup> of water (0.178% of 2022 water usage).



## ◆ Water Management System Framework



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## 5-2 Environmental Risk Management Strategies

GRI : 2-23 、 2-24 、 2-25 、 201-2 、 303-1

The International Sustainability Standards Board (ISSB) officially released the Sustainability Disclosure Standards in 2023, which is based on the TCFD requirements and the four major pillars of governance, strategy, risk management, and metrics and targets, to create a consistent, comprehensive, global framework of standards that encompass multiple aspects of sustainability-related financial disclosures. Innolux utilizes the TCFD and TNFD disclosure frameworks to optimize its climate change/natural resource strategies and improve its procedures for sustainability governance and sustainable operations.

### 5.2.1 Climate Risk Assessment and Management

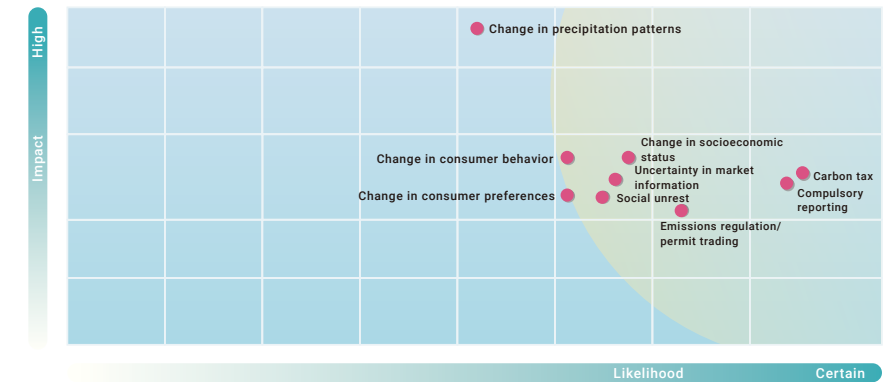
Innolux adopted the TCFD disclosure framework in 2020 and became an official TCFD signatory supporter in 2023. In order to effectively communicate material topics with decision-makers, investors, and other stakeholders, Innolux referenced the TCFD Knowledge Hub and disclosure guidelines from Taiwan and abroad to conduct materiality analyses and scenario simulations, with the ultimate goal of enhancing internal collaboration, external communication, and information transparency.

#### Identifying Material Climate Topics

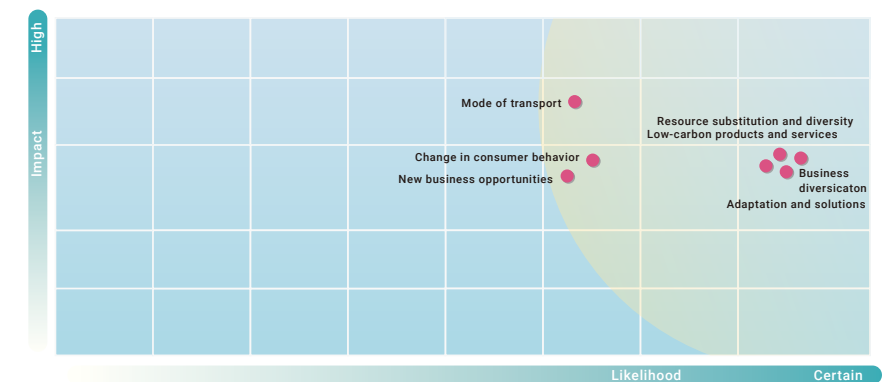
Of all the external uncertainties that could affect our operations, the impacts of climate change are the most extensive and varied. Based on the TCFD framework, we identified 58 potential risks across 4 transformational risk categories (policy/regulations, technology, market, and reputation), 2 temporal risk categories (immediate risks and long-term risks), and 5 major opportunity categories (resource efficiency, energy sources, products and services, market, and resilience) after referencing international trends, previous studies, and industry ratings and reports.

Due to the dynamic changes throughout our value chain in different times and places and the differences between our upstream and downstream partners, manufacturing site managers conduct a materiality analysis on a semiannual basis and utilize the results to make changes to our disclosure criteria, redefine the disclosure scope as necessary, and classify revenue and expense accounts on our balance sheet into one of eight financial aspects (revenue, direct costs, indirect costs, capital expenditures, capital gains, asset value, insurance premiums, and liability).

#### Climate Change Risk Matrix



#### Climate Change Opportunity Matrix



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The results of the most recent materiality analysis show that “change in precipitation patterns” is the most significant tangible impact, whereas the regulatory issues of “carbon tax,” “compulsory reporting” and “emissions quota/ permit trading” are the top 3 transformational risks. On the other hand, “adaptation and solutions,” “resource substitution and diversification,” “low-carbon products and services,” and “diversified operations” are the most significant opportunities.

Type	Material Impact	Scope	Immediacy	Vulnerable Financial Aspects							Corresponding chapters/ sections in this report
				Revenue	Costs	Expenses	Capital	Assets	Insurance	Liability	
Tangible risk (sudden)	Change in precipitation patterns	Upstream, self, downstream	Medium- to long-term	0	0			0	0	0	5.1.2 Natural Capital Governance 5.5 Water Management
Transformational risk (regulatory)	Carbon tax	Upstream, self, downstream	Short-term		0			0			5.1.1 Climate Change Governance 5.3 Greenhouse Gas Management
	Compulsory reporting	Upstream, self	Short-term		0						
	Emissions quota/ permit trading	Upstream, self	Medium-term		0			0			
Opportunity	Adaptation and solutions	Upstream, self, downstream	Short-term	0				0			3.2 Sustainable Manufacturing
	Resource substitution and diversification	Upstream, self, downstream	Short- to medium- term		0						
	Low-carbon products and services	Upstream, self	Short-term	0				0			
	Diversified operations	Upstream, self	Short-, medium-, and long-term	0				0			

Climate Change Simulation

Based on the results of the materiality analysis, Innolux conducted a climate change scenario simulation in accordance with the Sixth Assessment Report (AR6) issued by the IPCC in 2021. The Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP) were used for tangible and transformational impacts respectively. We also explored scenarios with differing immediacy and location parameters informed by external disclosure databases, producing best-case and worst-case scenarios for a comprehensive analysis.

Impact	Tangible	Transformational
Pathway	RCP8.5、SSP1-RCP2.6、SSP2-RCP4.5、SSP3-RCP7.0、SSP5-RCP8.5	BAU、NDCs、SBT-NZ、SSP1-1.9、SSP2-4.5
Immediacy	2021-2100 (From short-term to long-term)	2023-2050
Region	Taiwan	Global
Type	Sudden / Chronic	Regulatory / Technological
Scope	Upstream / Self	Self



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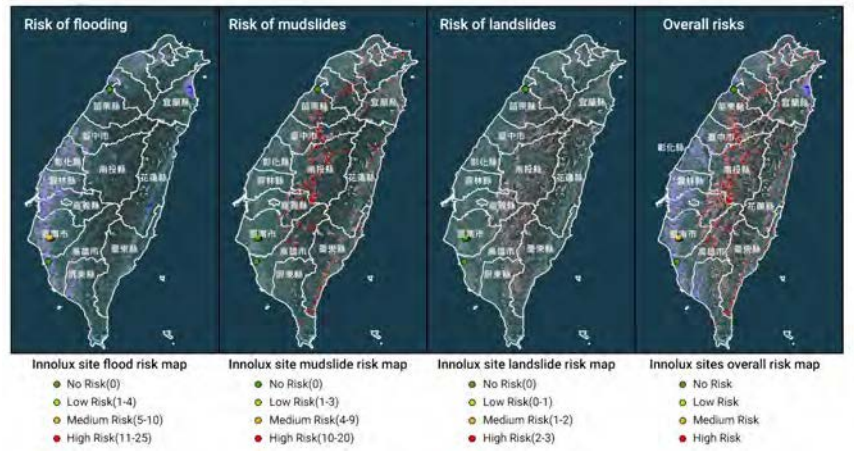
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With regard to tangible climate change impacts, we classified 139 manufacturing sites (8 Innolux sites and 131 supplier sites) into four risk categories (no risk, low risk, medium risk, and high risk) according to the likelihood of extreme precipitation hazards, vulnerability to floods/landslides/mudslides, and each site's exposure to such risks due to their location. With RCP 8.5 as the selected simulation pathway and based on the data/maps provided by the National Science and Technology Center for Disaster Reduction (NCDR), we made estimates of the financial impacts that precipitation trends and number of days without rainfall would have on our manufacturing locations. Our adaptation plan disclosure covers all existing and new operations belonging to Innolux, and as part of corporate risk management, we pledge to implement the necessary disaster mitigation plans across all of our moderate- and high-risk sites. Our adaptation plan disclosure covers all existing and new operations belonging to Innolux, and as part of corporate risk management, we pledge to implement the necessary disaster mitigation plans across all of our moderate- and high-risk sites within the next five years.

Results indicate a rising trend in both precipitation and the number of days without rainfall in Taiwan, suggesting a higher likelihood of extreme precipitation hazards. In the four scenarios illustrated to the right, 62.5% of our sites are classified as “no risk” and the other 37.5% as “low” - or “moderate-risk” , whereas 66.4% of our supplier sites are classified as “no risk” . In the more optimistic scenarios (SSP1-RCP 2.6 and SSP2-RCP 4.5), three to five sites are classified as “high risk” (the exact number of sites varies depending on time), while in the more pessimistic scenarios (SSP3-RCP 7.0 and SSP5-RCP), the number of high-risk sites increased to 5–11. In either scenario, the number of high-risk sites account for less than 0.2% of all sites.

Innolux regularly reviews risk ratings in order to make the appropriate changes to its natural resource management strategies.

◆ Innolux Manufacturing Site Risk Hot Spots



◆ Potential Impacts on Revenue Based on RCP 8.5 Climate Change Risk Simulation

Site	Change in Precipitation <sup>Note 1</sup>	Change in Number of Days Without Rainfall <sup>Note 1</sup>	Sudden/Chronic Disaster		Sudden Disaster	
			Flood (Drought)		Mudslide/Landslide	
			Likelihood	Potential Financial Impact <sup>Note 2</sup>	Likelihood	Potential Financial Impact
Jhunan	+12%	+8%	↑	-0.1~0.3%	Assessment methodology pending	
Tainan	+16%	+12%	↑	-0.1~0.3%	Assessment methodology pending	

Note 1: Based on the maps for RCP 8.5 provided by TCCIP; data from northern Taiwan used for the Jhunan site, and data from southern Taiwan used for the Tainan site

Note 2: Cost estimates based on Innolux's operating income in the greater China area in 2023 and the average number of days affected by natural disasters

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### ◆ Climate Change Scenario Simulation Risk Levels

Risk level	Scope	SSP1-RCP2.6				SSP2-RCP4.5				SSP3-RCP7.0				SSP5-RCP8.5			
		Short-term	Medium-term	Medium- to long-term	Long-term	Short-term	Medium-term	Medium- to long-term	Long-term	Short-term	Medium-term	Medium- to long-term	Long-term	Short-term	Medium-term	Medium- to long-term	Long-term
None	Self	62.5	62.5	62.6	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5	62.5
Low		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25
Medium		37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	12.5
High		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
None	Suppliers	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4	66.4
Low		16.8	16	16	15.3	11.5	16	15.3	13.7	14.5	15.3	13.7	12.2	12.2	14.5	16.8	13.7
Medium		14.5	13.7	13.7	14.5	18.3	15.3	14.5	16	15.3	14.5	16	15.3	17.6	16.8	13	11.5
High		0	0	0	0	0	0	0	0	0	0	0	0.1	0	0	0	0.1

Regarding impacts attributed to climate change, Innolux conducted a potential financial impact review based on the SSP2-4.5 scenario (+1.5°C global warming limit; business as usual) in accordance with the Nationally Determined Contributions' (NDCs) Net Zero Pathway, the IPCC's Representative Concentration Pathway (SSP1-1.9), and Science Based Targets Initiative's (SBTi) Net Zero Strategy.

Results show that regardless of the pathway chosen, Innolux might face potential financial impacts associated with price-controlled carbon emission rights internationally and price-controlled carbon tax domestically, with the former (up to 10.8% of total revenue) being more significant than the latter. Under the NDCs scenario in particular, an average of 84.09% of our clients will be closely monitoring our climate-related performance by 2041–2050. The RE100 Transformation Plan scenario suggests that as long as we invest 5.8% of our revenue in long-term renewable energy or CCUS technology development, we will be able to lower material transformation risk to under 30.7%. We will continue to review potential climate-related financial impacts on a rolling basis in the hopes of maximizing our cost-benefit performance in our net zero initiatives.

### ◆ Potential Impacts on Revenue by Simulated Climate Change Scenario

Transformational Risk or Opportunity	Scenario	2023-2030	2031-2040	2041-2050
Domestic carbon tax	BAU standard scenario	0.32%	0.24%	0.16%
	NDCs-consistent pathway	0.27%	0.15%	0.06%
	RE100 transformation plan	0.29%	0.15%	0.03%
International carbon quotas/permits	BAU standard scenario	6.61%	10.80%	9.73%
	SBT-NZ-consistent pathway	5.40%	5.44%	2.74%
	SSP1-1.9-consistent pathway	5.71%	5.28%	2.22%
	RE100 transformation plan	5.87%	6.37%	1.94%
Markets not covered by transformation plans	NDCs-consistent pathway	16.91%	48.73%	84.09%
	SBT-NZ-consistent pathway	4.86%	12.57%	21.14%
Markets covered by transformation plans	NDCs-consistent pathway	26.78%	19.41%	0.00%
	SBT-NZ-consistent pathway	30.70%	6.83%	0.00%
Renewable energy / Introduction of CCUS	RE100 transformation plan	0.81%	3.17%	5.80%

Note: Impact (%) = Valuation of potential impact (NT\$) / Estimated annual revenue (NT\$)

Note: With 2023 as the base year for revenue and based on the SSP2-4.5 simulation pathway

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## 5.2.2 Natural Risk Assessment and Management

Human activity is inseparable from the environment. In its 2024 Global Risk Report, the World Economic Forum (WEF) reiterated the importance of naturerelated risks in the next decade. In the hope of reversing the damage caused to biodiversity by 2030, the United Nations passed the Kunming-Montreal Global Biodiversity Framework (GBF) in 2022 to encourage businesses to perform regular monitoring and disclosure of their dependence on nature and its associated impact on operations. In a similar vein, the Taskforce on Nature-related Financial Disclosures (TNFD) officially proposed the four-stage methodology “LEAP” (Locate, Evaluate, Assess, Prepare) to help businesses carry out natural risk assessment. As a response, Innolux formulated the Biodiversity and Zero Deforestation Policy in July 2023, which was presented at our annual supplier conference in September of the same year. Meanwhile, we activated our biodiversity and natural resource impact assessment process in accordance with the directives issued by the TNFD Forum. In doing so, we are taking a proactive stance in addressing operational risks while demonstrating to stakeholders our commitment to preserving natural resources.

### Biodiversity Impact Assessment

Based on recommendations by TNFD and other applicable international standards, we conducted an assessment of the impact of our own operations on biodiversity in Taiwan and abroad. We included more than 400 sites (including our suppliers' sites) in the assessment and used 2 km as the radius of the buffer zone. Results are shown on maps produced by a geographic information system (GIS) for data visualization and ease of comparison with international assessment results. The definition of a reserve is based on the Integrated Biodiversity Assessment Tool (IBAT) developed by the Natural Capital Finance Alliance (NCFA), the classification standards established by the International Union for Conservation of Nature (IUCN), and the ecological and environmental protection regulations and guidelines promulgated by the Taiwanese government (including reserves designated by NGOs). We also included non-statutory reserves such as ecological corridors, key biodiversity areas (KBAs), and Indigenous lands (in Taiwan only).

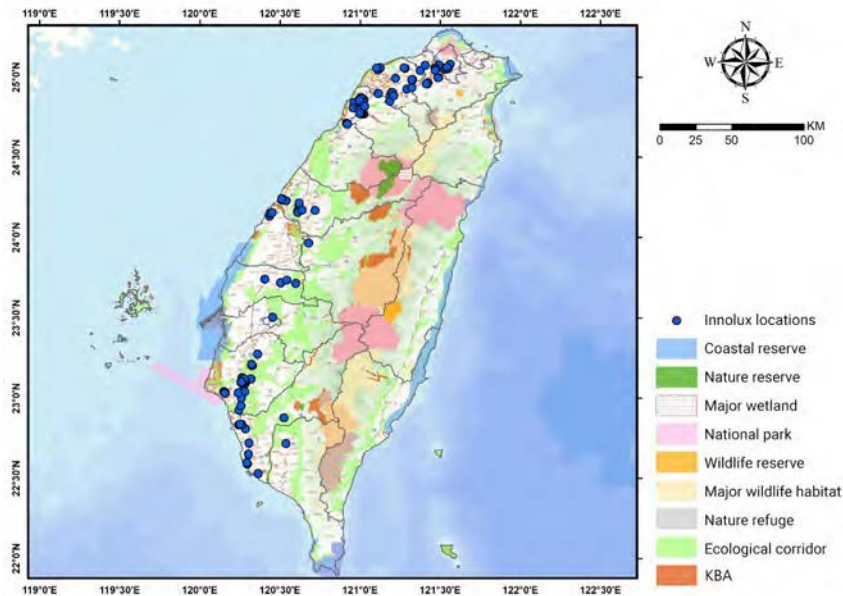
Regulatory Basis		Type	IUCN Classification	IUCN English Name
Statutory	Cultural Heritage Preservation Act	Nature Reserve	I	Strict Nature Reserve
	National Park Law	National Park	II	National Park
	Forestry Act	Nature Refuge	III	Natural Monument/ Feature
	Wildlife Conservation Act	Wildlife Reserve / Major Habitat	IV	Habitat / Species Management Area
	Wetland Conservation Act	Major Wetland	IV	Habitat / Species Management Area
	Coastal Zone Management Act	Coastal Reserve	V	Protected Landscape or Seascape
Non-Statutory		Key Biodiversity Habitat / Ecological Corridor / Indigenous Land	-	-

Results show that there is no overlap between Innolux sites and nature reserve with a 2 km buffer zone, and a less than 10% overlap with a 5 km, 10 km, or 20 km buffer zone mostly impacting wildlife habitats, wetlands, costal reserves, and key biodiversity areas. While 79 of our supplier sites are situated within the 2 km buffer zone of a nature reserve, the overlap accounts for less than 5% of the total area of any affected reserve. Furthermore, no Innolux sites are located within the 2 km buffer zone of any Indigenous community. In the future, Innolux will continue to operate in accordance with its Biodiversity and Zero Deforestation Policy to manage biodiversity impacts and minimize externalities.

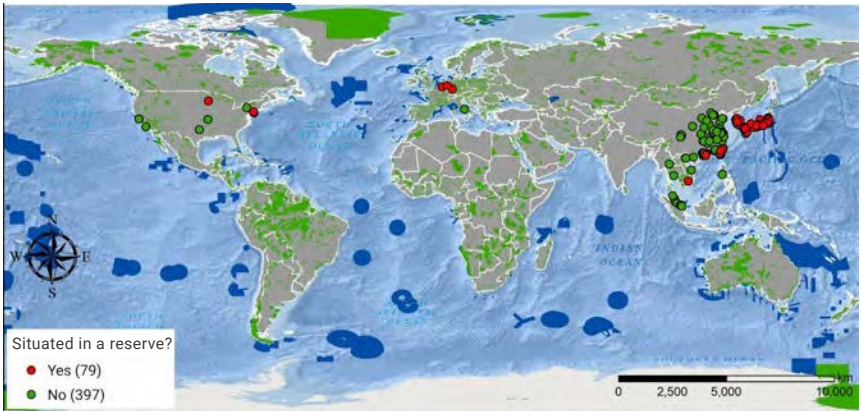


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◆ Map of Innolux Taiwan Sites and Nature Reserves



◆ Map of Supplier Sites (Including 2 km Buffer Zone) and Nature Reserves



◆ Percentage of Overlap of Innolux Site Buffer Zones and Nature Reserves

Buffer Zone	Taiwan		Outside of Taiwan	
	Statutory Reserves (%)	Non-Statutory Reserves (%)	IUCN Reserves (%)	Key Biodiversity Areas (%)
2 km	0	0	0	0
5 km	1.57	1.06	0	0
10 km	2.04	2.18	0	0.83
20 km	1.72	6.54	0	2.51

Note: Percentages for non-statutory reserves in Taiwan only include key biodiversity areas and not ecological corridors and Indigenous reserves.

◆ Percentage of Overlap Between Supplier Site Buffer Zones and Nature Reserves

Buffer Zone	Taiwan		Outside of Taiwan	
	Statutory Reserves (%)	Non-Statutory Reserves (%)	IUCN Reserves (%)	Key Biodiversity Areas (%)
2 km	1.63	2.52	4.41	3.66
5 km	1.50	3.18	6.03	5.21
10 km	1.78	3.27	8.80	6.14
20 km	2.57	4.58	11.7	7.47

Note: Percentages for non-statutory reserves in Taiwan only include key biodiversity areas and not ecological corridors and Indigenous reserves.

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Natural Resource Dependence and Impact Assessment

Innolux used ENCORE, a tool developed by the Natural Capital Finance Alliance (NCFA) and the United Nations Environment Program (UNEP) to perform the natural capital dependence and impact assessment. Based on the criteria for electronic component and hardware manufacturers, we review 31 topics related to natural capital dependence and impacts. Results show that we have a moderate dependence on surface water and ground water, a high impact on soil contamination and water pollution, and a moderate impact on solid waste and environmental disturbance. Our upstream suppliers scored high across multiple impact factors, whereas our downstream clients and products demonstrated no dependence or impact on any of the topics explored.

Next, we conducted an in-depth analysis of our own sites based on the potentially disappeared fraction (PDF) of species metric to assess the impact of effluent production and solid waste treatment on biodiversity. Results indicate that our Taiwan sites have a greater impact on biodiversity than our China sites. In terms of waste processing, the Tainan site's impact is higher than that of the Jhunan site. As for effluent, freshwater toxicity and eutrophication are two statistically significant impacts; these are primarily attributable to our front-end-of-line (FEOL) fabrication processes. In the future, we hope to expand the scope of our dependence and impact assessment throughout both directions of our value chain so as to paint a more comprehensive picture of our environmental impact.

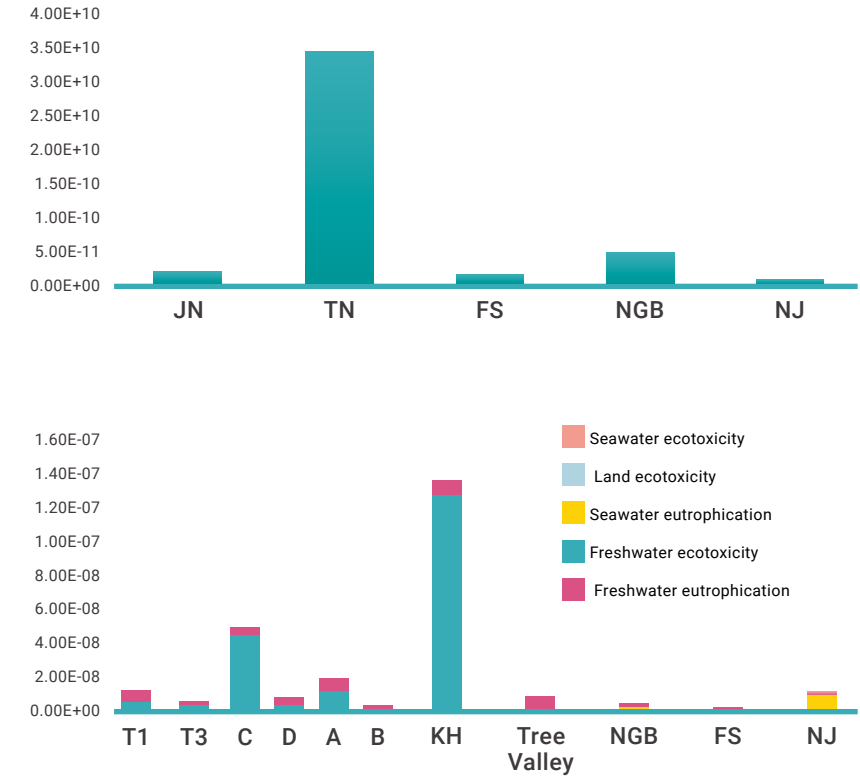
Scope	Dependence		Impact	
	Aspect	Risk	Aspect	Risk
Upstream suppliers	-	-	Effluent	Extremely high to high
	-	-	GHG emissions	High
	-	-	Solid waste	High
	-	-	Life on land	High
	-	-	General air pollution	High to moderate
	-	-	Soil contamination	High to moderate
Innolux operations	-	-	Water pollution	High to moderate
	Surface water	Moderate	Soil contamination	High
	Ground water	Moderate	Water pollution	High
	-	-	Solid waste	Moderate
	-	-	Environmental disturbance (noise and light pollution)	Moderate
Downstream clients and products	-	-	-	-

Innolux Sites Natural Resource Impact Analysis

Site	Major Water Impact Type	Major Waste Impact Type
Jhunan	Freshwater eutrophication	General waste
Tainan	Freshwater biotoxicity	General waste
Ningbo	Seawater eutrophication	General/hazardous waste
Foshan	Seawater eutrophication	General/hazardous waste
Nanjing	Seawater eutrophication	General/hazardous waste

Note: Soil contamination has been included in the waste evaluation in accordance with the law.

Treatment of hazardous industrial waste



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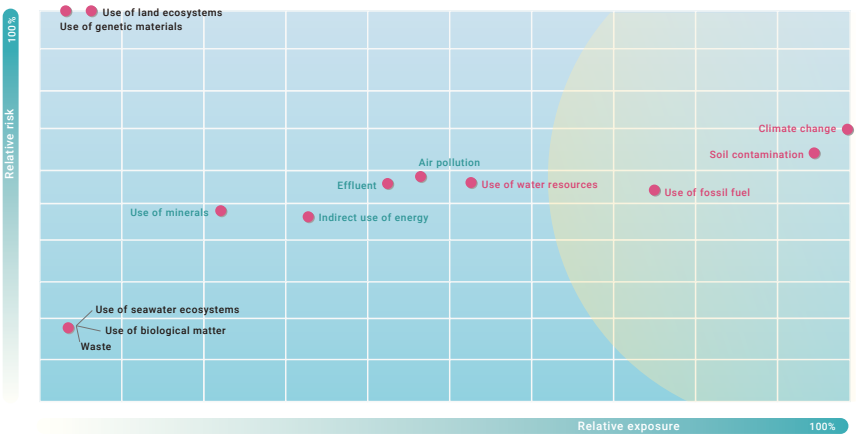
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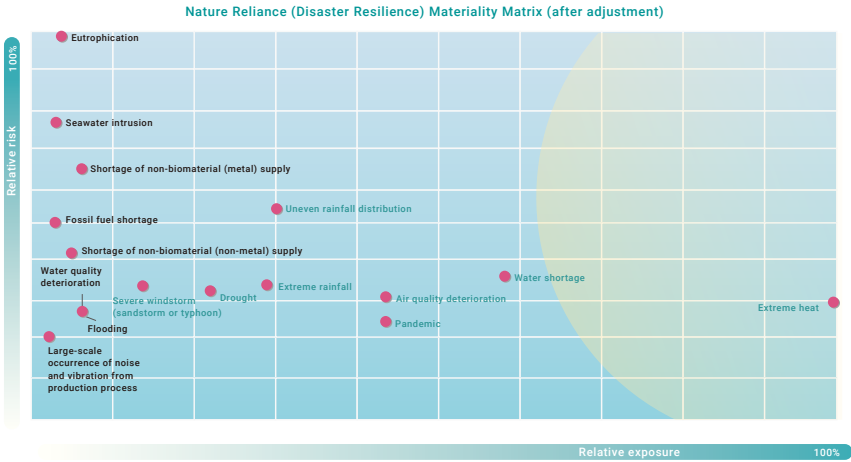
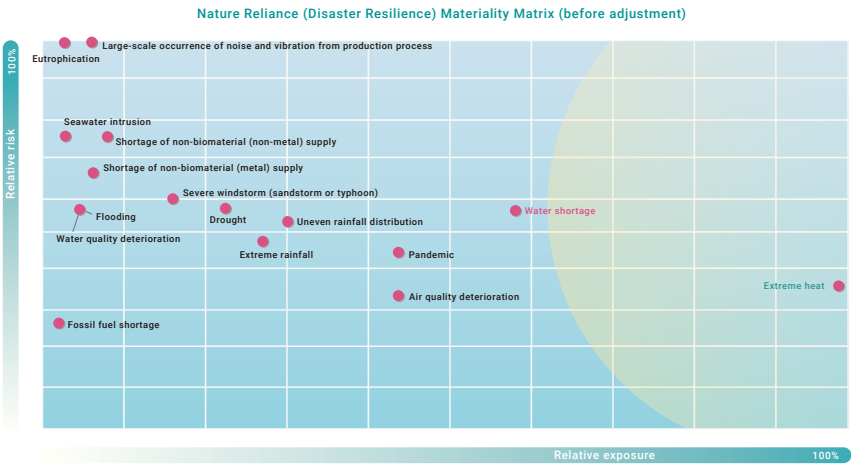
Identification of Nature-Related Material Topics

For the effective assessment of nature-related risks and their materiality, Innolux handed out questionnaires to 119 upstream suppliers to help gauge the Company's nature-related dependencies and its exposure to natural impacts and the severity of such impacts (the survey does not cover downstream clients and products as the dependence and impact assessment above indicates that there is no significant impact in the downstream section of our supply chain). Factors that were taken into consideration include the time scale (short-term, medium-term, and long-term), mitigation measures, management measures, monitoring systems, and targets. The materiality of each topic before and after adaptation was determined by whether the values for the two indicators (exposure and severity) were statistically significant. Results show that "water shortages" is a material topic in terms of exposure before adaptation (no material topics identified after the implementation of adaptation measures), and that "climate change", "soil contamination", "fossil fuel use", and "use of water resources" are material topics in terms of severity.

Materiality of Natural Impacts



Materiality of Nature-Related Dependencies and Natural Disasters





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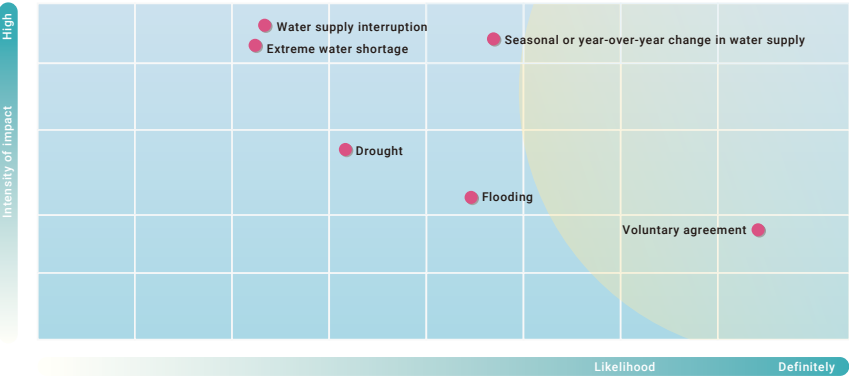
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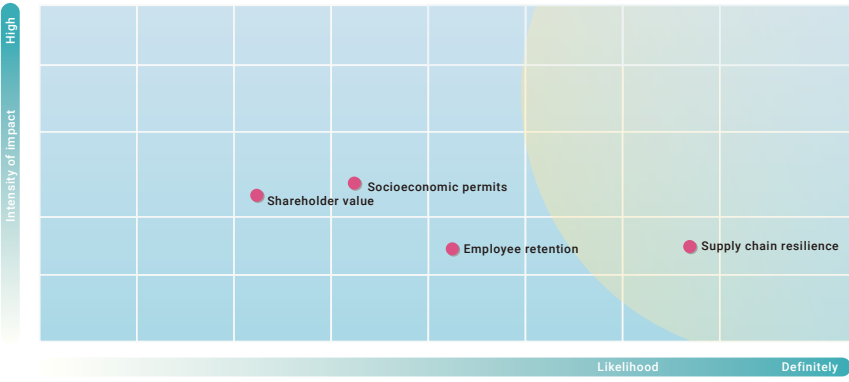
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In view of this, Innolux performed a further review on water resources, a material climate topic in both dependence and impact, for the first time. By referencing international trends, research literature, benchmarks and indices, and industry reports, we identified 65 potential risks and opportunities at different scopes and time scales (short-, medium-, and long-term). After adjustments are made based on materiality and weights of each item, the risk analysis results show that “change in seasonal or year-to-year water supply” and “flooding” are risk factors that reached statistical significance, while “supply chain resilience” is the most representative opportunity (as shown in the figures below). Most other factors are not considered material. In the future, we plan to invite the managers of each of our production sites to review the results every six months, and we will include our entire value chain in the review process.

Water Risk Matrix



Water Opportunity Matrix



Note: Only risks and opportunities with a moderate or higher classification are included.

Water Risk Assessment

Innolux used Aqualux 4.0, a water risk evaluation tool developed by the World Resources Institute (WRI) to assess its overall water risk based on 13 indicators, including base-year water stress, base-year water consumption, year-to-year changes, quarterly changes, groundwater level, riverbank overflow risk, seawater intrusion, drought risk, untreated effluent, coastal area salinization potential, clean water facilities (or the lack thereof), sanitation facilities (or the lack thereof), and by-nation ESG ratings. Results suggest that 2% of our sites (mostly in northern China) are exposed to extremely high risks. Sites that are exposed to high risks are primarily located in central/southern China, Indonesia, the Philippines, Thailand, and Vietnam.

WRI Overall Water Risk (Innolux)



WRI Overall Water Risk (Key Suppliers)



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### Scenario-Based Water Stress Analysis

We used WRI Aqueduct to analyze our water stress on three different time scales [short-term (2030), medium-term (2050), and long-term (2080)] and in three different scenarios [BAU (business as usual), OPT (optimistic), and PES (pessimistic)]. Analysis results for the 9 different configurations are shown in the table below.

BAU: The SSP3-RCP 7.0 scenario was used, and signified no climate-related intervention (moderate to high forcing pathway).

OPT: The SSP1-RCP2.6 scenario was used, assuming an average temperature rise of less than 2° C by 2100 (low forcing pathway).

PES: The SSP5-RCP8.5 scenario was used, assuming a high dependence on fossil fuel (high forcing pathway).

The year 2030 was the benchmark year for the short-term analysis, which was based on the weighted average of the period 2015–2045.

There was no significant change in water stress for Innolux sites, but among our suppliers, the number of “very high stress” sites trended downwards while that of “high” sites trended upwards compared to the base period.

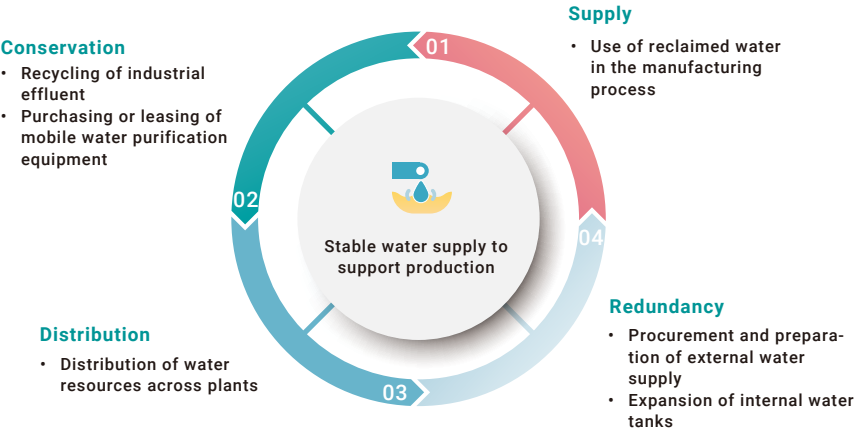
#### ◆ Water Stress Trends in Various Scenarios and at Different Points in Time

Scenario / Stress level	Base period value	BAU			OPT			PES		
		2030	2050	2080	2030	2050	2080	2030	2050	2080
Very high	62	↘	↘	↗	↗	↘	↘	↘	↘	↘
High	25	↗	↘	↘	↘	↗	↗	↗	↗	↗
Moderate to high	86	↗	↘	↘	↗	↘	↘	↗	↘	↘
Low to moderate	228	↗	↗	↘	↗	↘	↗	↗	↗	↗
Low	75	↘	↘	↗	↘	↗	↗	↘	↗	↗

### Water Crisis Management

Southern Taiwan faced a severe water shortage in 2023. While the government worked to establish a drought response center to improve water distribution, Innolux viewed the situation as an opportunity to enhance its infrastructure for improved water conservation and reclamation capabilities by formulating the Drought and Water Shortage Response Directives for Taiwan Sites. For more business continuity initiatives, please refer to Section 2.2.3 (Business Continuity Management).

Innolux also complied with the water rationing and conservation measures stipulated by the government. Through internal water saving and water source diversification efforts, we were able to maintain maximum production capacity without being affected by the water shortage.



## 5-3 Greenhouse Gas Management

GRI : 305-1 、305-2 、305-3 、305-4 、305-5

The reduction and control of greenhouse gas emissions are crucial for corporations faced with the challenge of global climate change. Innolux Corporation conducts an annual greenhouse gas inventory in accordance with the ISO 14064-1:2018 standard and obtains assurance from independent third-party bodies in order to monitor greenhouse gas emissions at different sites. In May 2023, Innolux passed the Science Based Targets initiative (SBTi) review, pledged to make a 15% reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2026 compared to 2020, and set a reduction target of 6.2% for Scope 3 emissions by 2026 compared to 2021. Through the setting of these targets, Innolux is proactive in taking action to meet its carbon reduction goals.

### 5.3.1 Greenhouse Gas Inventory

Since 2021, Innolux has conducted an annual greenhouse gas inventory in accordance with the ISO 14064-1:2018 standard and the GHG Protocol. To strengthen our disclosure of emissions from indirect sources (Scope 3), we have been implementing the criteria for key emissions categories and integrating the related data systems for seven emissions categories—upstream/downstream transport and distribution, business travel, employee commutes, procurement of products and services (raw materials), fuel energy, waste produced in business activities, and investments (subsidiaries)—and we plan to further expand the scope of the inventory to gain greater insight into carbon emissions in the value chain.

In 2023, the volumes of Innolux's greenhouse gas emissions were 0.109 million tCO<sub>2</sub>e of Scope 1 emissions (Category 1), 2.475 million tCO<sub>2</sub>e of Scope 2 emissions (Category 2), and 1.667 million tCO<sub>2</sub>e of Scope 3 emissions (Categories 3 to 5), amounting to a total emission volume of 4.251 million tCO<sub>2</sub>e. The majority of the Company's greenhouse gas emissions comes from the generation of purchased energy and accounts for 58.22% of total emissions.

Item	Category	Emissions (million CO <sub>2</sub> e)	Percentage (%)
A. Direct GHG emissions		0.109	2.56
B. Indirect GHG emissions from imported energy		2.475	58.22
C. Indirect GHG emissions from transportation	Upstream transport and distribution	0.019	0.45
	Downstream transport and distribution	0.007	0.16
	Business travel	0.003	0.06
	Employee commutes	0.032	0.76
D. Indirect GHG emissions from products used by the organization	Procurement of products and services (raw materials)	1.047	24.62
	Fuel energy	0.491	11.55
	Waste produced in the course of business activities	0.012	0.28
E. Indirect GHG emissions associated with the use of the organization's products	Investments (subsidiaries)	0.057	1.34
Total		4.251	100

#### ◆ Greenhouse Gas emissions in Recent Years

Unit: million tCO <sub>2</sub> e	2019	2020	2021	2022	2023
Scope 1	0.354	0.323	0.306	0.117	0.109
Scope 2	3.039	3.047	3.006	2.605	2.475
Scope 3	0.032	0.028	0.609	1.221	1.667
Total	3.425	3.398	3.921	3.943	4.251

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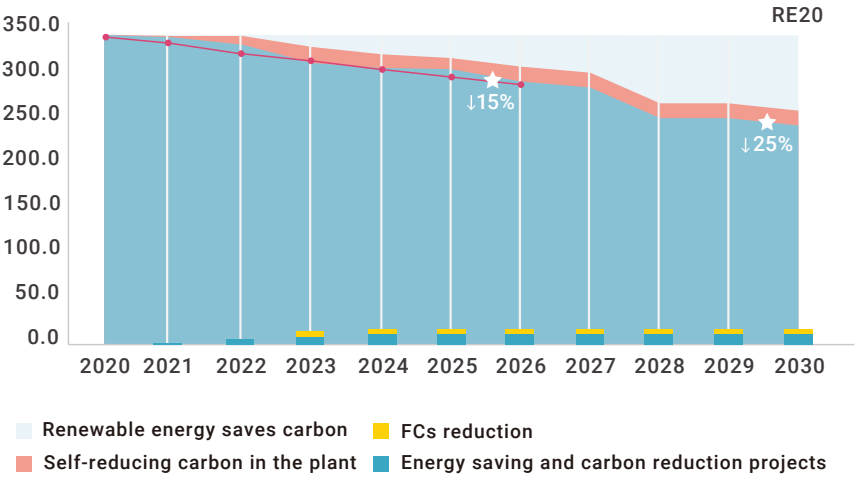
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### 5.3.2 Net Zero Transformation

In 2015, the United Nations passed the Paris Agreement, which aims to keep the increase in the global average temperature well below 2°C and limit the temperature increase to 1.5°C. Innolux has set net zero carbon reduction targets in alignment with the Paris Agreement and sees the establishment of renewable energy sources as a key strategy for low-carbon transformation. When combined with internal energy-saving and carbon reduction measures for fuel use and production processes at our sites, we hope to achieve a 25% absolute reduction of Scope 1 and Scope 2 greenhouse gas emissions by 2030.

#### ◆ Emissions pathways

Unit: 10 thousand tCO<sub>2</sub>e



#### Carbon Reduction Measures

Innolux has adopted several carbon reduction measures—production process optimization, exhaust gas treatment equipment (local scrubbers), renewable energy, energy efficiency enhancements, and the expansion of resource recycling—to reduce the Company's greenhouse gas emissions and mitigate our environmental impact.

### Carbon Reduction Results

Innolux carries out systematic management using the carbon risk management platform to effectively monitor the effectiveness of greenhouse gas emissions reduction measures. In 2023, a total of 523 carbon reduction plans were proposed and 390 were approved for implementation, of which 132 have been implemented. We estimate that this will achieve an annual reduction of 39,432.65 tCO<sub>2</sub>e in Scope 1 and Scope 2 emissions and 4,664.02 tCO<sub>2</sub>e in Scope 3 emissions, for a total annual reduction of 44,096.67 tCO<sub>2</sub>e.

#### ◆ Carbon reduction implementation result of the carbon risk management platform

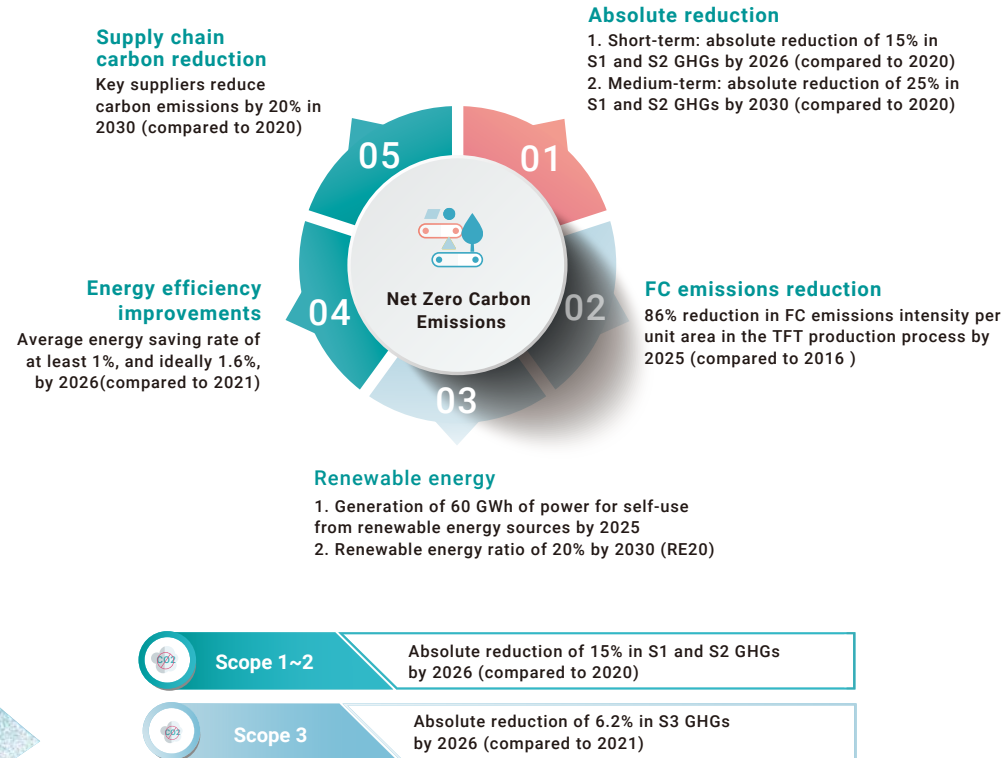
Location	# of plans	# of implemented plans	2023 action plan		
			Annual carbon reduction (tCO <sub>2</sub> e)		
			Scope 1	Scope 2	Scope 3
Jhunan	74	13	0	394.94	396.58
Tainan	154	74	21,924.34	6,710.54	2,906.20
Ningbo	41	12	0	8,844.37	1,148.75
Foshan	86	33	0	1,558.46	212.49
Nanjing	35	0	0	0	0
Total	390	132	21,924.34	17,508.31	4,664.02

### Greenhouse Gas Offsetting Program

The Ministry of Environment (formerly the Environmental Protection Administration) offers greenhouse gas emissions reduction incentives to encourage the implementation of emissions reduction strategies. In 2019, Innolux's Fab F, B, and T2 in Taiwan proposed their greenhouse gas offsetting program to the ministry. The proposals were passed in 2021 and the plans were subsequently implemented with an estimated annual emissions reduction of 235 thousand tCO<sub>2</sub>e. Furthermore, Fab F and B obtained third-party assurance in 2023, and Fab T2 has planned the assurance schedule and is awaiting completion to apply for carbon credits in the first year of its operation.

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## Net Zero Carbon Emissions Objectives

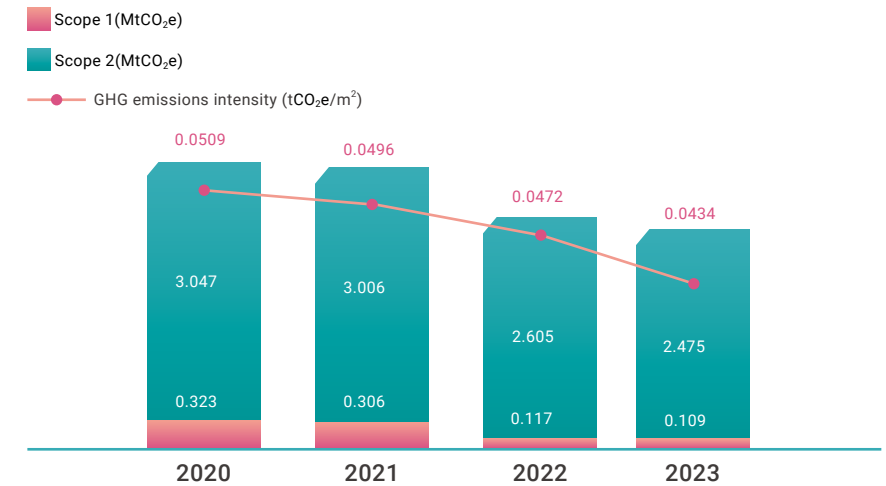


## 5.3.3 Carbon Reduction Target Results

### Absolute Reduction of Scope 1 and Scope 2 GHG Emissions by 25% (Compared to 2020)

Innolux uses 2020 as the baseline year and is committed to a 25% absolute reduction in Scope 1 and Scope 2 greenhouse gas emissions by 2030. In 2023, through the implementation of energy-saving and carbon reduction measures—including the enhancement of energy efficiency and production processes and the replacement of old equipment—we successfully cut our Scope 1 and Scope 2 GHG emissions to 2.584 million tCO<sub>2</sub>e, which is a 23.3% reduction. The intensity of greenhouse gas emissions has also been reduced from 0.0472 tCO<sub>2</sub>e/m<sup>2</sup> (in 2022) to 0.0434 tCO<sub>2</sub>e/m<sup>2</sup>, a drop of 8.08%.

### Intensity of Scope 1 and Scope 2 GHG emissions in recent years



Data for the Taiwan and China sites

• Scope 1: Direct GHG emissions

Scope of inventory: Qualitative and quantitative inventory of fluorinated compounds (FCs) with potential greenhouse effect [sulfur hexafluoride (SF<sub>6</sub>), nitrogen trifluoride (NF<sub>3</sub>), carbon tetrafluoride (CF<sub>4</sub>)], utility system fuel, pollution control equipment for volatile organic compounds, and other GHG emissions sources.

• Scope 2: Indirect GHG emissions from energy

Scope of inventory: Qualitative and quantitative inventory of purchased electricity and heat

• Unit area used = unit area of substrate used = array and CF used

• GHG emissions intensity = Scope 1 and Scope 2 GHG emissions (tCO<sub>2</sub>e) per unit area of substrate used (m<sup>2</sup>)

• The Global Warming Potentials (GWP) are taken from the IPCC Fifth Assessment Report of 2007.

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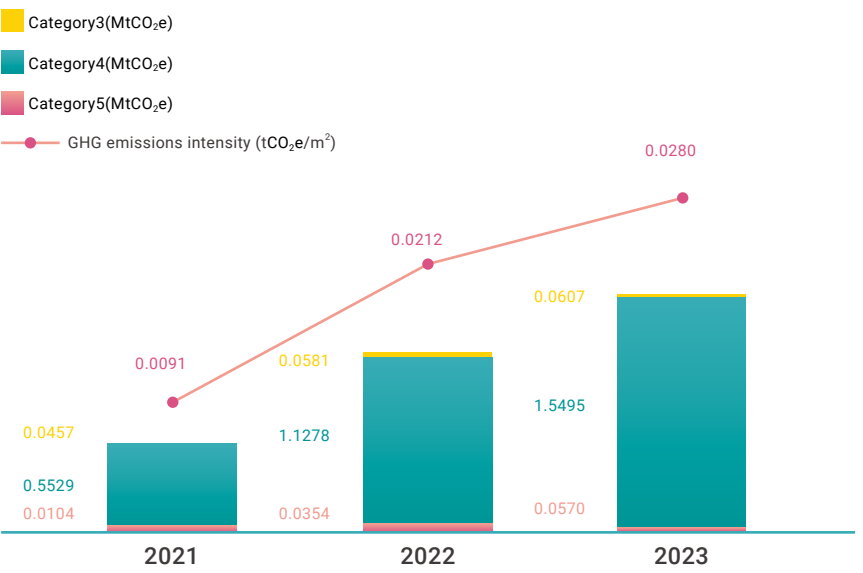
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Absolute Reduction of 6.2% in Scope 3 GHG Emissions (Compared to 2021)

Innolux passed the SBTi target-setting requirements and pledged to reduce Scope 3 greenhouse gas emissions by 6.2% against the 2021 level by 2026. Our intensity of Scope 3 GHG emissions increased from the 2021 level of 0.0091 tCO<sub>2</sub>e/m<sup>2</sup> to 0.0280 tCO<sub>2</sub>e/m<sup>2</sup>, a 173.76% rise. The main reason for this increase is the addition of “upstream/downstream transport and distribution” and “procurement of products and services (raw materials)” to the inventory for 2023 compared to that for 2021.

◆ Intensity of Scope 3 GHG emissions in the most recent years



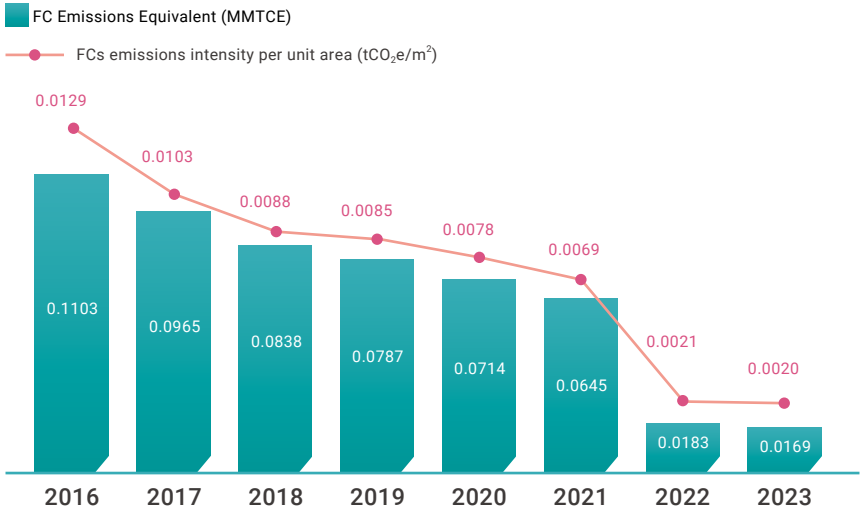
- Items in inventory (2021): Emissions from business travel, employee commutes, fuel energy, investments, and waste produced in the course of business activities
- Scope of inventory (2022): Upstream/downstream transport and distribution, business travel, employee commutes, procurement of products and services, fuel energy, investments, and waste produced in the course of business activities
- Scope of inventory (2023): Same as that of 2022 but with greater emphasis on upstream/downstream transport and distribution and the procurement of products and services (raw materials) at the back-end sites in Taiwan and sites in China

86% Reduction in FC Emissions Intensity (Emissions per Unit Area)

Following the implementation of the action plan to install and adjust local scrubbers, we reevaluated our carbon reduction targets for 2023 and set the more stringent target of an 86% reduction (0.0066 tCO<sub>2</sub>e/m<sup>2</sup>) in FC emissions intensity per unit area in the TFT-LCD production process. In 2023, Innolux installed seven additional local scrubbers, which reduced the FC emissions intensity per unit area by 84% (0.0020 tCO<sub>2</sub>e/m<sup>2</sup>)

Even though we are seeing a drop in the FC emissions intensity per unit area, we will continue to improve the treatment efficiency of the local scrubbers in order to further minimize the emissions of FC greenhouse gases generated in the production processes.

◆ FC emissions in the most recent years





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## 5-4 Energy Management

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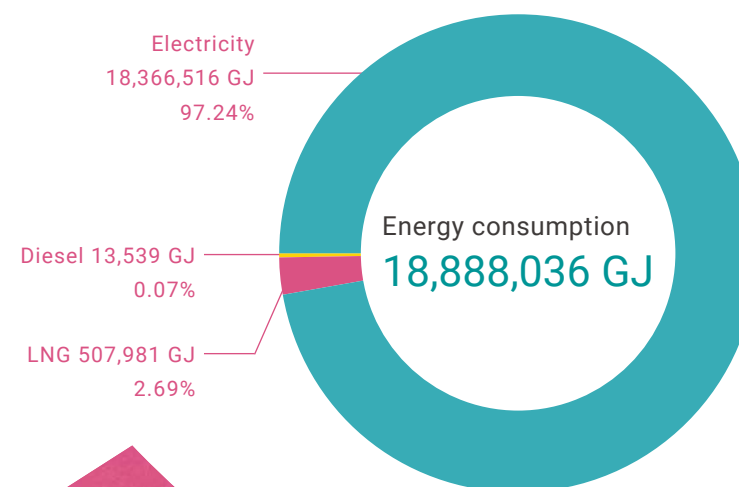
As indicated in our greenhouse gas emissions inventory, over 95% of Innolux's greenhouse gas emissions are from electricity use. Therefore, in order to achieve net zero emissions, it is imperative that we effectively improve energy efficiency and hasten our energy transition. In 2019, Innolux incorporated the ISO 50001:2018 standard for energy management systems to monitor energy use, set energy-saving targets, and implement energy-saving measures, thereby reducing our greenhouse gas emissions by taking action to accelerate the Company's transition.

### 5.4.1 Energy Consumption and Resource Use

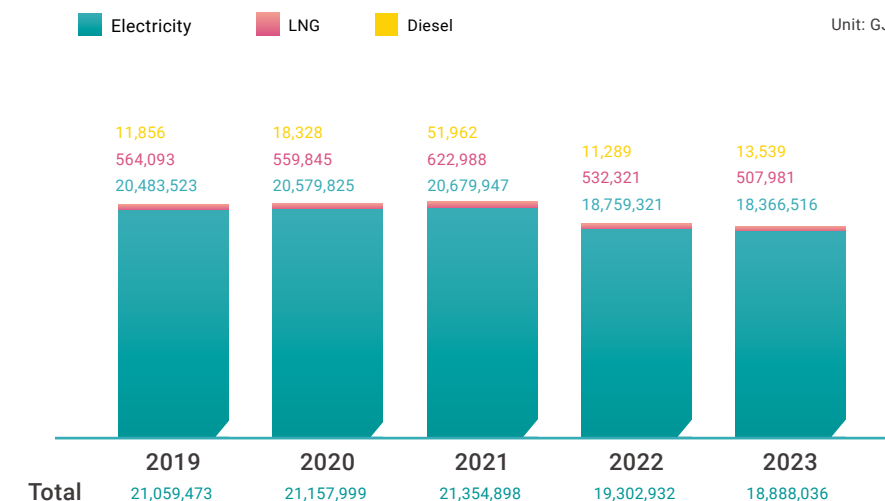
In 2023, Innolux's total energy consumption was 18,888,036 GJ, the largest component of which was electricity<sup>Note</sup> use (97.24%, primarily used for production processes) followed by natural gas (2.69%, primarily used for production equipment) and diesel (0.07%, primarily used for fab equipment). Overall energy consumption was reduced by 2.1% compared to that of the previous year.

Note: Includes purchased electricity, purchased green energy and self-generated green energy.

#### ◆ Current energy consumption and resource use



#### ◆ Energy consumption and resource use in recent years



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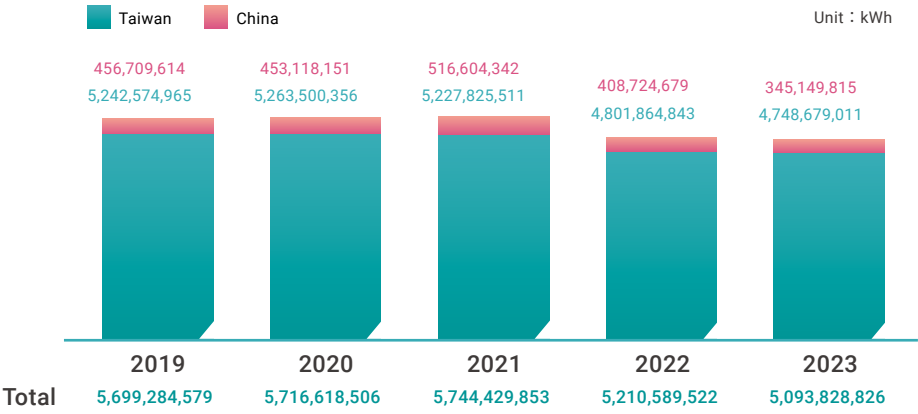
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Electricity Use

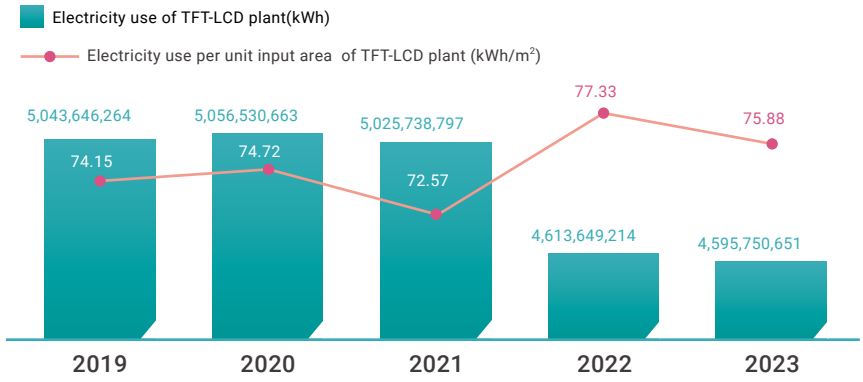
Innolux's electricity use in 2023 totaled 5,093,828,826 kWh, with electricity use at the Taiwan sites accounting for 93.22% (4,748,679,011 kWh) and the China sites accounting for 6.78% (345,149,815 kWh); total electricity use in the Taiwan and China sites was reduced by 2.24% compared to the previous year. After reevaluating our targets for 2023, we raised the average energy savings rate to at least 1.0% (compared to 2021) and will strive for a 1.6%+ drop. After the implementation of energy-saving measures, electricity use in 2023 was reduced by 11.3% against the 2021 level, thereby hitting our target.

Electricity Use Intensity (electricity use per unit input area of TFT-LCD plant) at the Taiwan sites decreased from the 2022 level of 77.33 kWh/m<sup>2</sup> to 75.88 kWh/m<sup>2</sup> in 2023, for a 1.9% drop. Electricity Use Intensity at the China sites reached our target for 2023.

Electricity use in recent years



Electricity use per unit input area of TFT-LCD plant



Electricity Use Intensity at the China sites

Electricity Use Intensity (EUI) <sup>Note 1</sup>	2023 targets	2023 outcomes		2024 targets
	EUI	EUI	Target attainment	EUI
Ningbo	1.645	1.631	V	1.615
Foshan	4.574	4.522	V	4.476
Nanjing <sup>Note 2</sup>	0.503	0.453	V	-

Note 1: Electricity Use Intensity is the amount of energy used per unit output quantity (kWh/pc)  
Note 2: No targets were set for the Nanjing site due to the planned closure of the site in Q2 2024.

In addition to setting our own targets, Innolux also strives to comply with energy-saving targets set by the competent authorities.

Location	Official authority	Target name	Targets	Outcomes	Target attainment
Taiwan	Ministry of Economic Affairs	Energy-saving targets and project implementation rules	Average energy savings rate of 1% at all sites	Energy savings rate of between 1% and 2.1%	V
Foshan	Economic & Information Commission of Guangdong Province	Energy-saving and emissions reduction targets of the 14 <sup>th</sup> Five-Year Plan	Reduce overall energy consumption to 5.596 tons of standard coal equivalent per 10,000 units	Reduction in overall energy consumption to 5.520 tons of standard coal equivalent per 10,000 units	V
			Reduce energy consumption by 60 tons of standard coal equivalent	Energy consumption reduced by 253.53 tons of standard coal equivalent	V

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### 5.4.2 Energy Transition

The global trend toward net zero emissions has put energy transition at the top of our agenda. To align with international standards and our clients' expectations, Innolux has gradually increased the percentage of renewable energy the Company uses by installing solar and biogas power systems and purchasing green electricity. We pledge to hit our RE20 target of achieving a renewable energy ratio of 20% at our Taiwan and China sites by 2030.

#### Major Energy-Saving Measures

Topic	Measure	Site(s) of implementation	Goal	Projected outcomes
Replacement of old equipment	Air compressor replacement	Jhunan, Tainan	Improve operational efficiency by replacing the current energy-intensive air compressors with energy efficient ones	Electricity use reduced by <b>25,538,540</b> kWh/year
	Vacuum pump replacement	Tainan	Improve operational efficiency by replacing the current fixed-frequency vacuum pumps that have been in service for many years with energy-efficient variable-frequency ones	Emissions reduced <b>13,832</b> tCO <sub>2</sub> e/year
Energy-efficient modifications	Air compressor modification	Foshan	Modify centrifugal compressor from the factory pressure setting of 9 kg/m <sup>2</sup> to 7 kg/m <sup>2</sup>	Electricity use reduced by <b>573,162</b> kWh/year
			Change the compressor coolant from ice water to cooling water every third compression stage and add aftercoolers to remove heat from the released air, thereby reducing the amount of ice water used by the compressors.	Emissions reduced <b>629</b> tCO <sub>2</sub> e/year
Digitization	Integration of fab system	Tainan	The operational and load demands of the chillers, cooling towers, and pumps along with years of data collected from the air conditioning equipment were analyzed using AI and big data applications. This allowed for the building of equipment prediction models and integrated optimization models to ensure maximum operational efficiency of the air conditioning system.	Electricity use reduced by <b>2,692,210</b> kWh/year Emissions reduced <b>1,362</b> tCO <sub>2</sub> e/year

#### Renewable Energy System Installation

Innolux installed solar power systems and biogas power generation equipment and achieved a total renewable energy output of 262,737 GJ in 2023, with solar power accounting for 98.9% (259,971 GJ, with a capacity of 82,155 kWp) and biogas power accounting for 1.1% (2,766 GJ, with a capacity of 190kW). Of the total renewable power generated, 46.2% (121,325 GJ) was used by the Company and 53.8% (141,412 GJ) was sold to Taiwan Power Company. Innolux will continue to install renewable energy equipment and expects to complete the installation of biogas power generation equipment at Fab 8 in the second half of 2024. Additionally, due to the relaxed regulations on the green coverage ratio in the revised statutes, we will install additional solar power equipment with a capacity of 1.99 MW at Tainan Fab 7 that is expected to be grid-connected in early 2025.

Innolux complies with the government's green energy regulations for major power users stipulated in the Renewable Energy Development Act and will install a self-generated renewable energy capacity of 10% of the chartered capacity by 2025. In 2023, we met government requirements ahead of schedule by achieving a grid-connected generating capacity of 66 MW.

#### ◆ Solar power

	Site	Capacity (kWp)	Output (kWh) <sup>Note</sup>	Output (GJ)	Percentage of self-generated power
Taiwan	Jhunan	2,535	1,903,848	6,854	100%
	Tainan	55,060	45,975,995	165,512	3.06%
China	Ningbo	9,700	7,880,626	28,370	100%
	Foshan	14,860	16,454,530	59,236	87.94%
Total		82,155	72,214,998	259,971	-

Note: Actual meter reading

#### ◆ Biogas power

	Site	Capacity (kW)	Output (kWh) <sup>Note</sup>	Output (GJ)	Percentage of self-generated power
Tainan FAB 2		30	60,280	1,247	100%
		160	73,440	1,519	0%
Total		190	133,720	2,766	-

Note: Actual meter reading



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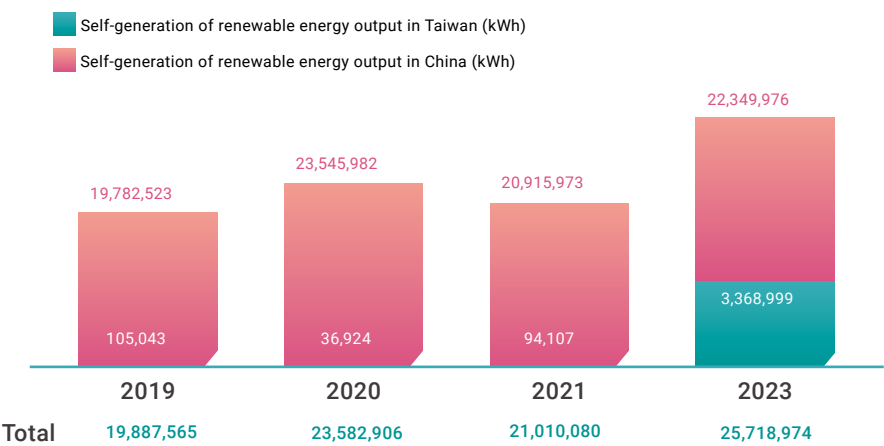
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Utilization of Renewable Energy

In 2023, Innolux achieved a self-generated renewable energy output of 25,718,974 kWh, with the Taiwan sites accounting for 3,368,999 kWh and the China sites accounting for 22,349,976 kWh. Compared to the previous year, our Taiwan and China sites showed a 22.4% increase in self-generated renewable energy output.

We have fulfilled 5.6% of our 2025 sustainable development goal, with the renewable energy equipment at the Taiwan sites generating 60 GWh of power for self-use.

Amount of self-generated power from renewable energy

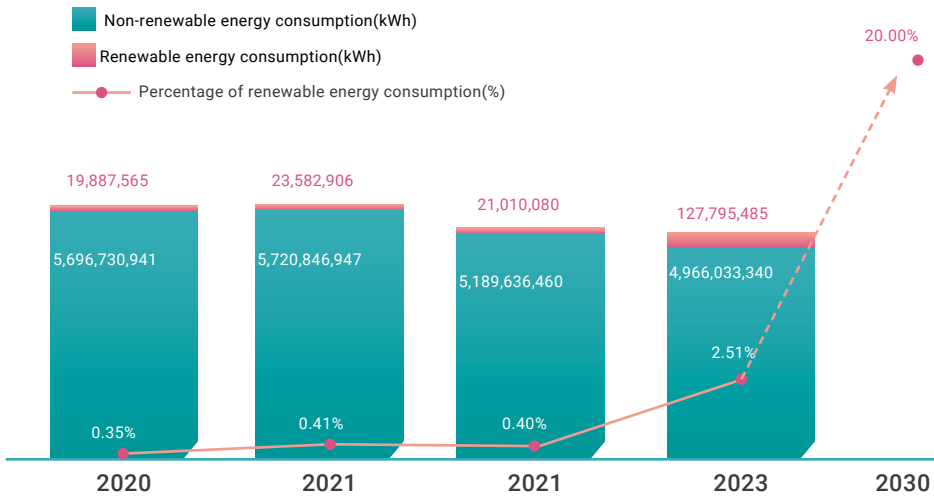


In addition to installing renewable energy equipment, we also began purchasing green electricity to fulfill our renewable energy pledges for our China sites (RE100) and our sites in both Taiwan and China (RE20). The first purchase of 102,076,511 kWh represented 2.51% of the total renewable energy consumption at our Taiwan and China sites, which rose to 127,795,486 kWh, with the Taiwan sites accounting for 9,988,999 kWh and the China sites accounting for 117,806,487 kWh. In 2024, we will speed up the installation of renewable energy equipment and will continue to purchase green electricity, so as to speed up our attainment of the RE20 objectives.

Renewable energy consumption volume

Type of Energy	Location	Volume (kWh)
Non-renewable energy	Taiwan	4,738,690,012
	China	227,343,328
	Total	4,966,033,340
Renewable energy	Taiwan	9,988,999
	China	117,806,487
	Total	127,795,486
Percentage of renewable energy use	Taiwan	0.21%
	China	34.13%
	Total	2.51%

Renewable energy consumption in recent years



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◆ Energy consumption volume

Type of Energy	Location	Unit	Volume (2023)	Percentage (2023)
Purchased electricity	Taiwan	kWh	4,738,690,012	94.65%
		GJ	17,059,284	
	China	kWh	227,343,328	
		GJ	818,436	
	Total	kWh	4,966,033,340	
		GJ	17,877,720	
Self-generated solar energy	Taiwan	kWh	3,308,719	0.64%
		GJ	39,580	
	China	kWh	22,349,976	
		GJ	80,497	
	Total	kWh	25,658,694	
		GJ	120,078	
Self-generated biogas energy	Taiwan	kWh	60,280	0.00%
		GJ	1,247	
	China	kWh	0	
		GJ	0	
	Total	kWh	60,280	
		GJ	1,247	
Purchased green energy	Taiwan	kWh	6,620,000	1.95%
		GJ	23,832	
	China	kWh	95,456,511	
		GJ	343,640	
	Total	kWh	102,076,511	
		GJ	367,471	

Type of Energy	Location	Unit	Volume (2023)	Percentage (2023)
Diesel	Taiwan	kWh	3,333,513	0.07%
		GJ	12,001	
	China	kWh	427,325	
		GJ	1,538	
	Total	kWh	3,760,838	
		GJ	13,539	
Natural gas	Taiwan	kWh	136,911,587	2.69%
		GJ	492,882	
	China	kWh	4,194,112	
		GJ	15,099	
	Total	kWh	141,105,699	
		GJ	507,981	
Total consumption	Taiwan	kWh	4,888,924,110	100.00%
		GJ	17,628,825	
	China	kWh	349,771,252	
		GJ	1,259,210	
	Total	kWh	5,238,695,362	
		GJ	18,888,036	

## 5-5 Water Management

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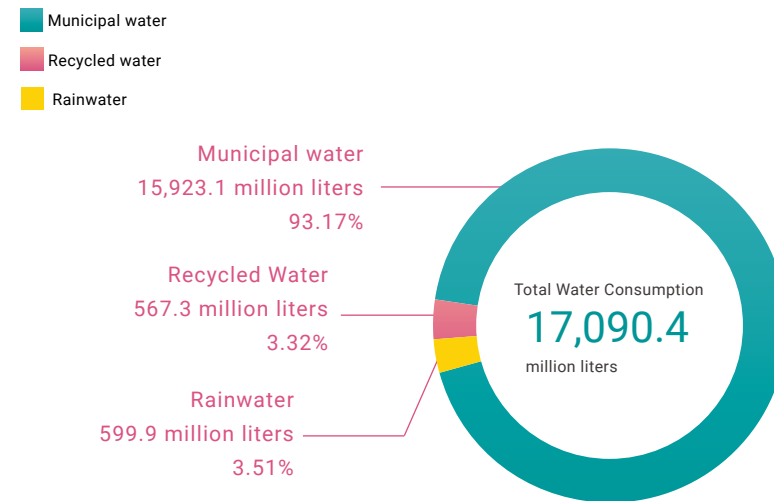
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In recent years, extreme climate events have heavily impacted the world's water resources. With rising sea levels and more frequent and severe droughts and floods, the international community is turning its attention to the issue of water resources, which was once again highlighted in the 28<sup>th</sup> Conference of the Parties of the UNFCCC (COP28). In response to global climate action and the recent water crisis in Taiwan, Innolux turned to Fab 6 to pioneer the Company's adoption of the ISO 46001:2019 standards for water efficiency management systems, for which Innolux obtained certification in 2023. Through systematic integration, conservation, and responsive management of water resources, we have greatly improved our water use efficiency. In 2023, Innolux achieved a Leadership A-list ranking in the Carbon Disclosure Project (CDP) Water Security Management Assessment, and the Company will continue to stress the value of water resources and lessen the potential impacts of an unstable water supply on our operations.

### 5.5.1 Water Consumption

Innolux's total water consumption in 2023 was 17,090.4 million liters, most of which comes from municipal water (93.17%), followed by rainwater (3.51%) and recycled water (3.32%). Compared to the previous year, the overall water consumption dropped by 9.60%.

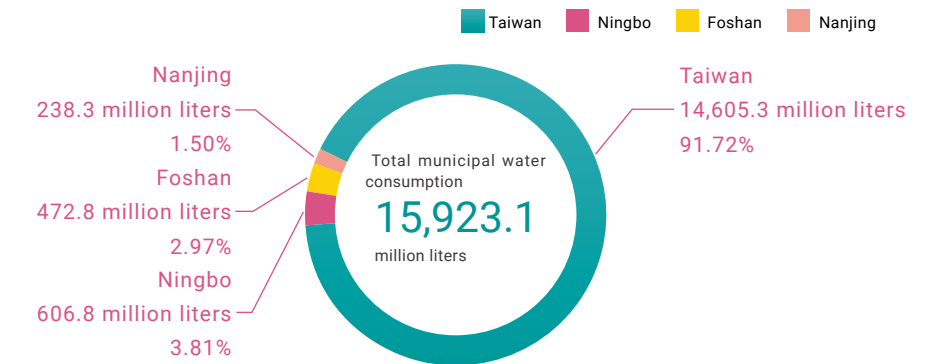
#### ◆ Water consumption status



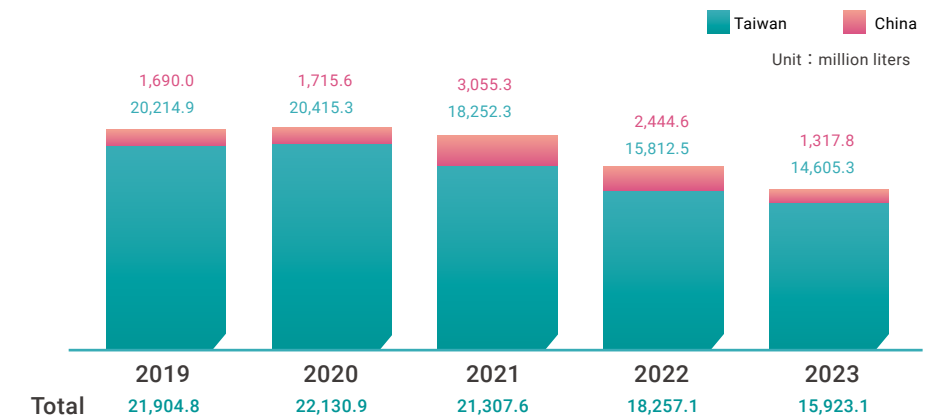
### Municipal Water Use Efficiency

Innolux's water resources primarily come from municipal sources. In 2023, the total amount of municipal water consumption was 15,923.1 million liters, with Taiwan sites accounting for 91.72% (14,605.3 million liters) of municipal water consumption and China sites accounting for 8.26% (1,317.8 million liters). Compared to the previous year, the overall water consumption at our Taiwan and China sites dropped by 12.78%.

#### ◆ Percentage of municipal water consumption at Innolux sites



#### ◆ Municipal water consumption in recent years





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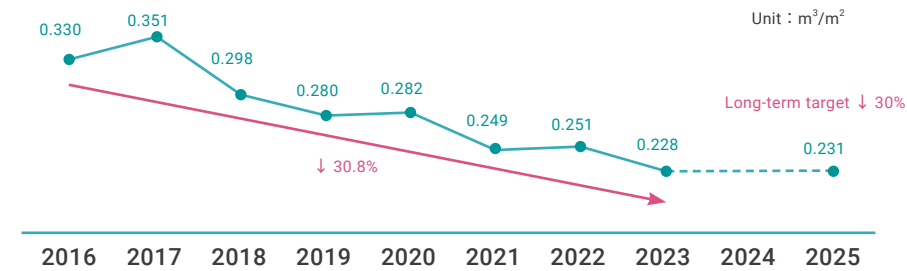
## 5.5.2 Water Recycling

In light of water shortages in Taiwan during winter and early spring and the water-heavy production processes of the electronics industry, water recycling and reuse have become an indispensable necessity. Innolux recognizes the importance of water resources and will continue to implement rainwater recycling and improve our wastewater recycling efficiency.

### Water Use Intensity

The Water Use Intensity (water use per unit input area of TFT-LCD plant) at the Taiwan sites was reduced from the 2022 level of 0.251 m<sup>3</sup>/m<sup>2</sup> to the 2023 level of 0.228 m<sup>3</sup>/m<sup>2</sup>, a 9.2% drop. This reduction was a 30.8% drop compared to 2016, indicating that we hit our target of reducing Water Use Intensity by 30% against the 2016 level ahead of schedule. Water Use Intensity at the China sites reached the target we set for 2023.

#### ◆ Water use per unit input area of TFT-LCD plant



#### ◆ Water Use Intensity at the China sites

Water Use Intensity <sup>Note1</sup>	2023 targets	2023 outcomes		2024 targets
	WUI	WUI	Target attainment	WUI
Ningbo	0.00488	0.00483	V	0.00474
Foshan	0.01310	0.01280	V	0.01250
Nanjing <sup>Note2</sup>	0.00366	0.00364	V	-

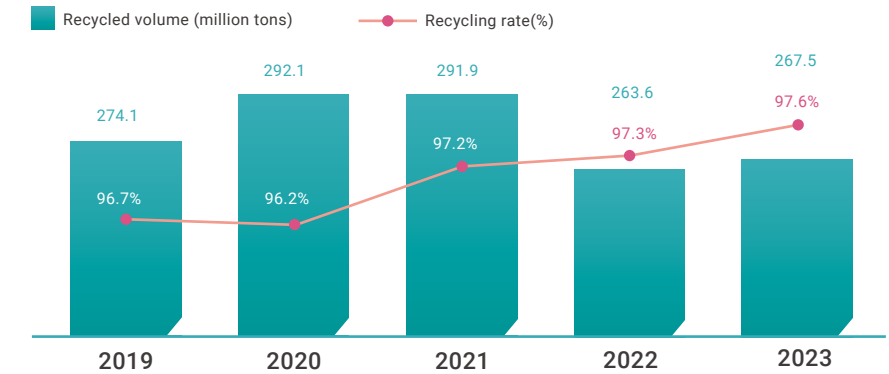
Note 1: Water Use Intensity is the amount of water used per unit output quantity (m<sup>3</sup>/pc) °  
Note 2: No targets were set for the Nanjing site due to the planned closure of the site in Q2 2024.

## Process Water Recycling

When Innolux set its 2030 sustainable development goals in 2023, the process water recycling rate was determined to be a key target. With the renovations required for the new processes taken into consideration, we are still aiming for a recycling rate of at least 97%. In 2023, we recycled 267.5 million tons of process water at our Taiwan sites, for a recycling rate of 97.6%, the highest in recent years.

In addition to setting our own process water recycling rate targets, we also comply with the Regulations on the Water Conservation Charge stipulated by the Ministry of Economic Affairs and seek verification of our water recycling rate. In 2023, we obtained verification from a third-party assurance body, which verified that our Taiwan sites surpass the benchmark range (upper limit of 75%) promulgated by the central government for water conservation charges incurred on manufacturers of optoelectronic materials and components.

#### ◆ Process water recycling rate in recent years



## Water Conservation Measures

Innolux understands the importance of water resources and will continue to improve its water recycling and conservation measures and enhance its water resources management. In 2023, an investment of NT\$100 million was put into a total of 15 water conservation projects that helped conserve 602,000 tons of water.

Objectives	Measures	Site	Site
Water recycling	Recycling and reuse of wastewater from the organic solvent system	Jhunan	Increase of 182,500 m <sup>3</sup> of reclaimed water per year
	Increased rate of biological wastewater recycling	Tainan	Increase of 240,900 m <sup>3</sup> of reclaimed water per year
Improved water recycling efficiency	Cleaning of the Reverse Osmosis Recovery (ROR) system's membrane with chemicals that increased the system's recycling rate from 55% to 75%.	Foshan	Increase of 5,000 m <sup>3</sup> of reclaimed water per year

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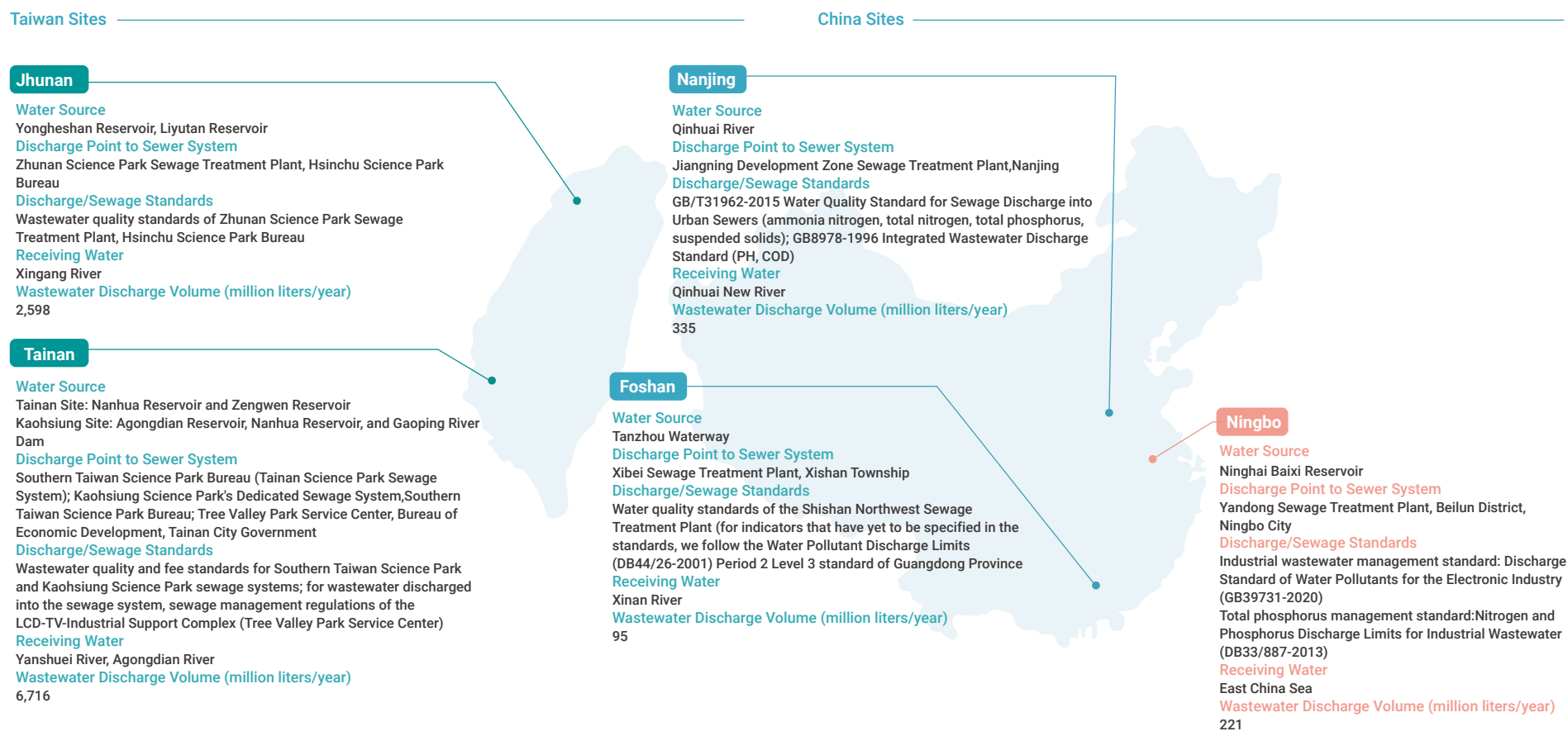
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### 5.5.3 Water Pollution Control

Through the collaboration of Innolux's Environmental Protection Committee, Plant Technicians' Committee, Production Process Committee, and Plant Operations Committee, we are able to analyze the wastewater treatment situation at different sites based on the discharge characteristics. Water quality testing and monitoring are regularly performed by external contractors to ensure that the discharged water meets the standards for sewer-connected or effluent water. Innolux was not fined for excessive discharge of wastewater in 2023.

#### Water Situation Analysis of Innolux Sites



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Wastewater Treatment

Innolux's total water discharge volume in 2023 was 9,966 million liters, with Taiwan sites accounting for 93% (9,314 million liters) and China sites accounting for 7% (652 million liters). Compared to the previous year, the total water discharge volume at our Taiwan and China sites dropped by 8.82%.

Water use in 2023

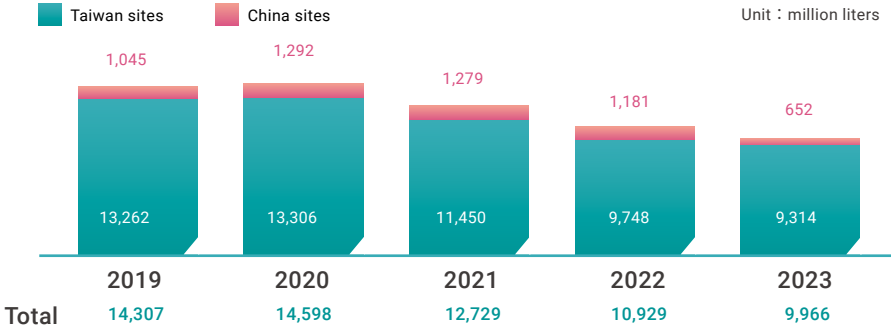
Item (unit: million liters)		Taiwan sites	China sites	Total
Water withdrawal volume (by source <sup>Note</sup> )	Surface water (rainwater)	600	0	600
	Third-party water (municipal or reclaimed water)	15,173	1,318	16,490
	Total withdrawal volume (a)	15,772	1,318	17,090
Water discharge volume (by destination)	Surface water	0	0	0
	Groundwater	0	0	0
	Seawater	0	0	0
	Third-party water	9,314	652	9,966
	Third-party water for use by other organizations	0	0	0
	Total discharge volume (b) = surface water + groundwater + seawater + third-party water (aggregated)	9,314	652	9,966
Water discharge volume (by type of water)	Freshwater (≤1,000 mg/L Total Dissolved Solids)	9,314	652	9,966
	Other water (>1,000 mg/L Total Dissolved Solids)	0	0	0
Water consumption volume	Total withdrawal volume (a) – total discharge volume (b)	6,458	666	7,124

Note: No groundwater, seawater, or produced water is used.

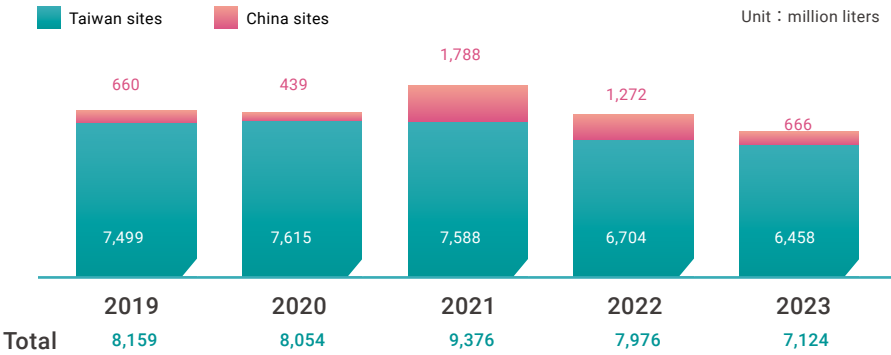
Water consumption in recent years

	2019	2020	2021	2022	2023
Water withdrawal volume (million liters)	22,466	22,652	22,105	18,905	17,090
Water discharge volume (million liters)	14,307	14,598	12,729	10,929	9,966
Water consumption volume (million liters)	8,159	8,054	9,376	7,976	7,124

Water discharge volume in recent years



Water consumption volume in recent years



Water Pollution Control Projects

Site	Project	Description	Outcomes
Tainan	Installation of an additional FBC system	An additional Fluidized Bed Crystallization (FBC) system was installed to align with regulatory standards for fluoride.	Compliance with discharge standards: fluoride concentration <15 ppm
Foshan	Restoration of sewage system	In compliance with the Regulation on Urban Drainage and Sewage Treatment, the sewage system around the fab underwent comprehensive inspection to repair damage and leaks that could cause sewage seepage into the soil or storm drains.	Sewage seepage eliminated after restoration



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## 5-6 Pollution Management

GRI : 306-1 、306-2 、306-3 、306-4 、306-5

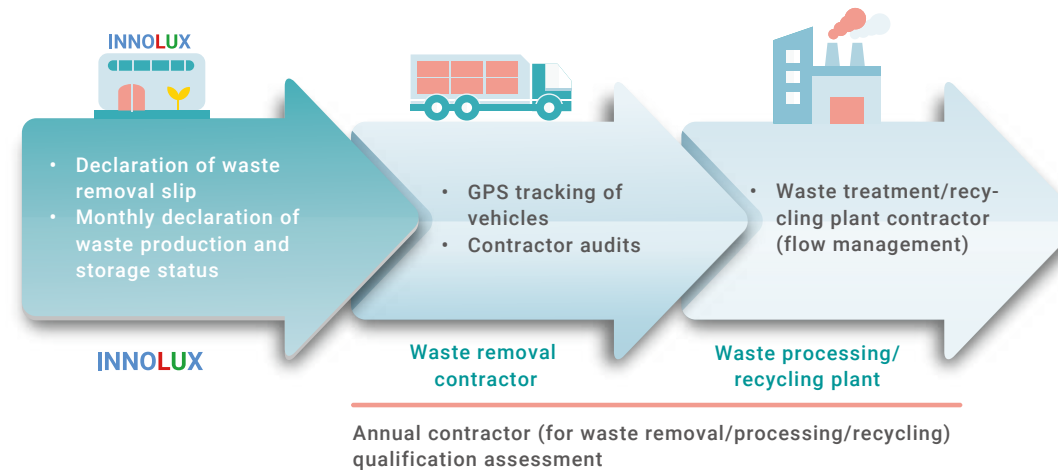
To effectively control the pollutants generated in our production processes, Innolux implements action plans that enforce preventive measures corresponding to different processes. We also monitor the discharge of pollutants to ensure that we are in compliance with the relevant statutes and that we fulfill our environmental protection obligations.

### 5.6.1 Waste Control

Innolux complies with the regulations stipulated by the local authorities. When removing waste from our sites, we declare the waste removal slips and track the vehicles through GPS to monitor the path of the disposed waste. We also carry out monthly declarations of waste production and storage status and annual on-site audits of waste removal, treatment, and recycling contractors. The on-site audits cover the contractors' waste storage management, waste treatment equipment, pollution control equipment, on-site operational safety management, and operational status, as well as the flow of recycled products. This ensures that contractors carry out proper waste disposal in compliance with the relevant regulations. Innolux also takes the audit results into consideration when deciding on future collaborations in order to fulfill its oversight responsibilities. Furthermore, we include financial stability, licensing and qualifications, and records of past violations as evaluation criteria when selecting new contractors so as to maintain the quality of waste disposal.

#### ◆ Waste control flowchart

#### Flow of waste removal, treatment, and recycling



As a company in the optoelectronics industry, Innolux uses a large amount of chemicals for its production processes. The resulting hazardous waste is comprised mostly of waste fluids. To reduce the amount of hazardous waste fluids produced, we enforce the recycling and reuse of chemicals, thereby greatly mitigating our impact on the environment. In 2023, a total of 65,056 tons of waste was produced, for a drop of 11.77% compared to the previous year, with general waste accounting for 70.17% (45,648 tons) and hazardous waste accounting for 29.83% (19,408 tons). Waste treatment is performed either onsite or offsite, with the latter accounting for 99.09% (64,465 tons) of all waste produced, including 34 tons of cadmium-containing batteries that were exported for disposal overseas and which account for 0.05% of the total, and 591 tons of self-disposed waste, which is primarily made up of wastewater/sewage and the waste glass from LCD panels and accounts for 0.91% of the total waste.

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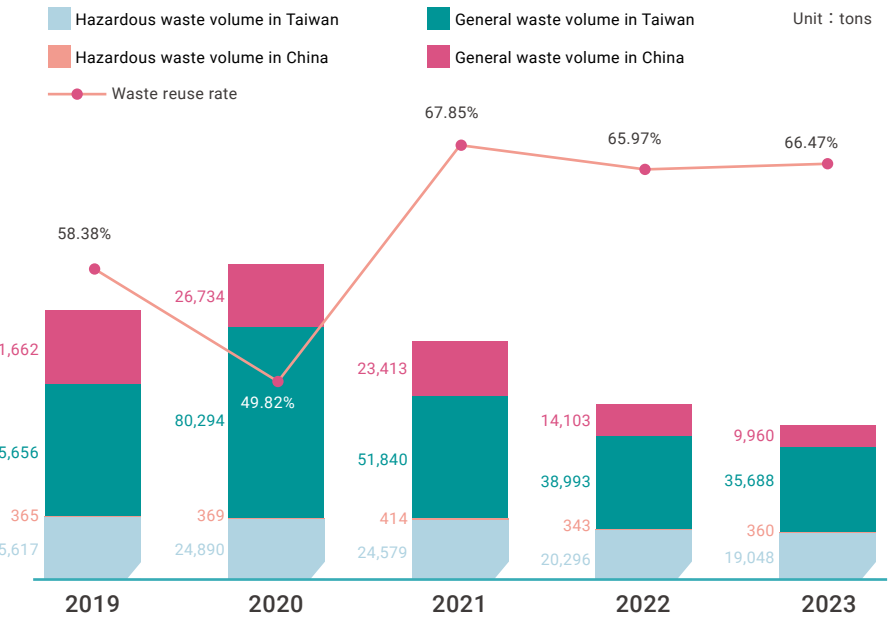
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## ◆ Tonnage of waste treated in 2023<sup>Note</sup>

Category	Treatment method	Type of waste		2023		
				Taiwan sites	China sites	Innolux
Hazardous waste	Chemical treatment	Copper process waste, waste acid cleaning solution		47	0	47
	Physical treatment	Waste light tubes/bulbs containing mercury, waste optoelectronic components, metal circuit board waste, etc.		2,261	0	2,261
	Cleaning/ washing treatment	Waste organic solvent		738	0	738
	Landfill	Sludge		0	52	52
	Incineration	Waste corrosive liquid, waste oil, waste ink	with energy recovery	1,459	196	1,655
			without energy recovery	0	20	20
	Thermal treatment	Copper process waste		386	0	386
	Solidification	Copper process waste		34	0	34
	Reuse	Copper process waste, waste acid cleaning solution, waste organic solvent		14,114	92	14,206
Waste export	Batteries containing cadmium, waste glass (including LCD panels)		9	0	9	
Total tonnage of treated hazardous waste				19,048	360	19,408
Recycling rate of hazardous waste (%)				74.10%	25.56%	73.20%
General waste	Chemical treatment	Waste ion-exchange resin		129	0	129
	Physical treatment	Plastic waste, waste glass, waste lubricating oil, hardware waste, dust, inorganic sludge		4,017	0	4,017
	Landfill	Waste ion-exchange resin, plastic waste, Organic/inorganic sludge, waste glass, dust		307	86	393
	Incineration	Plastic waste, textile waste, trash, organic liquid waste, wood waste, waste oil, wastepaper	with energy recovery	4,383	0	4,383
			without energy recovery	142	0	142
	Thermal treatment	Organic/inorganic sludge, waste oil		6,934	0	6,934
	Solidification	Plastic waste, waste glass, scrap hardware, waste IT equipment, waste activated carbon		19,160	9,874	29,034
	Reuse	Wastewater/sewage, waste glass from LCD panels		591	0	591
	Waste export	Batteries containing cadmium		25	0	25
Total tonnage of general waste treated				35,688	9,960	45,648
Recycling rate of general waste (%)				53.69%	99.14%	63.60%
Total tonnage of waste treated				54,736	10,320	65,056
Recycling rate of waste (%)				60.79%	96.57%	66.47%

Note: Statistical data is sourced from the declared waste removal slips and the recycling volume.

## ◆ Waste disposal and recycling rates in recent years

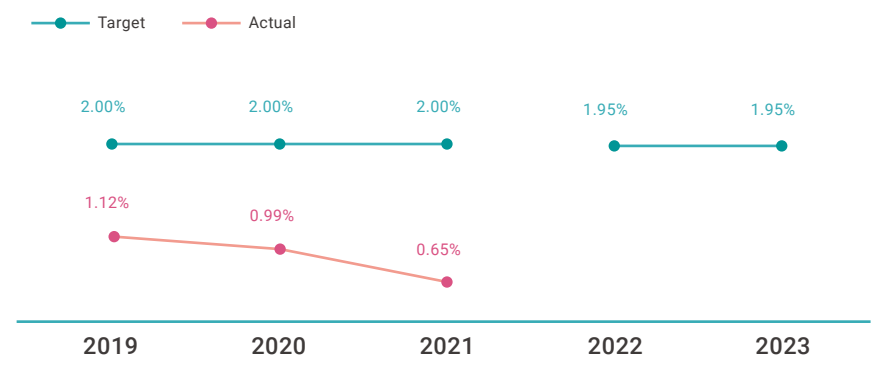


## Waste Reduction Outcomes

We reevaluated our landfill target in 2023 based on the outcomes and the current status of waste treatment, and have lowered the annual target from a maximum landfill rate of 2.0% to 1.95% starting in 2024. Innolux has implemented waste reduction and resource recovery strategies to minimize landfill rates and has consistently met the target every year since the target was set. We maintained the downward trend in landfill rates and achieved a landfill rate of 0.65% in 2023.

Note: The landfill target does not include regular solid waste produced at the China sites.

## ◆ Landfill rate



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◆Waste reduction plan

Site	Plan description	Outcomes	Amount invested
Sludge reduction at Fab 6	Use of ozone's powerful oxidizing property to destroy the sludge cell walls, thus releasing the intracellular content and reducing the sludge mass	Actual disposal tonnage in 2023 was 1,503 tons, a decrease of 696 tons compared to 2022, or a weight reduction of 31.6%	NT\$39.28 million

5.6.2 Air Pollution Control

Innolux actively controls air pollutant emissions by separating pollutants based on their components (organic compounds, acidic compounds, alkaline compounds, or particulate matter), collecting them in sealed containers, and utilizing the appropriate air pollution control methods based on the pollutants' physical and chemical properties. We keep operation logs for pollution control equipment and the use of raw materials and fuels as mandated by local regulations and ensure that our rules for maintenance, declaration, inspection, and emissions standards are in keeping with local regulations. The air pollutants produced at our sites (including organic compounds, nitrogen oxides, sulfur oxides, ammonia, chlorine, hydrochloric acid, nitric acid, phosphoric acid, and particulate matter) are tested by third-party investigating bodies to ensure that they meet emissions standards.

Air Pollution Control Projects

To ensure compliance with the local regulations for volatile organic compounds (VOCs), Innolux makes continuous improvements to its air pollution control facilities. In 2023, we invested NT\$13.1 million into two air pollution control projects at our sites in Tainan and Ningbo. Fab 3 and 4 of the Tainan site underwent a replacement of the zeolite rotors, raising the removal rate of VOCs to 92%, which is above the legal requirement of 85%. Additional organic exhaust treatment equipment was also installed at the Foshan site in compliance with Guangdong Province's local Standards for the Emissions of Volatile Organic Compounds from Stationary Pollution Sources, allowing us to meet the emissions targets for nonmethane hydrocarbons (NMHC;  $\leq 80$  mg/m<sup>3</sup>), total volatile organic compounds (TVOC;  $\leq 100$  mg/m<sup>3</sup>), benzene ( $\leq 2$ mg/m<sup>3</sup>), and benzene derivatives ( $\leq 40$  mg/m<sup>3</sup>).

◆Air Pollutant Emissions in Recent Years

Unit: tons	Location	2019	2020	2021	2022	2023
Volatile organic compounds (VOCs)	Taiwan	115.0	96.1	141.9	95.8	82.2
	China	7.8	9.9	10.1	8.8	4.7
	Total	122.8	106.0	152.0	107.6	86.9
Sulfur oxides (SOx)	Taiwan	30.8	46.4	49.1	45.2	48.4
Nitrogen oxides (NOx)	Taiwan	26.5	19.7	31.8	34.1	34.4
Hydrogen chloride (HCl)	Taiwan	0.6	0.2	0.3	0.4	0.4
Hydrogen fluoride (HF)	Taiwan	0.1	0.1	0.3	0.3	0.6



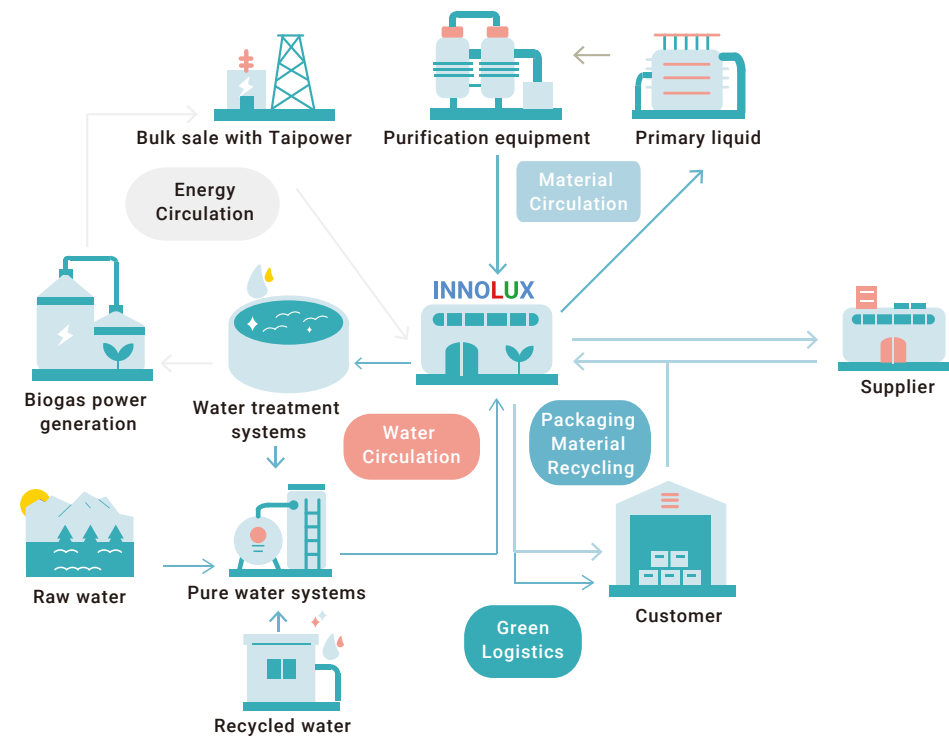
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# 5-7 Circular Green Factory

GRI : 301-1、301-3、305-6、305-7、306-2

Innolux upholds the core value of “Green Manufacturing = Circular × Zero Waste × Low Carbon” and aims to establish high efficiency circular green factories that align with its mission of building a green, circular economy by developing major recycling pathways for energy, water, raw materials, and packaging materials. Through collaborations with upstream and downstream partners, we carry out the recycling, reuse, redesign, and expanded utilization of resources to create value by maximizing resource efficiency and implementing circular economy.

## ◆ High Efficiency Circular Green Factory



## LCD Recycling

Innolux continues to maintain a steady partnership with the Industrial Technology Research Institute (ITRI). After our joint effort to establish the world's first liquid crystal extraction center in 2019 by implementing an automated process for the separation of LCD panels to achieve zero waste, we began communicating with ITRI once again in 2023 regarding the quality assessment of extracted liquid crystal. Through these discussions, we hope to validate recycled liquid crystal mixtures for reuse and—through the Resource Circulation Innovation and Research Development Project of the Resource Circulation Administration, Ministry of Environment—enhance the reusability of liquid crystal mixtures extracted from LCD panels, thereby circulating resources and facilitating industrial development. In 2023, we extracted 0.47 tons of liquid crystal from 1,572 tons of LCD panels, reducing carbon emissions by approximately 790 tCO<sub>2</sub>e.

Performance metrics for 2023

1,572 tons of panel treated 0.47 tons extracted

Carbon emissions reduced by 790 tCO<sub>2</sub>e

## Packaging Materials Recycling

In our pursuit of circular economy and zero waste, we have promoted packaging materials recycling with our upstream and downstream partners. In 2022, we collaborated with a plastic recycling company to recycle polyethylene (PE) waste into trash bags made from 100% recycled materials, which we repurchased to use at our business locations, thereby maximizing the use of packaging waste and giving it a new lease on life. In 2023, we took another step toward achieving our vision of recyclable, low-polluting, and resource-saving products by applying for Green Mark certification for our recycled products, becoming the first company in the panel industry to obtain Green Mark certification for recycled plastic film products. We also achieved a 100% recycling rate for PP boxes in 2023; however, due to the first-time use and recycling of expandable polystyrene materials in hard boxes and challenges in recycling hard boxes overseas, the recycling rate of hard boxes dropped from the 2022 level of 45.07% to 31.09%.

## ◆ Packaging materials recycling rates in 2023

PP Box	DSPK Box	Hard Box
100%	51.17%	31.09%

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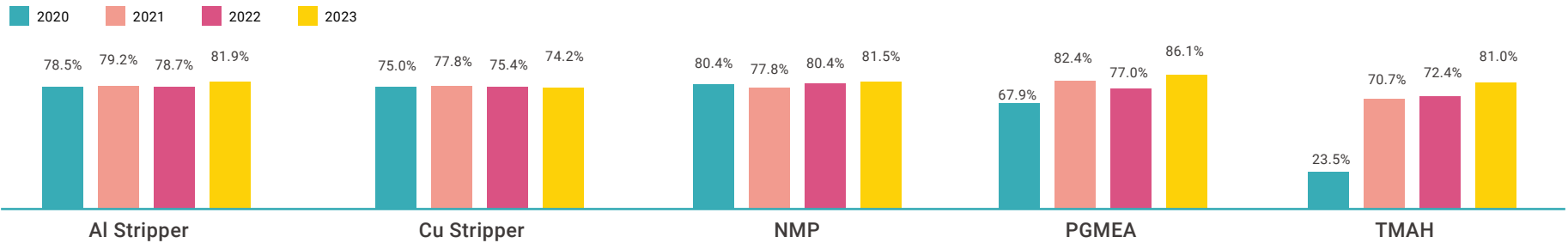
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## Chemical Recycling

Large amounts of residual photoresist and thinner solutions entering the recovery system can cause blockages in the system after prolonged operation, resulting in a lower recycling rate and the need for more frequent maintenance. In 2023, Innolux implemented a thinner recovery system improvement project, which established a smart mode for the system and modified the recycling process to effectively reduce the frequency of blockages. This allowed us to improve recycling purity from 95% to 99%, recycling efficiency from 55% to 70%, and the system's recycling rate to over 90%. Moving forward, we will continue to carry out research and development into improved recovery technologies and expand the scope of recycled materials in alignment with our goal of mitigating environmental impacts and boosting Innolux's eco-friendly competitiveness.

Innolux currently recycles five types of chemicals and has achieved a total recycling rate of 81.6%. An upward trend in recycling rates can be observed in four of the five chemicals, with only that of the Cu stripper seeing a downward trend. The significant 10% boost in the recycling rate of propylene glycol methyl ether acetate (PGMEA) can mainly be attributed to our thinner recovery system improvement project.

### ◆ Chemicals recycling rate in recent years



## Experience Sharing

Innolux's efforts toward a circular economy are clearly evident. In 2023, we were invited to participate in exchange conferences and fab exchange meetings that allowed us to learn about new technologies and improve the company image.

Inviting Organization	Our Role	Topic	Purpose	# of Participants
Ministry of Environment	Contributor	Fab exchange meeting on pollution prevention and management	To increase the Ministry of Environment inspectors' understanding of the production processes employed by the Company and the industry, as well as our voluntary management system. The characteristics of liquid crystals and the extraction technology and recycling/reuse methods used in the panel industry were explained.	40 persons
Ministry of Environment	Contributor	Production process wastewater and sewage recycling and reuse technology	To gain an understanding of the photoresist thinner recycling and reuse practices of the panel plants.	10 persons
Touch Taiwan	Speaker	Panel fab photoresist thinner recycling and reuse	To gain an understanding of the applied technology behind the recycling and reuse of wastewater and sewage through participatory discussions; results were provided to the Ministry of Environment as the basis for future policy development.	100 persons



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◆ Environmental Material Flow in 2023

Incoming

Primary raw materials	Amount used (tons)	Energy <sup>Note</sup>	Amount used (GJ)	Ozone depleting substances	Amount used (tons)	Recyclable materials <sup>Note</sup>	Recycling rate
Glass substrate	74,197	Purchased electricity	17,877,720	Refrigerants	8.043	Al Stripper	81.9%
Liquid crystal	88	Renewable energy (self-generated solar energy)	120,078			Cu Stripper	74.2%
Al/Cu etchant	17,413	Renewable energy (self-generated biogas energy)	1,247	Water source	Withdrawal volume (tons)	N-Methyl-2-pyrrolidone (NMP)	81.5%
Developer	18,883	Renewable energy (purchased)	367,471	Municipal water	15,923,102	Propylene glycol methyl ether acetate (PGMEA)	86.1%
Stripper	16,785	Diesel	13,539	Rainwater	599,915	Tetramethylammonium hydroxide (TMAH)	81.0%
Thinner	2,954	Liquefied natural gas (LNG)	507,981	Recycled water	567,345		
Photoresist	5,752						

Outgoing

GHG	Emissions volume (million tCO <sub>2</sub> e)	Air pollutant	Effluent volume (tons)	Wastewater	Effluent volume (tons)	Panel	Output (in million units)
Scope 1	0.109	Volatile organic compounds	86.9	Wastewater volume	9,965,819	Large panels (10-inch or larger)	115
Scope 2	2.475	Sulfur oxides <sup>Note</sup>	48.4	Chemical oxygen demand <sup>Note</sup>	628	Medium or small panels (smaller than 10 inches)	278
Scope 3	1.667	Nitrogen oxides <sup>Note</sup>	34.4	Biochemical oxygen demand <sup>Note</sup>	115		
		Hydrogen chloride	0.4	Suspended solids <sup>Note</sup>	264		
		Hydrogen fluoride	0.6	Process water <sup>Note</sup>		Waste	Total processed volume (tons)
				Recycling volume (tons)	267,516,547	Hazardous	19,408
				Recycling rate	97.6%	Non-hazardous	45,648

Note:

1. The Taiwan sites use the conversion coefficients listed in the Energy Statistics Handbook 2022 published by the Energy Administration, Ministry of Economic Affairs: electricity heating value (860 kcal/kWh), solar power heating value (860 kcal/kWh), natural gas heating value (8,000 kcal/m<sup>3</sup>), diesel heating value (8,400 kcal/L), and biogas heating value (4,941 kcal/m<sup>3</sup>); the China sites use the conversion coefficients listed in the China Energy Statistical Yearbook 2016: electricity heating value (860 kcal/kWh), solar power heating value (860 kcal/kWh), diesel heating value (10,200 Kcal/kg), and natural gas heating value (8,505 kcal/m<sup>3</sup>).
2. The emissions volumes of volatile organic compounds, sulfur oxides, and nitrogen oxides are converted from actual test results into emissions intensities (kg/m<sup>2</sup>) and calculated as the intensity per unit area of wafer input volume.
3. The amounts of chemical oxygen demand, biochemical oxygen demand, and suspended solids are converted from actual test results.
4. The scope of the data mostly pertains to both the Taiwan and China sites; data on recyclable materials, sulfur oxides, nitrogen oxides, and process water recycling only cover the Taiwan sites.



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*Nil*

No regulatory fines associated with violations of environmental law or business ethics (anti-corruption, personal data protection, trade secret, and anti-trust regulations)

*First*

First major head-up display manufacturer to obtain ISO/SAE 21434:2021 cybersecurity certification

*Silver*

Tainan site obtained silver certification on its first RBA VAP audit

*A-*

A- rating on climate change and water security governance from the CDP

*Nil*

No material cybersecurity incidents

*94 points*

94 points on the AIAG Supplier Assurance SAQ, well above the industry average

*Zero*

Zero deaths or serious occupational accidents

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## 6-1 CarUX Overview

GRI : 2-1 、 2-2 、 2-7

A wholly owned subsidiary of Innolux established in 2019, CarUX Technology Pte. Ltd. is an automotive interior accessories manufacturer headquartered in Singapore that helps diversify Innolux's portfolio to "more than displays and far beyond." Its mission is to produce smart automobile cockpits that combine safety, practicality, and entertainment and become a leader in the industry.



CarUX Technology Pte. Ltd.

**Association Memberships** GRI : 2-28  
 Pudong District Safe Manufacturing Association Member RMB¥ 2,000  
 Beilun District Precursor Chemicals Management Association Member RMB¥ 1,000  
 Total RMB¥ 3,000

Established <b>October 2, 2019</b>	Site area <b>594,633 m<sup>2</sup></b>	Headquarters Robinson Road #05-01 Robinson 112 Singapore 068902
Main product line Head-up displays (HUDs)	HUD yield (millions) <b>16.5</b>	2023 revenue (NT\$ billions) <b>46.6</b>
Capital (USD\$ millions) <b>125</b>	President <b>Kaku Kuo</b>	Employees <b>5,393</b>

### Global layout

#### ◆ Manufacturing bases:

Taiwan—Tainan, Ningbo, and Shanghai

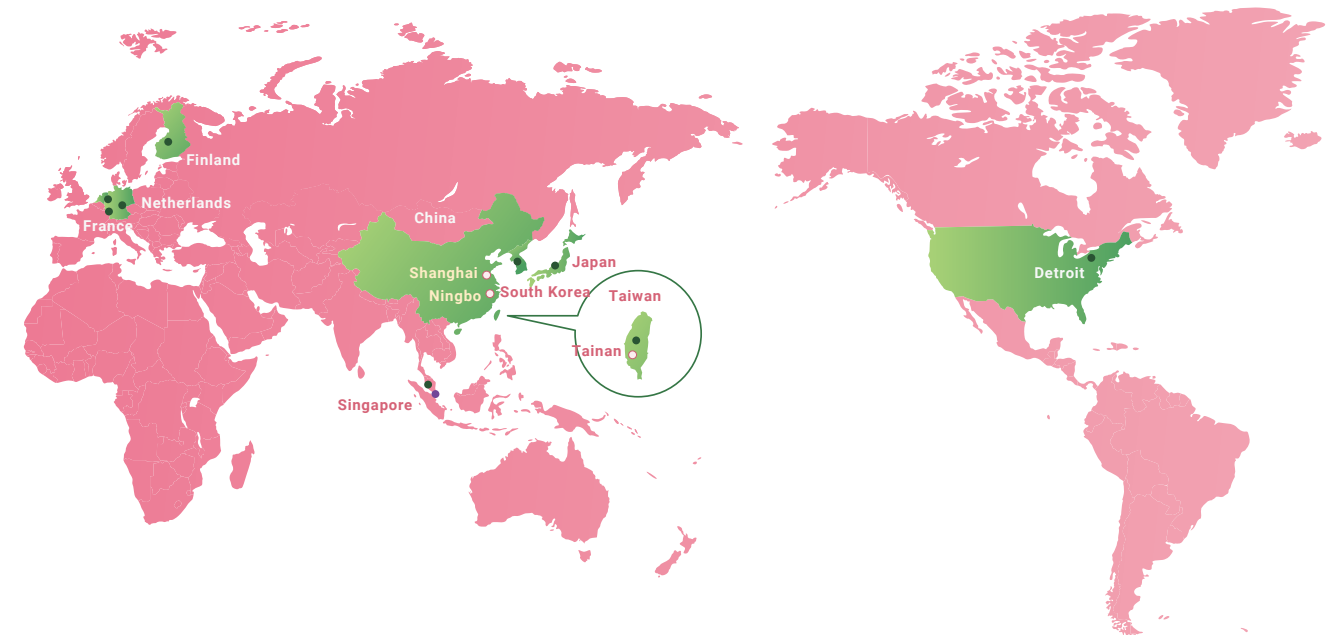
#### ◆ Distribution and service centers:

Taiwan, Singapore, the Netherlands, France, Germany, Finland, South Korea, Japan, US—Detroit

#### ◆ Headquarters:

Singapore

- Manufacturing bases
- Distribution and service centers
- Headquarters





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## 6-2 CarUX Sustainability Governance

### 6.2.1 Business Integrity

In keeping with the principles of integrity and fair business conduct, CarUX takes a proactive stance in staying updated and complying with domestic and international policies, regulations, and laws. Any person, within or outside of the company, may file a report with CarUX if they discover any unlawful behavior. In 2023, the company's Shanghai site was designated as a model integrity business by the China (Shanghai) Pilot Free-Trade Zone Administration Committee, which serves as proof of the company's commitment to regulatory compliance and business integrity.



#### Anticorruption GRI : 205-3

We received 2 corruption reports internally in 2023, both pertaining to the acceptance of bribes. One of the cases has been confirmed to be a corruption case, while the other case is still under investigation.

Report type	Cases	Confirmed Cases	Description	Measures
Corruption: bribery	2	1	Unjust enrichment (accepting gifts from suppliers)	The employee in question was issued one minor and two major demerits and was removed from their management position pursuant to the company's Employee Guidelines.

#### Cybersecurity Management

In 2023, CarUX took part in the Industrial Technology Research Institute's SECPAAS cybersecurity maturity review for the first time and obtained a satisfactory 'B' rating, which suggests that the company has the necessary systems, procedures, and protective measures in place to patch software vulnerabilities and fend off complex cyberattacks. In the future, the company will continue to enhance its information security measures and maturity to minimize the associated operational impacts. The company did not experience any major cybersecurity incidents in 2023.

### Regulatory Compliance GRI : 2-27、205-2

CarUX strictly adheres to domestic and international regulations and industry standards. In 2023, the company received no fines resulting from business ethics violations pertaining to corruption, personal data protection, trade secrets, or antitrust regulations. Furthermore, the company regularly provides compliance training (with a completion rate of 98%) to promote regulatory awareness among its employees.

Course name	Sites	Employees					
		Enrolled	Completed	Completion rate	Enrolled	Completed	Completion rate
Trade secret, personal data protection, anti-corruption, and insider trading prevention	Taiwan	796	794	99.75%	1,045	1,039	99.43%
	China	249	245	98.39%			
Anti-trust regulations	Taiwan	215	213	99.07%	294	291	98.98%
	China	79	78	98.73%			

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## 6.2.2 Product Development and Management

CarUX specializes in designing large information displays that elevate the user experience. The company offers a wide range of high-performance head-up displays in various sizes to help digitalize car interiors and provide consumers with a variety of information and entertainment options, therefore enhancing the company's value.

### Product Development GRI : 2-6

According to market research published by Standard & Poor's, consumers' preferred HUD size is on the rise. In response, CarUX is focusing its resources into developing large-size head-up displays. In 2023, the company invested NT\$ 2.24 billion (4.8% of total revenue) and 906 developers (16.8% of all employees) into product R&D.

#### ◆Product Features

Product	Features
 55-inch backlit LED display	The first ever product in the world with Active Privacy View, this plus size display allows the passenger sitting next to the driver to enjoy a wide range of onboard entertainment without disturbing or distracting the driver. With a stunning 8K resolution and an active panel cooling system, this display is your ultimate audiovisual companion to keep a long road trip entertaining.
 12.3-inch hidden display with wood veneer finish	Inaugurating our InvisiView concept, a beautiful wooden veneer finish hides this display when it is off, perfectly camouflaging the panel when it's not in use and thus preserving, if not elevating, the aesthetics of your car. You will only see it when you want to see it.
 34-inch display	By seamlessly integrating the dashboard with the onboard entertainment screen, this display offers all the functionality that a driver could ask for. Whether you are trying to find directions or keep your loved ones entertained, this high-tech display will greatly enhance your driving experience.
 12.3-inch head-up display	With ultra-high resolution and pixel density, this tablet computer-sized head-up display measures 12.3 inches diagonally, marking a significant upgrade in size vs. its predecessors. With more screen real estate to work with, drivers can easily obtain all the necessary information at a glance. Say goodbye to frustratedly tapping on a small screen just to get the information you want, and say hello to a safer and more informative driving experience!

## Product Compliance GRI : 416-1

Pursuant to RoHS directives, REACH guidelines, industry standards, and client requirements, CarUX formulated the Controlled Substances Management Guidelines to ensure compliance with international (and client) standards and ensure that there are zero hazardous substances in our products, parts/components, and materials. As of 2023, revenue generated by products containing IEC 62474 declarable substances accounted for 77.79% of the company's annual revenue.

## Quality Management

The automotive industry has entered a highly digitalized age, and cybersecurity has never been so important. To build smart car displays that meet international safety standards, CarUX has incorporated cybersecurity thinking into every part of its process, from product design all the way to mass manufacture. In 2023, the company obtained ISO/SAE 21434:2021 cybersecurity certification through third-party auditor TUV NORD, becoming the first major smart automotive display manufacturer to do so and adding to the list of international certifications that the company already has:

Certification	Auditor	Time of certification
ISO/SAE 21434:2021 Road Vehicles Cybersecurity Engineering	TUV NORD	June 2023
ISO 26262:2018 Road Vehicle Functional Safety (ASIL D, highest certification level)	DEKRA	February 2022
Trusted Information Security Assessment Exchange, TISAX (AL3, highest certification level)	Bureau Veritas	October 2022
IATF 16949 Automotive Quality Management Systems	Bureau Veritas	April 2023



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## 6.2.3 Supply Chain Management GRI : 2-6

CarUX suppliers are spread out throughout the world. Fifty-three of the 304 tier-1 suppliers from whom CarUX purchases directly are categorized as irreplaceable due to proprietary components or client specifications (accounting for 90% of our annual procurement volume). There are also 15 indirect suppliers that are categorized as key non-tier-1 suppliers, with whom CarUX transacts through an intermediary.

### Tier-1 Suppliers

- Suppliers who directly transact with CarUX ; 304

### Tier-1 Key Suppliers

- Suppliers who i) are irreplaceable, ii) are chosen by our clients, or iii) rank in the top 90% in terms of raw materials procurement volume ; 53

### Non-Tier-1 Key Suppliers

- Distributor-designated suppliers or upstream vendors ; 15

## Local Procurement GRI : 204-1

With Taiwan and China as its main manufacturing bases, CarUX's suppliers are primarily located in Taiwan, China, the United States, Japan, and South Korea. As an automotive accessory manufacturer, CarUX regards the quality of materials as the most crucial criterion in selecting suppliers, resulting in a lower rate of local procurement (35.70% at the Taiwan sites and 27.31% at the China sites).

## Conflict Minerals Management

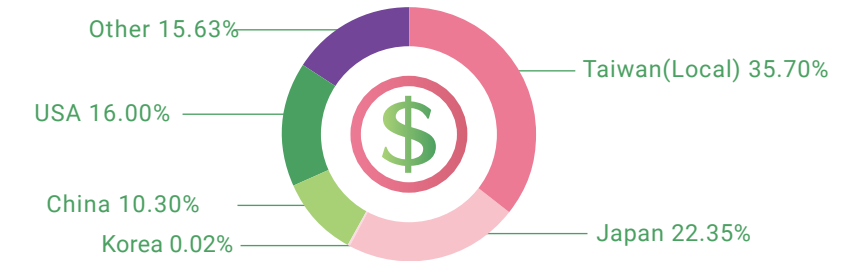
CarUX performs due diligence in accordance with the policy (see Section 3.2.1: Product Safety) set by parent company Innolux to ensure zero use of conflict minerals.

## 6.2.4 Client Management

In keeping with global trends, CarUX has adopted the RBA Code of Conduct and the automotive industry's Drive Sustainability initiative. In response to client requests, the company's Tainan site received an RBA VAP audit and obtained silver certification, demonstrating that CarUX values employee welfare, security, and health by providing a safe and welcoming work environment.



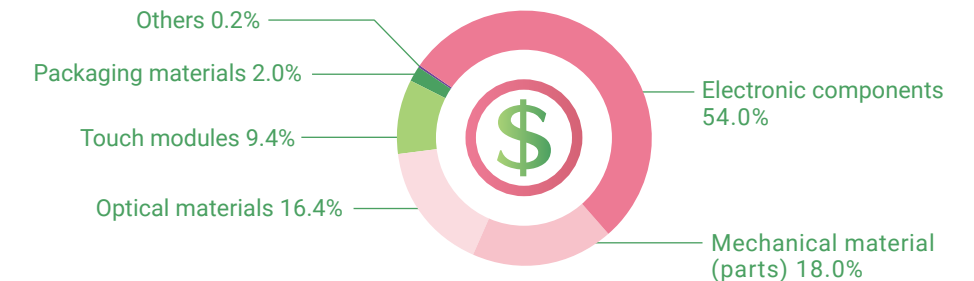
### ◆ Local procurement rate at Taiwan sites



### ◆ Local procurement rate at China sites



### ◆ Makeup of raw materials by procurement volume





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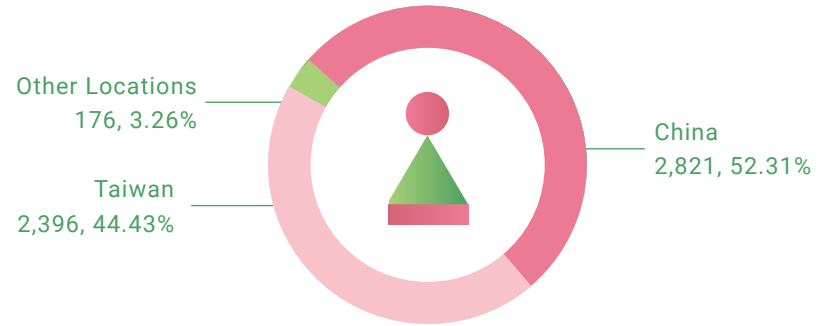
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## 6-3 CarUX Social Sustainability Performance

### 6.3.1 Talent Development Roadmap GRI : 2-7、2-8、202-2、405-1

As of 2023, over 90% of CarUX's 5,393 employees were located in Taiwan and China, with the remainder primarily from Singapore and the Netherlands.

#### ◆ Global Employee Distribution



#### ◆ Percentage of Local Managerial Positions

Site	Local Manager <sup>Note</sup>	Non-Local Manager	Non-Local Manager
Taiwan	219	2	99.10%
China	47	21	69.12%

Note: Local managers in Taiwan' refer to Taiwanese section, department, deputy, and managers above; 'local managers in China' refer to Chinese supervisors and managers above.

#### ◆ Employment Type

Site	Gender	Permanent – Full- Time Workers			Dispatch Workers			Regular-Basis Contract Workers <sup>Note 1</sup>			Outsourced Workers <sup>Note 2</sup>			Total		
		Number of People	Total	Percentage of Employees	Number of People	Total	Percentage of Employees	Number of People	Total	Percentage of Employees	Number of People	Total	Percentage of Employees	Number of People	Total	Percentage of Employees
Taiwan	Female	924	2,096	87.48%	0	0	0.00%	277	300	12.52%	0	0	0.00%	1,201	2,396	100.00%
	Male	1,172			0			23			0			1,195		
China	Female	1,589	2,821	99.96%	0	0	0.00%	0	0	0.00%	0	1	0.00%	1,589	2,822	99.96%
	Male	1,232			0			0			1			1,233		
Other Locations	Female	23	173	98.30%	0	1	0.57%	1	2	1.14%	0	0	0.00%	24	176	100.00%
	Male	150			1			1			0			152		

Note 1: Regular-basis contract workers include foreign workers, interns, and student participants of cooperative education.  
Note 2: Outsourced workers refer to security guards, cleaning staff, and kitchen staff.

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◆ Composition of Employees<sup>Note 2</sup>

Site	Item		Management			Specialists	Administrative	Technical	Total
			Low-level managers	Middle managers	Executives				
Taiwan	<30 years old	Female	0	0	0	38	4	107	149
		Male	0	0	0	64	1	133	198
	30-50 years old	Female	31	0	0	183	63	708	985
		Male	111	12	0	306	4	437	870
	>50 years old	Female	10	2	0	3	5	46	66
		Male	56	18	2	34	2	16	128
	Total		208	32	2	628	79	1,447	2,396
	Percentage		8.68%	1.34%	0.08%	26.21%	3.30%	60.39%	100%
China	<30 years old	Female	0	0	0	11	1	364	376
		Male	1	0	0	28	1	622	652
	30-50 years old	Female	13	0	0	36	26	1,123	1,198
		Male	25	0	0	69	6	464	564
	>50 years old	Female	2	0	0	0	0	13	15
		Male	6	0	0	1	2	7	16
	Total		47	0	0	145	36	2,593	2,821
	Percentage		1.67%	0.00%	0.00%	5.14%	1.28%	91.92%	100%
Other Locations	<30 years old	Female	0	0	0	4	1	0	5
		Male	0	0	0	2	1	0	3
	30-50 years old	Female	0	0	0	8	8	0	16
		Male	6	1	0	70	1	0	78
	>50 years old	Female	0	0	0	2	1	0	3
		Male	23	5	0	42	1	0	71
	Total		29	6	0	128	13	0	176
	Percentage		16.48%	3.41%	0.00%	72.73%	7.39%	0.00%	100%

Note 1: The above data are established based on the incumbent employees on December 31, 2023.

Note 2: Low-level managers are assistant managers or managers; middle managers are site directors; and executives are personnel of managerial and higher positions at the head office; specialists are engineering and technical personnel; administrative personnel are administrative affairs personnel; technicians are direct production staff.

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## Talent recruitment and attrition GRI : 401-1

### ◆Composition of New Employees<sup>Note 2</sup>

Gender	Age	Taiwan		China		Other Locations		Total	
		Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees
Female	<30 years old	27	1.13%	257	9.11%	3	1.70%	287	5.32%
	30-50 years old	34	1.42%	369	13.08%	4	2.27%	407	7.55%
	>50 years old	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Male	<30 years old	62	2.59%	403	14.29%	0	0.00%	465	8.62%
	30-50 years old	35	1.46%	200	7.09%	6	3.41%	241	4.47%
	>50 years old	1	0.04%	0	0.00%	1	0.57%	2	0.04%
Total		159	6.64%	1,229	43.57%	14	7.95%	1,402	26.00%

Note 1: The above data are established based on the incumbent employees on December 31, 2023.

Note 2: New hire rate = ( Number of new employees in 2023 / Total number of employees at the end of 2023 ) x 100%

### ◆Composition of Separated Employees<sup>Note 1</sup>

Gender	Age	Taiwan		China		Other Locations	
		Terminations	Turnover <sup>Note 2</sup>	Terminations	Turnover <sup>Note 2</sup>	Terminations	Turnover <sup>Note 2</sup>
Female	<30 years old	40	20.20%	361	85.65%	1	12.50%
	30-50 years old	139	14.80%	374	32.35%	3	22.22%
	>50 years old	4	6.78%	10	90.91%	1	40.00%
Male	<30 years old	33	14.70%	497	70.10%	0	0.00%
	30-50 years old	59	6.89%	221	43.59%	3	3.87%
	>50 years old	5	4.29%	4	26.67%	0	0.00%
Total		280	11.70%	1,467	52.03%	8	7.88%

Note 1: Termination counts do not exclude involuntary terminations described in Article 11, Article 13 (proviso), Article 14, and Article 20 of the Labor Standards Act.

Note 2: Turnover = { Number of employees leaving the company in 2023 / [ (Number of employees at the start of 2023 + Number of employees at the end of 2023 ) / 2 ] } x 100%.

### ◆Composition of Voluntarily Separated Employees<sup>Note 1</sup>

Gender	Age	Taiwan		China		Other Locations	
		Number of voluntarily separated employees	Turnover <sup>Note 2</sup>	Number of voluntarily separated employees	Turnover <sup>Note 2</sup>	Number of voluntarily separated employees	Turnover <sup>Note 2</sup>
Female	<30 years old	40	20.20%	361	85.65%	1	12.50%
	30-50 years old	139	14.80%	374	32.35%	3	22.22%
	>50 years old	3	5.08%	10	90.91%	1	40.00%
Male	<30 years old	32	14.25%	497	70.10%	0	0.00%
	30-50 years old	58	6.77%	221	43.59%	3	3.87%
	>50 years old	4	3.43%	4	26.67%	0	0.00%
Total		276	11.53%	1,467	52.03%	8	7.88%

Note 1: Voluntary separation from employment: The conditions of involuntary separation from employment described in Article 11, the proviso in Article 13, Article 14 and Article 20 in the Labor Standards act are excluded.

Note 2: Turnover = { Number of employees leaving the company in 2023 / [ (Number of employees at the start of 2023 + Number of employees at the end of 2023 ) / 2 ] } x 100%.



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## 6.3.2 Diversity, Equity, and Inclusion GRI : 2-30

Pursuant to the RBA Code of Conduct and the applicable local regulations, CarUX is committed to protecting and safeguarding employees of different cultures, creating an equal and diverse workplace, and ensuring that decisions pertaining to employment, remuneration, and promotion are not made on the basis of gender, ethnicity, nationality, age, physical condition, or affiliation with a union/guild (or lack thereof).

CarUX respects employees' freedom to create and join labor unions and trade guilds. As of H1 2023, a total of 2,600 employees (48.2%) at the company's Shanghai sites were union members.

### ◆ Employee Diversity (By Gender and Race)

	Gender		Race	
	Female	Male	Asian	Others
Intermediate Management and Above	2	38	35	5
Technicians	2,361	1,679	4,040	0
Other	450	863	1,162	151
Total	2,813	2,580	5,237	156

Note: Due to difficulty in obtaining ethnicity data, nationality is used for all non-Asian ethnicities.

### ◆ Employee Diversity Analysis (by Nationality)

Nationality	Percentage of Employees <sup>Note 1</sup>	Percentage of Managers <sup>Note 2</sup>
Taiwanese	38.72%	74.69%
Chinese	52.40%	14.51%
Other Nationalities <sup>Note 3</sup>	8.88%	10.80%

Note 1: Number of employees of local nationality divided by total number of employees

Note 2: Number of managers of local nationality divided by total number of employees (including entry-level, middle, and senior management)

Note 3: All nationalities except Taiwanese/Chinese

### ◆ Percentage of Female Employees<sup>Note 1</sup>

Item	% of Female Employees
Entire employee body	52.16%
Management positions	17.90%
Entry-level managers	19.72%
Senior executives	0.00%
Sales managers	40.00%
STEM positions <sup>Note 2</sup>	31.63%

Note 1: "All employees" : all female employees; "Management positions" : all female managers; "Entry-level managers" : all female entry-level managers; "Senior executives" : female managers who are within two levels of command of the CEO; "Sales positions" : female managers in sales departments, regardless of position level

Note 2: STEM (Science, Technology, Engineering, and Mathematics) positions include chief engineers, senior engineers, engineers, and associate engineers.

As of 2023, CarUX employed 31 employees with disabilities at its Taiwan sites and 38 employees with disabilities at its China sites, accounting for 1.29% and 1.35% of their respective employee bodies and both exceeding local government requirements.

Item		Number of People	Percentage
Taiwanese	Disabled	31	1.29%
	Migrant workers <sup>Note 1</sup>	312	13.02%
Chinese	Disabled <sup>Note 2</sup>	38	1.35%
	Minority <sup>Note 3</sup>	100	3.54%
	Migrant workers <sup>Note 4</sup>	0	0.00%

Note 1: Migrant workers' refers to full-time non-Taiwanese workers in Taiwan.

Note 2: Number of the disabled is calculated after adding moderate to heavy weights.

Note 3: Minority refers to non-Han ethnic groups from China.

Note 4: Migrant workers refer to full-time non-Han workers in China.

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### 6.3.3 Remuneration and Benefits GRI:2-21、202-1、401-3、405-2

#### ◆ Pay disparity analysis

Site	Max-to-median income ratio
Taiwan	9.7 x
China	6.7 x

Note: This is the first time that the company has disclosed such information. Therefore, no prior year comparisons can be made.

CarUX regularly reviews its employee remuneration to ensure that there is no gender pay gap.

#### ◆ Female–Male Employee Compensation Ratio

Site	Position <sup>Note 1</sup>		Female	Male
Taiwan	Indirect Labor	Executive	0.89	1.00
		Manager	0.97	1.00
		Specialist	0.88	1.00
		Assistant	0.85	1.00
	Direct Labor	Technical	0.95	1.00
China <sup>note2</sup>	Indirect Labor	Manager	0.94	1.00
		Specialist	0.80	1.00
		Assistant	NA	None
	Direct Labor	Technical	0.96	1.00

Note 1: 'Executive' refers to executives 2 levels below the CEO; 'manager' includes junior managers or above (excluding Executives); 'technician' refers to local technicians.

Note2: There are no China executives.

#### ◆ Ratio of highest to lowest compensation for entry-level employees

Site	Taiwan	China
Female	1.30	1.35
Male	1.35	1.38

Note: Standard compensation for assembly line workers includes base salary, food allowance, and shift allowance.

#### ◆ Compensation for full-time non-managerial employees

Site	Item	2023
Taiwan	Non-managerial full-time employees	2,079
	Average compensation of non-managerial full-time employees (NT\$ thousands)	875
	Median compensation of non-managerial full-time employees (NT\$ thousands)	690
China	Non-managerial full-time employees	1,544
	Average compensation of non-managerial full-time employees (NT\$ thousands)	479
	Median compensation of non-managerial full-time employees (NT\$ thousands)	438

Note : The scope of disclosure stipulated by the competent authority was adopted with accrual basis accounting to calculate regular earnings including base salary, monthly meal allowance, and shift allowance as well as non-regular earnings including OT pay, non-monthly rewards, and employee bonuses based on corporate profits in the given year as per Article 235-1, paragraph 4 of the CarUX Act and our Articles of Incorporation.

24 employees requested unpaid maternal leave at CarUX in 2023, while 23 employees were expected to return to work after the end of the unpaid maternal leave period. In the end, 18 employees (78%) actually reported back to work. Among the employees who returned to CarUX in 2022 following unpaid maternal leave, 17 (or 63%) remained with the company for more than one year.

#### ◆ Parental Leave in Taiwan Sites

Item	Female	Male	Total
Employees eligible for leave in 2023	97	80	172
Employees who applied in 2023	17	7	24
A : Expected reinstatements in 2023	19	4	23
B : Reinstatements in 2023	16	2	18
C: Employees who continued working for a year after reinstatement in 2022	12	5	17
D : Reinstatements in 2022	20	7	27
Reinstatement rate % = B/A	84%	50%	78%
Retention rate % = C / D	60%	71%	63%

Note: Employees eligible for maternity/paternity leave was calculated based on those eligible in 2023 among applicants from 2021 to 2023.

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## 6.3.4 Talent Cultivation GRI : 404-1

In keeping with the talent development plan formulated by its parent company, CarUX addresses its talent development needs through Innolux University, leveraging the Innolux Group's resources to realize the company's operational strategies (see Section 4.2: Talent Cultivation and Development). Throughout 2023, the average CarUX employee received 60.34 hours of training and received NT\$805.23 in training subsidies from the company.

### Innolux University

Innolux University consists of three colleges and one center that offered a total of 423 courses to the benefit of 20,618 employees in 2023.

#### ◆ Training Statistics for Innolux University

Faculty/Center	Taiwan			China		
	Number of sessions	Attendance	Total hours	Number of sessions	Attendance	Total hours
Frontier College	27	1,526	2,963	0	122	228
College of Management	64	2,007	6,631	5	140	238
College of Science	119	10,645	10,633	25	260	2,080
Liberal Education Center	168	5,227	9,969	15	91	68
Total	378	19,405	30,196	45	613	2,614

#### ◆ Training Statistics (by employee category)

Employee category	Taiwan						China					
	Management (Section Chiefs and above)		Indirect Labor		Direct Labor		Management (Section Chiefs and above)		Indirect Labor		Direct Labor	
Gender	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Number of persons in the group (a)	26	120	304	456	863	586	14	43	77	119	1,500	1,094
Total training time (b)	1,098.3	4,055.3	8,127.3	13,042.7	2,017.8	1,855.1	330.5	931.2	52.4	307.4	400.0	592.0
Average training hours (b/a)	42.2	33.8	26.7	28.6	2.3	3.2	23.6	21.7	0.7	2.6	0.3	0.5

## Human Rights Training

CarUX requires all current and new employees to receive RBA Code of Conduct training to ensure compliance. As an additional human rights safeguard, the company provides workplace bullying and sexual harassment prevention courses to prevent unacceptable behavior at work.

Training	Taiwan			China		
	Sessions	Participants	Hours	Sessions	Participants	Hours
RBA training <sup>Note</sup>	105	2,899	1,989	18	140	238

Note: Includes training on RBA Code of Conduct and workplace bullying/sexual harassment prevention

#### ◆ Training Statistics (by age)

Age	Taiwan			China		
	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old
Number of persons in the group (a)	345	1,834	176	1,028	1,776	43
Total training time (b)	6,075.7	20,603.8	3,517.0	344.0	1,703.3	566.3
Average training hours (b/a)	17.6	11.2	20.0	0.3	1.0	13.2



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## 6.3.5 Performance Management GRI : 404-3

CarUX formulated a performance evaluation system to review each employee's goal setting and completion status. In 2023, every employee underwent a performance evaluation (100% completion rate).

### ◆Employee performance review coverage

Group	Female	Male	Subtotal	
	Employees requiring review	Employees requiring review	Employees requiring review	Review completion rate
Senior executives	0	1	1	100%
Middle managers	1	9	10	100%
Entry-level managers	22	84	106	100%
Technical staff	144	283	427	100%
Other	553	595	1,148	100%
Total	720	972	1,692	100%

Note: New employees hired within the last three months and employees who were on paid or unpaid leave for more than 240 days during this period were excluded.

Due to the nature of the industry, male employees have traditionally been more likely to get a promotion than their female counterparts. CarUX will continue to implement a wide range of measures to ensure workplace gender equality.

### ◆Job promotion rate

Total promotion rate Male **6.0%** Female **4.2%**

### ◆Overview of occupational safety committee meetings

Site	Meetings	Required attendees			Actual attendees		
		Total	Labor representatives <sup>Note</sup>	Percentage	Total	Labor representatives <sup>Note</sup>	Percentage
Taiwan	4	38	35	92%	35	32	91%
Chian	8	220	192	87%	220	192	87%

Note: Labor representatives are committee members who are not (1) representatives of the company or their attorneys, (2) plant/site managers (or higher positions), or (3) persons designated by the Company who have been granted significant decision-making power

## 6.3.6 Safety and Health GRI:403-1、403-2、403-4、403-7、403-8

In adherence to Innolux's occupational safety and health management policy, CarUX's Taiwan and Shanghai sites have both obtained ISO 45001:2018 occupational health and safety management systems certification, covering all on-site workers (including both direct employees and non-company employees). Due to an ongoing expansion project, the Ningbo site is expected to obtain certification in 2024. For more information on occupational safety and health management guidelines, see Section 4.4: Safety and Protection.

### ◆ISO 45001:2018 certification overview

Site	Taiwan	China		Total
		Ningbo	Shanghai	
Sites requiring certification	1	0	1	2
Sites requiring certification	1	0	1	2
Number of employees covered	1,650	0	3,027	4,677
Number of non-company employees covered	20	0	265	285
Number of workers not covered	0	0	0	0
Coverage rate	100%	0%	100%	100%

### ◆Three top occupational health concerns and hazards

Occupational health concerns		Hazards	
Type	Percentage	Type	Percentage
Musculoskeletal diseases	24.3%	Scrapes and cuts	24.4%
Workload	21.6%	Pinch wounds	23.6%
Maternal health hazards	15.6%	Electrical shock injuries	8.5%

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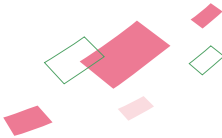
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Occupational Safety and Health Training GRI : 403-5

To promote occupational safety and health awareness, CarUX holds regular safety and health training and emergency response drills to ensure the safety of all on-site employees and contractors. In 2023, it organized 810 safety and health workshops for 141,415 employees.



Annual Training	Taiwan		China	
	Employees	Contractor <sup>Note</sup>	Employees	Contractor <sup>Note</sup>
Sessions	52	0	611	147
Participants	12,495	0	128,174	746
Hours	605	0	150,492	960

Note: Training for CarUX contractors is organized by Innolux, the parent company. For more information on training for contractors, see Section 4.4.4: Occupational Accident Management.

Healthcare GRI : 403-3

To provide employees with comprehensive health management resources for both their physical and mental well-being, CarUX has set goals for employee mental health counseling and physical health examination rates. In 2023, CarUX provided mental health counseling to all medium- to high-risk employees (100% completion rate) and targeted health examinations for 97.9% of high-risk employees, meeting its annual targets of 95% and 90% coverage.

Employee mental healthcare overview

Site	Mental healthcare survey			Mental health counseling					
	Required	Completed	Completion rate <sup>Note</sup>	High risk		Medium risk		Need-based counseling	Total
				Required	Completed	Required	Completed		
Taiwan	2,323	2,323	100%	20	20	73	73	2	95
China	1,861	1,861	100%	4	4	5	5	0	9
Total	4,184	4,184	100%	24	24	78	78	2	104

Note: Excludes foreign indirect employees, new employees hired in 2023, employees who left the company before the survey/counseling took place, and employees who were unable to participate for personal reasons

Targeted physical health examinations

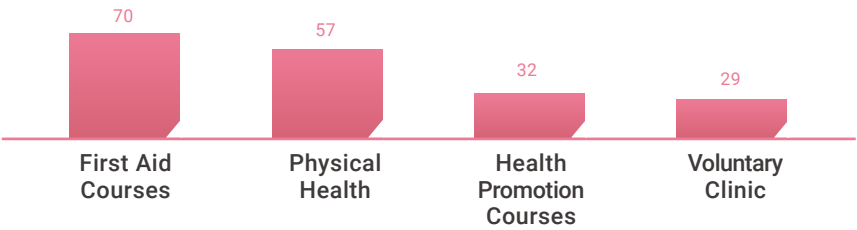
Site	Required	Completed	Completion rate <sup>Note</sup>
Taiwan	1,845	1,769	95.9%
China	1,846	1,846	100%
Total	3,691	3,615	97.9%

Note: Excludes new employees hired in 2023, employees whose previous health examination results were still valid, employees who left the company before the examination date, and employees who were unable to participate for personal reasons (such as travel plans, pregnancy, maternity leave, illness, unpaid leave, extended sick leave, or occupational injury leave).

Health Promotion Campaigns GRI : 403-6

CarUX organized 5 health promotion campaigns in 2023 with a satisfaction rate of 100%, benefiting 188 employees. These campaigns took the form of health workshops, free clinical services, and first-aid training. We hope that campaigns like these will help employees better understand their health status and equip them with basic first-aid skills.

Overview of health promotion campaigns



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## 2023 Employee Health Statistics GRI : 403-3 、403-10

CarUX completed health examinations for 8,812 employees in 2023 (including pre-employment health examinations, targeted health examinations, and annual health examinations). Follow-ups have been carried out for all employees with abnormal results. There were no reported incidents or occupational diseases in 2023.

Site	Health examination coverage			Health management and follow-up measures for employees with abnormal results							
	Required	Performed	Coverage	Mild		Moderate		Severe		Follow-up with a nurse	Consultation with a physician
				Required	Completed	Required	Completed	Required	Completed		
Taiwan	2,199	2,118	96.3% <sup>Note</sup>	415	415	72	72	71	71	497	71
China	6,694	6,694	100%	134	134	48	48	17	17	199	0
Total	8,893	8,812	99.1%	549	549	120	120	88	88	696	71

Note: Labor health examinations are required by law. However, the company also provides non-compulsory targeted health examinations for high-risk employees. Therefore, the total coverage is 96.3% and not 100%.

## Occupational Injury Statistics

Item		Taiwan	China	Total
Lost Time Injury Frequency Rate(LTIFR) <sup>Note 1</sup>	Female	0.00	0.00	0.00
	Male	0.00	1.26	0.84
	Total	0.00	0.55	0.37
Disabling Severity Rate (SR) <sup>Note 2</sup>	Female	0.00	0.00	0.00
	Male	0.00	119.87	80.00
	Total	0.00	52.05	35.43
Injury Rate(IR) <sup>Note 3</sup>	Female	0.00	0.00	0.00
	Male	0.00	0.25	0.17
	Total	0.00	0.11	0.07
Lost Workday(LDR) <sup>Note 4</sup>	Female	0.00	0.00	0.00
	Male	0.00	23.97	16.00
	Total	0.00	10.41	7.09
Occupational accidents per 1,000 <sup>Note 5</sup>	Female	0.00	0.00	0.00
	Male	0.00	0.33	0.18
	Total	0.00	0.14	0.08
Death Rate <sup>Note 6</sup>		0	0	0
Working Hours		4,296,961	9,164,341	13,461,302
Workers		26,737	34,819	61,556

## Accident Management GRI : 403-7 、403-9

CarUX reported seven occupational accidents in 2023, six of which have been properly addressed. Most of them (42.9%) involved being trapped or hit by falling objects. Fortunately, these incidents did not result in deaths or major occupational accidents. No near misses were reported in 2023.

Note: A major occupational accident is defined as an accident that leads to 180 days or more in loss-time injury.

## Top 2 occupational accident types

Type	Trapped/hit by falling objects	Scrapes
Cases	3	2
Percentage	42.9%	28.6%
Corrective measures	<ul style="list-style-type: none"> <li>Enhanced management and inspections</li> <li>Enhanced safety training</li> </ul>	

Note: Scope of statistics included all (contract)employees.

Note 1: LTIFR: disabling events per one million work hours. Formula: disabling events x one million hours / total hours; decimals are rounded off to the nearest hundredth.

Note 2: SR: days of disabling event. Formula: days of disabling event x one million hours / total hours; decimals are rounded off to the nearest unit.

Note 3: IR: accidents per 200,000 hours. Formula: (number of lost workday events + number of restrictive events) x 200,000 hours / total hours; decimals are rounded off to the nearest hundredth.

Note 4: LDR: days lost to disabling event per 200,000 hours. Formula: days lost to disabling event x 200,000 hours / total hours; decimals are rounded off to the nearest unit.

Note 5: Occupational accidents per 1,000 people: number of deaths or injuries in a year per 1,000 employees. Formula: (number of employees lost to death or injury + number of restrictive workday events) x 1,000 people / total number of people.

Note 6: Deaths: number of deaths per 200,000 work hours. Formula: number of deaths x 200,000 work hours / total work hours.



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## 6-4 CarUX Environmental Sustainability Performance

### 6.4.1 Green Management

With regard to environmental governance, CarUX adheres to Innolux policy, the RBA Code of Conduct, and the applicable environmental protection regulations. In 2023, the company did not receive any fines for violating environmental protection laws. For more information, please refer to Section 5.1: Environmental Governance.

### 6.4.2 Greenhouse Gas Management

GRI : 305-1 、305-2 、305-3

Based on 2023 greenhouse gas (GHG) inventory results, CarUX's Scope 1, 2, and 3 GHG emissions amounted to 281.492 tCO<sub>2</sub>e, 43,137.423 tCO<sub>2</sub>e, and 4,167.407 tCO<sub>2</sub>e respectively (47,586.322 tCO<sub>2</sub>e in total). Indirect emissions accounted for the majority (90.65%).

Item	Type	Emissions (tCO <sub>2</sub> e)	Percentage (%)
A. Direct emissions		281.492	0.59
B. Indirect emissions from purchased energy		43,137.423	90.65
C. Indirect emissions from transportation	Business trips	18.905	0.04
	Employee commuting	1,159.669	2.44
C. Indirect emissions from transportation	Fuels	2,846.840	5.98
	Manufacturing waste	141.993	0.30
Total		47,586.322	100

### GHG Emission Intensity GRI : 305-4

CarUX's GHG emission intensity in 2023 was 0.1034 tCO<sub>2</sub>e/m<sup>2</sup>, as shown in the table below.

Item	
Scopes 1 and 2 emissions (tCO <sub>2</sub> e)	43,418.914
Total area of production (m <sup>2</sup> )	419,847
GHG emission intensity (tCO <sub>2</sub> e/m <sup>2</sup> )	0.1034

### GHG Reduction GRI : 305-5

In 2023, CarUX proposed 15 GHG reduction projects, 6 of which have been completed and have resulted in a carbon footprint reduction of 1,909.9 tCO<sub>2</sub>e. The project that achieved the most significant results was the plant facility replacement program.

#### ◆ Major carbon reduction projects

Project	GHG reduction (tCO <sub>2</sub> e)		
	Scope 1	Scope 2	Scope 3
Chiller pump replacement	0	94.3488	19.8132
Exhaust system improvements	0	49.5936	10.4147
Introduction of a clean in place (CIP) for chiller condensers	0	1,387.9051	291.4601

### 6.4.3 Energy Management GRI : 2-27 、302-1

In terms of energy management, CarUX abides by Innolux policy, the RBA Code of Conduct, and the applicable environmental protection and energy regulations (see Section 5.1: Environmental Governance). In 2023, CarUX used 348,044.33 GJ of energy, the majority (87.65%) of which was purchased externally. It is worth noting that externally purchased green energy accounted for 10.87% of all energy used.

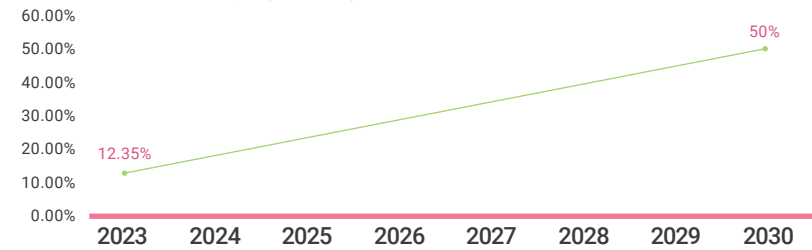
Type of Energy	Unit	Volume (2023)	Percentage (2023)
Purchased electricity	kWh	84,735,925.10	87.65
	GJ	305,049.33	
Self-generated solar energy	kWh	1,433,404.83	1.48
	GJ	5,160.20	
Purchased green energy	kWh	10,506,478.00	10.87
	GJ	37,823.32	
Diesel	kWh	3,188.06	0.00
	GJ	11.48	
Total consumption	kWh	96,678,995.99	100.00
	GJ	348,044.33	

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To keep up with international trends and client requirements, CarUX has set an RE50 (50% reliance on renewable energy) goal for 2030. To achieve this goal, the company's China sites have begun purchasing green energy and installing solar panels. In 2023, we used 11,939,882.83 kWh of renewable energy, accounting for 12.35% of all power consumption.

Type of Energy	Unit	Volume (kWh)
Non-renewable energy	kWh	84,735,925.10
Renewable energy	kWh	11,939,882.83
Percentage of renewable energy use	%	12.35

## Renewable energy (RE50) goal illustration



## 2023 Energy Intensity GRI : 302-3

CarUX's energy intensity in 2023 was 230.264 kWh/m<sup>2</sup>, down 6.59% from the previous year thanks to a variety of energy conservation measures being implemented throughout the manufacturing process, including plant facility replacement, GHG reductions, and the introduction of the ISO 50001:2018 energy management systems.

Power consumption / area of production	2022	2023
Energy intensity (kWh/m <sup>2</sup> )	246.514	230.264

## ISO 50001:2018 Energy Management Systems GRI : 302-4

CarUX's Taiwan and Shanghai sites introduced ISO 50001:2018 (energy management systems) as a more systematic way of managing energy use. Under this system, the company proposed nine energy conservation projects in 2023, five of which have been completed, contributing to 902,005.9 kWh in energy savings.

Site	Employees involved	Action plans in 2023			
		Proposed	Completed	Annual energy savings (kWh)	Energy savings rate
Taiwan	14	5	5	228,953.0	1.1%
Shanghai	37	4	0	673,052.9	1.7%

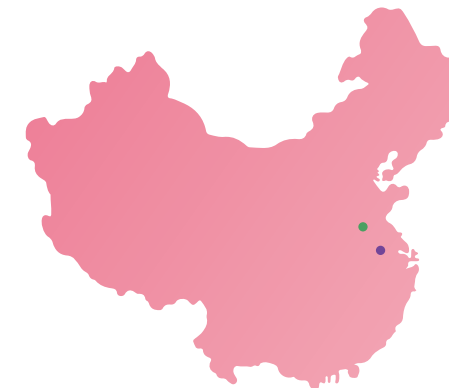
## 6.4.4 Water Management GRI : 303-3 、303-4 、303-5

CarUX produced 423.54 million liters of effluent in 2023, 98.7% of which was produced by the China sites.

		Taiwan sites	China sites	Total
Water withdrawal (million liters)	Surface water (rainwater)	0.02	0.00	0.02
	Third-party water (tap water)	14.71	516.93	531.64
	Total withdrawal	14.73	516.93	531.66
Water discharge (million liters)		5.70	417.84	423.54
Water consumption (million liters)		9.04	99.09	108.13

### Water Risk Analysis

The water risk analysis for each CarUX site was performed by Innolux, the parent company. In addition, all China sites are subject to local effluent discharge or treatment standards. See Section 5.5.3: Water Pollution Control for more information.



### Shanghai

#### Water Source

Yangtze River

#### Discharge Point to Sewer System

Shanghai Youlian Zuyuan First Sewage Treatment Investment Development Co., Ltd.

#### Discharge/Sewage Standards

- DB31/199-2018 Comprehensive Sewage Discharge Standard, Table 2 Level 3 Discharge Standard
- GB39731-2020 Discharge Standard of Water Pollutants for Electronic Industry, Table 1 Indirect Discharge Standard (for all other pollutants)

#### Receiving Water

Yangtze Estuary

Wastewater Discharge Volume (million liters/year)  
193.20

### Ningbo

#### Water Source

Ninghai Baixi Reservoir

#### Discharge Point to Sewer System

Yandong Sewage Treatment Plant, Beilun District, Ningbo City

#### Discharge/Sewage Standards

- Industrial wastewater management standard: Discharge Standard of Water Pollutants for the Electronic Industry (GB39731-2020)
- Total phosphorus management standard: Nitrogen and Phosphorus Discharge Limits for Industrial Wastewater (DB33/887-2013)

#### Receiving Water

East China Sea

Wastewater Discharge Volume (million liters/year)  
238.22

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6.4.5 Waste Management GRI : 306-3 、306-4 、306-5

CarUX's waste management process is consistent with local environmental protection regulations as well as Innolux policy. See Section 5.6.1: Waste Control for detail. In 2023, the company produced 3,137.44 metric tons of waste, 92.42 metric tons (or 2.9%) of which was hazardous waste. The remaining 3,045.02 metric tons (97.1%) was general waste.

Unit: metric tons

Category	Treatment	Waste		Taiwan	China	Total
Hazardous waste	Physical treatment	Fluorescent lamps containing mercury vapor, lighting fixtures, and waste metal from electric circuits		37.06	0.60	37.65
	Cleaning	Waste organic solvents		0.42	0.00	0.42
	Incineration	Corrosive waste liquid, oil, grease, and ink	Energy recycling	0.00	54.28	54.28
			Non-energy recycling	0.00	0.00	0.00
	Recycling	Waste from copper production, waste acid cleaners, and waste organic solvents		0.00	0.07	0.07
	Subtotal			37.48	54.94	92.42
Hazardous waste recycling rate				0.0%	0.1%	0.8%
General waste	Physical treatment	Waste plastics/glass, lubricants, hardware items, dust, inorganic sludge, etc.		396.88	0.00	396.88
	Incineration	Waste plastics/cloth, flammable waste, waste organic liquids, waste wood scraps, waste oil, and waste paper	Energy recycling	148.08	0.00	148.08
			Non-energy recycling	185.88	0.00	185.88
	Recycling	Plastics, glass, hardware items, waste communication equipment, waste activated carbon, etc.		605.00	1,709.19	2,314.19
	Subtotal			1,335.83	1,709.19	3,045.02
General waste recycling rate				45.3%	100.0%	76.0%
Total waste treated				1,373.31	1,764.13	3,137.44
Combined recycling rate (%)				44.1%	96.9%	73.8%

Circular Packaging Materials GRI : 301-3

CarUX launched a value chain initiative in 2023 to invite its upstream and downstream partners to recycle and reuse packaging materials. In addition to recycling bubble wrap and conductive metal vacuum bags, we began collecting used trays, cardboard boxes, and polypropylene boxes in the hope of reducing waste production, improving materials efficiency, and lessening environmental impact.

Year	Tray	Cardboard	Polypropylene (PP) boxes	Bubble wrap	Conductive metal vacuum bags
2022	NA	NA	NA	75.94%	78.11%
2023	87.71%	76.43%	41.01%	79.67%	84.05%



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## CarUX Environmental Material Flow in 2023 GRI : 301-1 、302-1 、305-7

Incoming					
Primary raw materials		Energy		Ozone depleting substances	
Amount used (tons)		Amount used (GJ)		Amount used (tons)	
Ethanol	8.45	Purchased electricity	305,049.33	Refrigerants	0.005
Daimler's Methyl Ketone (DMK)	1.80	Renewable energy (self-generated solar energy)	5,160.20		
Conductive adhesive (NEW)	0.15	Renewable energy (purchased)	37,823.32	Water source	Withdrawal volume (tons)
Thinner	0.08	Diesel	11.48	Municipal water	531,639
Isopropyl Alcohol	0.09			Rainwater	23
Heavy duty fluid	0.07				
Hydraulic glue	2.96				

Note:

1. The Taiwan sites use the conversion coefficients listed in the Energy Statistics Handbook 2022 published by the Energy Administration, Ministry of Economic Affairs: electricity heating value (860 kcal/kWh), solar power heating value (860 kcal/kWh), diesel heating value (8,400 kcal/L); the China sites use the conversion coefficients listed in the China Energy Statistical Yearbook 2016: electricity heating value (860 kcal/kWh), diesel heating value (10,200 Kcal/kg).
2. The emissions volumes of volatile organic compounds are converted from actual test results into emissions intensities (kg/m<sup>2</sup>) and calculated as the intensity per unit area of wafer input volume.
3. The amounts of chemical oxygen demand, biochemical oxygen demand, and suspended solids are converted from actual test results.
4. The scope of the data mostly pertains to both the Taiwan and China sites; data on process water recycling only cover the China sites.



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# 7-1 Sustainability Performance Overview

GRI : 201-4 、 401-1

## 7.1.1 Economic Aspect

### Financial Performance

Unit: TWD in thousands (TWD for EPS and LPS)

Item	2019	2020	2021	2022	2023
Operating revenue	251,971,209	269,911,051	350,076,690	223,715,758	211,740,557
Gross profit (loss)	3,014,080	23,833,098	91,499,680	-6,905,772	3,109,044
Operating profit (loss)	-19,933,896	1,811,797	62,713,075	-31,664,998	-18,708,934
Non-operating profit (loss)	3,408,468	745,334	-301,978	5,442,545	2,345,803
Net income (loss)	-17,440,272	1,639,824	57,545,123	-27,914,776	-18,598,730
Earning/loss per share	-1.77	0.17	5.53	-2.76	-2.01
Income tax expense (benefit)	914,844	917,307	4,865,974	1,692,323	2,235,599
Capital expenditures	24,804,629	20,673,368	28,138,827	21,048,162	21,351,840
Compensation and Benefits	38,129,767	38,149,778	50,131,195	42,613,298	37,827,219
R&D expenditures	12,464,800	12,149,513	15,044,650	13,045,403	12,011,556
Total assets (year-end)	369,764,346	379,559,837	467,519,590	383,741,496	357,530,442
Total capital (year-end)	97,110,720	97,110,720	105,596,201	95,564,562	90,786,334
Total market value of equity (year-end)	80,893,230	136,926,115	206,968,554	105,598,841	129,824,458
Government subsidies	679,192	585,730	424,375	877,054	334,125
Expenditures on pensions	1,825,058	1,690,396	1,866,205	1,833,354	1,916,137

Note: The above consolidated financial statement has been produced in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations, International Accounting Standards (IAS) and Standing Interpretations Committee standards (SICs), and the Regulations Governing the Preparation of Financial Reports by Security Issuers acknowledged by the Financial Supervisory Commission.



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## 7.1.2 Social Aspect

### ◆ Analysis of New Hires in 2023<sup>Note 1</sup>

Gender	Age	Taiwan		Ningbo		Foshan		Nanjing		Other locations		Total	
		Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees	Number of new employees	Percentage of new employees
Female	<30 years old	189	19.94%	524	53.04%	104	22.56%	1	1.92%	1	50.00%	819	33.41%
	30-50 years old	110	1.41%	321	20.10%	100	8.38%	0	0.00%	4	22.22%	535	4.83%
	>50 years old	1	0.24%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	0.23%
Male	<30 years old	535	35.74%	1,290	51.91%	245	22.35%	2	1.94%	6	85.71%	2,078	40.05%
	30-50 years old	229	2.14%	475	17.15%	105	5.02%	0	0.00%	12	32.43%	821	5.07%
	>50 years old	3	0.35%	0	0.00%	0	0.00%	0	0.00%	2	2.99%	5	0.51%
Total		1,067	4.80%	2,610	33.18%	554	11.36%	3	0.25%	25	17.86%	4,259	11.73%

Note 1: The above data are established based on the incumbent employees on December 31, 2023.

Note 2: New hire rate = ( Number of new employees in 2023 / Total number of employees at the end of 2023 ) x 100%.

### ◆ Composition of Employees in 2022<sup>Note 1</sup> SASB : TC-HW-330a.1

Site <sup>Note 2</sup>	Item		Management <sup>Note 3</sup>			Specialists <sup>Note 3</sup>	Administrative Personnel <sup>Note 3</sup>	Technicians <sup>Note 3</sup>	Total
			Low-level managers	Middle managers	Executives				
Taiwan	<30 years old	Female	0	0	0	204	19	726	949
		Male	0	0	0	591	7	900	1,498
	30-50 years old	Female	195	15	0	1,046	574	5,956	7,786
		Male	1,072	95	0	4,624	127	4,863	10,781
	>50 years old	Female	26	6	1	56	40	289	418
		Male	216	126	10	394	15	134	895
	Total		1,509	242	11	6,915	782	12,868	22,327
	Percentage		6.76%	1.08%	0.05%	30.97%	3.50%	57.63%	100%
Ningbo	<30 years old	Female	1	0	0	83	19	885	988
		Male	4	0	0	269	5	2,206	2,484
	30-50 years old	Female	116	3	0	256	70	1,151	1,596
		Male	233	5	0	479	14	2,016	2,747
	>50 years old	Female	0	0	0	1	0	0	1
		Male	0	0	0	2	1	8	11
	Total		354	8	0	1,090	109	6,266	7,827
	Percentage		4.52%	0.10%	0.00%	13.93%	1.39%	80.06%	100%

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Site <sup>Note 2</sup>	Item		Management <sup>Note 3</sup>			Specialists <sup>Note 3</sup>	Administrative Personnel <sup>Note 3</sup>	Technicians <sup>Note 3</sup>	Total
			Low-level managers	Middle managers	Executives				
Foshan	<30 years old	Female	0	0	0	51	10	400	461
		Male	1	0	0	198	5	892	1,096
	30-50 years old	Female	78	2	0	160	62	891	1,193
		Male	170	3	0	451	13	1,432	2,069
	>50 years old	Female	0	0	0	0	0	8	8
		Male	1	0	0	4	0	11	16
	Total		250	5	0	864	90	3,634	4,843
	Percentage		5.16%	0.10%	0.00%	17.84%	1.86%	75.04%	100%
	<30 years old	Female	0	0	0	10	3	39	52
		Male	0	0	0	9	1	93	103
Nanjing	30-50 years old	Female	41	0	0	96	25	323	485
		Male	39	2	0	92	5	415	553
	>50 years old	Female	0	0	0	0	0	0	0
		Male	1	0	0	0	1	0	2
	Total		81	2	0	207	35	870	1,195
	Percentage		6.78%	0.17%	0.00%	17.32%	2.93%	72.80%	100%
	<30 years old	Female	0	0	0	1	0	0	1
		Male	0	0	0	6	1	0	7
	30-50 years old	Female	0	0	0	10	4	0	14
		Male	0	0	0	31	2	0	33
Other locations	>50 years old	Female	0	0	0	4	5	0	9
		Male	6	1	0	57	2	0	66
	Total		6	1	0	109	14	0	130
	Percentage		4.62%	0.77%	0.00%	83.85%	10.77%	0.00%	100%

Note 1: The above data are established based on the incumbent employees on December 31, 2023.

Note 2: "Local managers of Taiwan sites" refers to managers of Taiwanese nationality; "local managers in China sites" refers to managers of Chinese nationality; "local managers in other location sites" refers to non-Taiwanese managers.

Note 3: Definition of personnel: Low-level managers are assistant managers or managers; middle managers are site directors; and executives are personnel of managerial and higher positions at the head office; specialists are engineering and technical personnel; administrative personnel are administrative affairs personnel; technicians are direct production staff.

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## ◆ Internal Hiring Rate for Job Vacancies<sup>Note 1</sup>

Item	2019		2020		2021		2022		2023	
	Direct labor	Direct labor	Direct labor	Direct labor	Direct labor	Direct labor	Direct labor	Direct labor	Direct labor	Direct labor
Hiring rate <sup>Note 2</sup>	1.54%	19.18%	3.79%	9.69%	9.69%	9.87%	9.69%	18.62%	10.69%	21.71%

Note 1: The data cover Taiwan sites.

Note 2: Calculation: Approved requests for internal transfers/ (Approved requests for internal transfers + Number of new external hires)x100.

## ◆ Analysis of Overall Employee Separation Rate in 2023

Gender	Age	2020		2021		2022		2023											
		Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Taiwan		Ningbo		Foshan		Nanjing		Other locations		Total	
								Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates
Female	<30 years old	5,283	9.50%	6,261	9.35%	4,495	9.47%	399	29.90%	1,088	107.72%	352	60.17%	166	111.78%	0	0.00%	2,005	5.25%
	30-50 years old	3,242	5.83%	3,680	5.50%	3,337	7.03%	1,220	15.08%	563	38.25%	299	24.97%	351	54.72%	1	8.70%	2,434	6.37%
	>50 years old	26	0.05%	21	0.03%	35	0.07%	88	19.01%	2	200.00%	5	52.63%	2	-	0	0.00%	97	0.25%
Male	<30 years old	15,482	27.83%	18,575	27.74%	10,517	22.15%	490	29.27%	3,164	127.63%	833	60.98%	373	118.98%	4	80.00%	4,864	12.72%
	30-50 years old	5,065	9.10%	5,921	8.84%	4,682	9.86%	1,082	9.87%	1,203	46.82%	511	25.09%	440	60.07%	8	24.24%	3,244	8.49%
	>50 years old	33	0.06%	35	0.05%	55	0.12%	129	13.10%	0	0.00%	1	6.67%	4	88.89%	6	9.23%	140	0.37%
Total		29,131	52.36%	34,493	51.51%	23,121	48.70%	3,408	14.50%	6,020	79.80%	2,001	38.41%	1,336	72.59%	19	15.26%	12,784	33.44%

Note: Employee separation rate = { Number of employees leaving the company in 2023 / [ (Number of employees at the start of 2023 + Number of employees at the end of 2023 ) / 2 ] } × 100%.

## ◆ Analysis of Voluntary Separation Rate in 2023

Gender	Age	2020		2021		2022		2023											
		Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Taiwan		Ningbo		Foshan		Nanjing		Other locations		Total	
								Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates	Number of employees	Separation rates
Female	<30 years old	5,270	9.47%	6,255	9.34%	4,487	9.45%	393	29.45%	1,088	107.72%	352	60.17%	165	111.11%	0	0.00%	1,998	5.23%
	30-50 years old	3,203	5.76%	3,640	5.44%	3,315	6.98%	1,152	14.24%	562	38.18%	299	24.97%	351	54.72%	1	8.70%	2,365	6.19%
	>50 years old	25	0.04%	19	0.03%	34	0.07%	85	18.36%	2	200.00%	5	52.63%	2	-	0	0.00%	94	0.25%
Male	<30 years old	15,411	27.70%	18,539	27.69%	10,464	22.04%	465	27.78%	3,164	127.63%	831	60.83%	371	118.34%	4	80.00%	4,835	12.65%
	30-50 years old	5,011	9.01%	5,892	8.80%	4,640	9.77%	984	8.98%	1,200	46.70%	508	24.94%	440	60.07%	8	24.24%	3,140	8.21%
	>50 years old	30	0.05%	31	0.05%	48	0.10%	119	12.09%	0	0.00%	1	6.67%	4	88.89%	5	7.69%	129	0.34%
Total		28,950	52.03%	34,376	51.34%	22,988	48.42%	3,198	13.60%	6,016	79.75%	1,996	38.31%	1,333	72.43%	18	14.46%	12,561	32.86%

Note: Employee separation rate = { Number of employees leaving the company in 2023 / [ (Number of employees at the start of 2023 + Number of employees at the end of 2023 ) / 2 ] } × 100%.



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## 7.1.3 Environmental Aspect

	Item/Year	Units	2019	2020	2021	2022	2023
Consumption of energy resources and materials	Water consumption	Mm <sup>3</sup>	21.9	22.1	21.3	18.3	15.9
	Power consumption <sup>Note 1</sup>	MWh	5,699,285	5,716,619	5,744,430	5,210,590	5,093,829
	Diesel <sup>Note 2</sup>	MWh	3,293	5,091	14,434	3,136	3,761
	Natural Gas	MWh	156,693	155,513	173,052	147,867	141,106
	Liquid crystal	Tons	102	98	97	85	88
	Aluminum/copper etching solutions <sup>Note 3</sup>	Tons	24,684	22,232	21,722	18,125	17,413
	Developer	Tons	21,678	21,432	21,649	19,342	18,883
	Stripper	Tons	30,261	19,263	19,210	15,937	16,785
	Thinner	Tons	6,200	5,629	4,741	3,176	2,954
	Photoresist	Tons	6,776	6,679	6,791	5,918	5,752
Greenhouse gas emissions	Scope 1	MtCO <sub>2</sub> e	0.354	0.323	0.306	0.117	0.109
	Scope 2	MtCO <sub>2</sub> e	3.039	3.047	3.006	2.605	2.475
	Scope 3	MtCO <sub>2</sub> e	0.032	0.028	0.609	1.221	1.667
Wastewater discharge	Wastewater volume	Tons	14,307,030	14,598,060	12,728,933	10,929,412	9,965,819
	Chemical oxygen demand	Tons	1,393	1,354	975	675	628
	Biochemical oxygen demand	Tons	490	450	305	143	115
	Suspended solids	Tons	665	435	489	320	264
Water recycling	Rate of water recycling throughout production processes <sup>Note 3</sup>	%	96.7	96.2	97.2	97.3	97.6
	Volume of water recycled from production processes <sup>Note 3</sup>	Tons	274,147,277	292,118,824	291,938,321	263,550,003	267,516,547
Waste disposal	Total waste volume	Tons	113,300	107,028	100,246	73,735	65,056
	Hazardous waste	Tons	25,982	25,259	24,993	20,639	19,408
	Ordinary waste	Tons	87,318	81,769	75,253	53,096	45,648
Air pollutant emissions	VOCs	Tons	122.7	106.0	152.0	107.6	86.9
	Sulfur oxides <sup>Note 3</sup>	Tons	30.8	46.4	49.1	45.2	48.8
	Nitrogen oxides <sup>Note 3</sup>	Tons	26.5	19.7	31.8	34.1	34.4

Note 1: Includes purchased electricity, purchased green energy and self-generated green energy.

Note 2: Diesel is only used for factory equipment.

Note 3: The data cover Taiwan sites.

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## 7-2 Sustainability Disclosure Framework Index

### 7.2.1 GRI Standards

In accordance with GRI Standards 1, 2,3,200,300,400

Statement of use		The Innolux ESG report is prepared in accordance with the GRI standard; the CarUX sustainability performance is prepared with reference to the GRI standard. The disclosure period is from January 1 to December 31, 2023.		
GRI 1 used		GRI 1: Foundation 2021		
Applicable GRI Sector Standard(s)		-		
GRI Standards	Disclosure	Chapter	Page	Remark
GRI 2: General Disclosures 2021	2-1 Organizational details <sup>CUX</sup>	▪ 0.3 Company Overview	7	
	2-2 Entities included in the organization's sustainability reporting <sup>CUX</sup>	▪ 0.1 About this Report	2	
	2-3 Reporting period, frequency and contact point	▪ 0.1 About this Report	2	
	2-4 Restatements of information	▪ 7.3 Errata	200	
	2-5 External assurance	▪ 0.1 About this Report	2	
		▪ 7.4 Independent Verification Statement	201	
	2-6 Activities, value chain and other business relationships <sup>CUX</sup>	▪ 3.4.1 Supply Chain Overview	72	
	2-7 Employees <sup>CUX</sup>	▪ 4.1 Talent Recruitment and Retention	84	No part-time, temporary, or employees without guaranteed minimum working hours.
	2-8 Workers who are not employees <sup>CUX</sup>	▪ 4.1 Talent Recruitment and Retention	84	
	2-9 Governance structure and composition	▪ 1.1.1 Sustainable Development Committee	14	
		▪ 2.1 Governing Body	34	
	2-10 Nomination and selection of the highest governance body	▪ 2.1 Governing Body	34	
	2-11 Chair of the highest governance body	▪ 2.1 Governing Body	34	
	2-12 Role of the highest governance body in overseeing the management of impacts	▪ 1.1.1 Sustainable Development Committee	14	
		▪ 2.1 Governing Body	34	
	2-13 Delegation of responsibility for managing impacts	▪ 1.1.1 Sustainable Development Committee	14	
	2-14 Role of the highest governance body in sustainability reporting	▪ 1.1.1 Sustainable Development Committee	14	
	2-15 Conflicts of interest	▪ 2.1 Governing Body	34	
	2-16 Communication of critical concerns	▪ 1.1 Sustainability Management	14	
		▪ 2.1 Governing Body	34	

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GRI Standards	Disclosure	Chapter	Page	Remark
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	▪ 2.1.1 Board of Directors and Its Operations	34	
	2-18 Evaluation of the performance of the highest governance body	▪ 2.1.1 Board of Directors and Its Operations	34	
	2-19 Remuneration policies	▪ 2.1 Governing Body	34	
	2-20 Process to determine remuneration	▪ 2.1 Governing Body	34	
	2-21 Annual total compensation ratio <sup>CUX</sup>	▪ 4.1.3 Remuneration and Benefits	89	
	2-22 Statement on sustainable development strategy	▪ 0.2 A Message from the Chairman	6	
	2-23 Policy commitments	▪ 1.1 Sustainability Management	14	
		▪ 2.2 Risk Management	38	
		▪ 2.3 Integrity Management and Legal Compliance	47	
		▪ 2.4.2 Tax Governance	52	
		▪ 3.1.2 Intellectual Property Management	60	
		▪ 3.2.1 Product Safety	62	
		▪ 3.4.2 Sustainable Supply Chain	74	
		▪ 4.3.1 Respect for Human Rights	101	
		▪ 4.4 Safety and Protection	106	
		▪ 5.1 Environmental Governance	125	
		▪ 5.2 Environmental Risk Management Strategies	132	
	2-24 Embedding policy commitments	▪ 1.1 Sustainability Management	14	
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GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	▪ 1.1 Sustainability Management	14	
		▪ 2.2 Risk Management	38	
		▪ 2.3 Integrity Management and Legal Compliance	47	
		▪ 2.4.2 Tax Governance	52	
		▪ 3.1.2 Intellectual Property Management	60	
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		▪ 4.4 Safety and Protection	106	
		▪ 5.1 Environmental Governance	125	
		▪ 5.2 Environmental Risk Management Strategies	132	
	2-26 Mechanisms for seeking advice and raising concerns	▪ 1.2.1 Stakeholder communication ▪ 4.3.2 No Workplace Communication Gaps	19 104	
	2-27 Compliance with laws and regulations <sup>CUX</sup>	▪ 2.3 Integrity Management and Legal Compliance	47	
	2-28 Membership associations <sup>CUX</sup>	▪ 0.3 Company Overview	7	
	2-29 Approach to stakeholder engagement	▪ 1.2 Stakeholder Communication and Material Topics	19	
	2-30 Collective bargaining agreements <sup>CUX</sup>		-	Labor unions have been established at the Ningbo, and Foshan sites, with an estimated 11,684 members, accounting for 32.2% of global employees. However, no collective agreement has been reached.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	▪ 1.2 Stakeholder Communication and Material Topics	19	
	3-2 List of material topics	▪ 1.2 Stakeholder Communication and Material Topics	19	
	3-3 Management of material topics	▪ 1.2 Stakeholder Communication and Material Topics	19	
GRI 201*: Economic Performance 2016	201-1 Direct economic value generated and distributed	▪ 2.4 Financial Performance and Tax Governance	50	Please refer to page 83 of 2023 annual report for more information of capital and issue of shares.
	201-2 Financial implications and other risks and opportunities due to climate change	▪ 5.2.1 Climate Risk Assessment and Management	132	
	201-3 Defined benefit plan obligations and other retirement plans	▪ 4.1.3 Remuneration and Benefits	89	
	201-4 Financial assistance received from government	▪ 7.1.1 Economic Aspect	181	
GRI 202*: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage <sup>CUX</sup>	▪ 4.1.3 Remuneration and Benefits	89	
	202-2 Proportion of senior management hired from the local community <sup>CUX</sup>	▪ 4.1.2 Diversity, Equity, and Inclusion	85	

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GRI Standards	Disclosure	Chapter	Page	Remark
GRI 203*: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services provided supported		-	No relevant Infrastructure investments or donation in 2023.
	203-2 Significant indirect economic impacts	▪ 1.3 Sustainability Impacts	26	
		▪ 2.2 Risk Management	38	
		▪ 2.4 Financial Performance and Tax Governance	50	
		▪ 3.1 R&D Innovation	57	
		▪ 3.4 Supply Chain Management	72	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers <sup>CUX</sup>	▪ 4.1 Talent Recruitment and Retention	84	
		▪ 3.4.1 Supply Chain Overview	72	
GRI 205*: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	▪ 2.3 Integrity Management and Legal Compliance	47	CSR internal audit is conducted according to RBA requirement and no significant risks was found in 2023.
	205-2 Communication and training about anti-corruption policies and procedures <sup>CUX</sup>	▪ 2.3 Integrity Management and Legal Compliance	47	
	205-3 Confirmed incidents of corruption and actions taken <sup>CUX</sup>	▪ 2.3 Integrity Management and Legal Compliance	47	
GRI 301: Materials 2016	301-1 Materials used by weight or volume <sup>CUX</sup>	▪ 5.7 Circular Green Factory (Environmental Material Flow in 2023)	160	A total of 136,072 tons of nonrenewable material used.
	301-2 Recycled input materials used		-	No renewable material used.
	301-3 Reclaimed products and their packaging materials	▪ 5.7 Circular Green Factory	158	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	▪ 5.4 Energy Management	146	
	302-2 Energy consumption outside of the organization		-	No quantified data for energy consumption outside the organization.
	302-3 Energy intensity <sup>CUX</sup>	▪ 5.4.1 Energy Consumption and Resource Use	146	
	302-4 Reduction of energy consumption <sup>CUX</sup>	▪ 5.1.1 Climate Change Governance	128	
		▪ 5.4.2 Energy Transition	148	
GRI 303: Water and Effluents 2018	302-5 Reductions in energy requirements of products and services	▪ 3.2.2 Product Eco-Design	65	
	303-1 Interactions with water as a shared resource	▪ 5.2.2 Natural Risk Assessment and Management	136	
	303-2 Management of water discharge-related impacts	▪ 5.5.3 Water Pollution Control	153	
	303-3 Water withdrawal <sup>CUX</sup>	▪ 5.5.3 Water Pollution Control	153	
	303-4 Water discharge <sup>CUX</sup>	▪ 5.5.3 Water Pollution Control	153	
	303-5 Water consumption <sup>CUX</sup>	▪ 5.5.3 Water Pollution Control	153	

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GRI Standards	Disclosure	Chapter	Page	Remark
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions <sup>CUX</sup>	▪ 5.3.1 Greenhouse Gas Inventory	142	
	305-2 Energy indirect (Scope 2) GHG emissions <sup>CUX</sup>	▪ 5.3.1 Greenhouse Gas Inventory	142	
	305-3 Other indirect (Scope 3) GHG emissions <sup>CUX</sup>	▪ 5.3.1 Greenhouse Gas Inventory	142	
	305-4 GHG emissions intensity <sup>CUX</sup>	▪ 5.3.3 Carbon Reduction Target Results	144	
	305-5 Reduction of GHG emissions <sup>CUX</sup>	▪ 3.4.1 Supply Chain Overview ▪ 5.1.1 Climate Change Governance ▪ 5.3 Greenhouse Gas Management	72 128 142	
	305-6 Emissions of ozone-depleting substances (ODS)	▪ 5.7 Circular Green Factory(Environmental Material Flow in 2023)	160	No ODS production or output.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions <sup>CUX</sup>	▪ 5.7 Circular Green Factory(Environmental Material Flow in 2023)	160	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	▪ 5.6.1 Waste Control ▪ 5.7 Circular Green Factory	155 158	
	306-2 Management of significant waste-related impacts	▪ 5.6.1 Waste Control ▪ 5.7 Circular Green Factory	155 158	
	306-3 Waste generated <sup>CUX</sup>	▪ 5.6.1 Waste Control	155	
	306-4 Waste diverted from disposal <sup>CUX</sup>	▪ 5.6.1 Waste Control	155	
	306-5 Waste directed to disposal <sup>CUX</sup>	▪ 5.6.1 Waste Control	155	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	▪ 3.4.2 Sustainable Supply Chain	74	
	308-2 Negative environmental impacts in the supply chain and actions taken	▪ 3.4 Supply Chain Management	72	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	▪ 4.1.2 Diversity, Equity, and Inclusion ▪ 7.1.2 Social Aspect	85 182	The compensation and benefits between permanent and nonpermanent employees are more or less the same.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	▪ 4.1.3 Remuneration and Benefits	89	
	401-3 Parental leave <sup>CUX</sup>	▪ 4.1.3 Remuneration and Benefits	89	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system <sup>CUX</sup>	▪ 4.4.1 Occupational Safety and Health Management	106	
	403-2 Hazard identification, risk assessment, and incident investigation <sup>CUX</sup>	▪ 4.4 Safety and Protection	106	
	403-3 Occupational health services <sup>CUX</sup>	▪ 4.4.3 Health Care	111	
	403-4 Worker participation, consultation, and communication on occupational <sup>CUX</sup>	▪ 4.4 Safety and Protection	106	
	403-5 Worker training on occupational health and safety <sup>CUX</sup>	▪ 4.4.4 Occupational Accident Management	114	
	403-6 Promotion of worker health <sup>CUX</sup>	▪ 4.4.3 Health Care	111	



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GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business operations <sup>CUX</sup>	▪ 2.2 Risk Management ▪ 4.4 Safety and Protection ▪ 3.2.1 Product Safety	38 106 62	
	403-8 Workers covered by an occupational health and safety management system <sup>CUX</sup>	▪ 4.4.1 Occupational Safety and Health Management	106	
	403-9 Work-related injuries <sup>CUX</sup>	▪ 4.4 Safety and Protection	106	
	4403-10 Work-related ill health <sup>CUX</sup>	▪ 4.4.3 Health Care	111	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee <sup>CUX</sup>	▪ 4.2 Talent Cultivation and Development	98	
	404-2 Programs for upgrading employee skills and transition assistance programs	▪ 4.1 Talent Recruitment and Retention ▪ 4.2 Talent Cultivation and Development	84 98	
	404-3 Percentage of employees receiving regular performance and career development reviews <sup>CUX</sup>	▪ 4.1.4 Performance Management and Development (PMD)	93	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	▪ 2.1.1 Board of Directors and Its Operations ▪ 4.1.2 Diversity, Equity, and Inclusion	34 85	
	405-2 Ratio of basic salary and remuneration of women to men <sup>CUX</sup>	▪ 4.1.3 Remuneration and Benefits	89	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	▪ 4.3 Labor Rights and Relations	101	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	▪ 4.3.1 Respect for Human Rights	101	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		-	CSR internal audit and supplier SER audit were conduct according to RBA requirement and no significant risks was found in 2023.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria <sup>CUX</sup>	▪ 3.4.3 Supply Chain Quality Management	79	
	414-2 Negative social impacts in the supply chain and actions taken	▪ 3.4 Supply Chain Management	72	
GRI 416*: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	▪ 3.2 Sustainable Manufacturing	62	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		-	No violations against the regulations of health and safety for Innolux product and service in 2023.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	▪ 2.3.1.2 Streamlined channels for reporting violations	48	
		▪ 3.3.3 Client Privacy	71	

Note: Refers to voluntarily disclosed non-material issues.

Note: "CUX" refers to the project that CarUX refers to and discloses data. For details, please refer to "6 More than Display, and Far Beyond".

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## 7.2.2 Sustainability Accounting Standards Board (SASB)<sup>Note</sup>

Code	Metric	Chapter	Page	Remark
Product Security				
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products		-	In addition to non-end (intermediate) products, Innolux also offers hardware OEM/ODM/EMS services. In terms of software, however, we help our clients install the operating system of their choosing, and thus we are not affected by information security issues surrounding software development and installation.
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	<ul style="list-style-type: none"> <li>4.1.2 Diversity, Equity, and Inclusion</li> <li>7.1.2 Social Aspect</li> </ul>	85 182	
Product Lifecycle Management				
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances		-	Products that comply with IEC 62474 controlled substances that shall be reported account for 42.73% of annual revenue.
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent		-	Non-end-product manufacturers; this indicator does not apply.
TC-HW-410a.3	Percentage of eligible products, by revenue, certified to an energy efficiency certification		-	Non-end-product manufacturers; this indicator does not apply.
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered; percentage recycled		-	Non-end-product manufacturers; this indicator does not apply.
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	3.4.2 Sustainable Supply Chain	74	
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	3.4.2 Sustainable Supply Chain	74	
Materials Sourcing				
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	2.2.2 Risk Identification and Management	39	We defined dozens of "key parts" in the Innolux Materials Supplier Management Guidelines, including glass, liquid crystal, polarizers, and driver ICs, among others. To ensure a stable supply of key materials, we formulated risk management measures for each key material. Please see the corresponding chapters for more details.
Activity Metrics				
TC-HW-000.A	Number of units produced by product category	0.3 Company Overview	7	Due to the difficulty of calculating actual manufacturing volumes, we are reporting shipment volumes instead.
TC-HW-000.B	Area of manufacturing facilities		-	4,077,462.88 m <sup>2</sup>
TC-HW-000.C	Percentage of production from owned facilities		-	100% of production capacity comes from Innolux's own plants.

Note: According to the technology and communication sector hardware standards of the SASB index, 2023-06 version.

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7.2.3 Sustainability disclosure indices for the Optoelectronics industry as set forth in Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports

No.	Indicator	Type of indicator	Chapter	Page	Remark
1	Total energy consumption, percentage of purchased electricity and renewable energy utilization rate	Quantitative	5.4 Energy Management	146	
2	Total water withdrawal and total water consumption	Quantitative	5.5.3 Water Pollution Control	153	
3	Weight of hazardous waste generated and recycling rate	Quantitative	5.6.1 Waste Control	155	
4	Explain the type, number and rate of occupational disasters	Quantitative	4.4.4 Occupational Accident Management	114	
5	Product lifecycle management disclosure: including the weight of obsolete products and e-waste and the recycling rate	Quantitative		-	256.1 metric tons of electronic waste was produced (100% recycled)
6	Description of risk management related to the use of critical materials	Qualitative description	2.2.2 Risk Identification and Management 3.4.2 Sustainable Supply Chain	39 74	
7	Pecuniary loss as a result of legal proceedings related to anti-competitive acts	Quantitative		-	No pecuniary loss as a result of legal proceedings related to anti-competitive acts.
8	Production of major products by category	Quantitative	0.3 Company Overview	7	



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## 7.2.4 Climate-related disclosures required by the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

### Implementation of Climate-Related Information

No.	Item	Implementation Status
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The competent sustainability development unit tabulates the Company's annual climate strategies, goals, and achievements, as well as climate-related risks and opportunities, which are then presented by the Chief Governance Officer (CGO) to the Board of Directors each year. The Board reviews the Company's sustainability vision and goals and makes the necessary strategic adjustments. Furthermore, the Carbon Risk Management Committee follows up with each of its task forces on a quarterly basis to review their strategies and measures. If a major climate-related decision needs to be made, the Committee may convene with the approval of the Board of Directors.
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	
3	Describe the financial impact of extreme weather events and transformative actions	Based on the TCFD's recommendations, Innolux makes disclosures on potential financial impacts for following 8 aspects: revenue, direct costs, indirect costs, capital expenditures, capital gains, asset value, insurance premiums, and liabilities.  The three major transformation action plans that we implemented in 2023 all pertain to regulatory compliance (carbon tax, compulsory reporting, and total emissions control/trading), all of which may lead to increase costs for the Company. Tangible extreme climate incidents experienced by the Company mostly involved changes in rainfall patterns and distribution, which may directly impact our costs and indirectly impact our revenue, assets, insurance premiums, and liabilities.
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Innolux's Risk Management Policy and Procedures delineate three lines of defense. Our business units are responsible for identifying risks, our risk management unit is in charge of matters related to regulatory compliance and risk management goals, and the Audit Office performs independent audits to ensure effective internal control. In 2023, we conducted a materiality analysis for four major risk categories—strategies, operations, finance, and natural disasters. We have recently recognized climate change as a long-term risk, and it will be added to the materiality analysis next year for more comprehensive risk control.
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	To effectively mitigate climate change impacts and address uncertainties regarding the future, we conducted a climate change scenario analysis, with 2022 as the base year, to gauge potential tangible and transformational impacts on our revenue under various scenarios.  In accordance with the Sixth Assessment Report (AR6) released by the UN Intergovernmental Panel on Climate Change (IPCC) in 2021, we selected the worst-case scenario of the Representative Concentration Pathways (RCP 8.5) to evaluate tangible impacts (excluding socioeconomic factors and only considering changes in radiative forcing). For transformational risks, we adopted the Nationally Determined Contributions (NDCs), Shared Socioeconomic Pathways (SSP 1-1.9), and Science Based Targets Initiative (SBT 1.5) to configure our simulations.
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Innolux formulated a transformation plan to address climate change issues under the business as usual (BAU) assumption. Specific initiatives set out in the plan include carbon emissions reduction, the installation of renewable energy equipment, green energy and carbon rights/permits purchases, and the development of technologies for carbon capturing, storage, and reuse. The plan is expected to help the Company reduce spending on domestic and international carbon taxes. In addition to the 2026 SBTi WB2C scenario, we pledge to reach our RE20 goal across all sites and RE100 goal across our sites in the greater China region by 2030. We will continue to review our plan and make the necessary adjustments in the future.
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Internal carbon pricing formula: $\{ [ \text{Investment (NT\$)} \div \text{Amortization period (years)} ] + \text{Maintenance costs (NT\$)} + \text{Testing costs (NT\$)} \} / \text{Reduction in GHG emissions (tCO}_2\text{e)}.$
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified	Innolux has formulated the following GHG reduction goals and action plans for sites in the greater China region: (1) 15% absolute reduction in Scopes 1 and 2 greenhouse gas emissions by 2026 (vs. 2020): We already reduced our GHG emissions by 23.3% in 2023 thanks to improved energy efficiency, the installation of fluorine reduction equipment, and renewable energy generation/procurement. (2) 20% renewable energy (RE20) by 2030: As of 2023, renewable energy (including internally generated and externally procured solar power) accounts for 2.51% of all energy used by the Company.
9	Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	1. Innolux completed a greenhouse gas inventory of the parent company in 2023 and its subsidiaries in 2022. In 2024, we will continue to perform greenhouse gas inventories and obtain assurance on our GHG reports. We aim to complete the inventories by April and obtain assurance by August.  2. Innolux has set the following Scopes 1&2 GHG reduction goals for sites in the greater China region: 15% absolute reduction by 2026 and 25% reduction by 2030 (vs. 2020 levels); 20% renewable energy used (RE20) by 2030. ■ Our carbon footprint reduction strategies include: 1. Low-carbon manufacturing: Installation of fluorine reduction equipment, reduced reliance on fluorine, and reduced energy intensity 2. Energy efficiency: Introduction of ISO50001 energy management systems and replacement of old plant facilities 3. Renewable energy: Installation of biogas/solar power generators and purchases of renewable energy

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1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

- Innolux disclosed the Company's and its subsidiaries' 2022 GHG inventory results in its 2022 ESG Report. Scopes 1&2 GHG emissions amounted to 2,721,711 tCO<sub>2</sub>e in 2022 (GHG intensity: 12.17 tCO<sub>2</sub>e per NT\$ 1 million).
- Innolux has disclosed the Company's and its subsidiaries' 2023 GHG inventory results in its 2023 ESG Report. Scopes 1&2 GHG emissions amounted to 2,603,344 tCO<sub>2</sub>e in 2023 (GHG intensity: 12.21 tCO<sub>2</sub>e per NT\$ 1 million).

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

- Innolux and its subsidiaries have obtained assurance for their 2022 GHG inventories. Scopes 1&2 GHG emissions amounted to 2,721,711 tCO<sub>2</sub>e in 2022 (GHG intensity: 12.17 tCO<sub>2</sub>e per NT\$ 1 million).
- Innolux and its subsidiaries have obtained assurance for their 2023 GHG inventories. Scopes 1&2 GHG emissions amounted to 2,603,344 tCO<sub>2</sub>e in 2023 (GHG intensity: 12.21 tCO<sub>2</sub>e per NT\$ 1 million).
- Innolux and all of the subsidiaries that fall within the scope of disclosure in its 2023 Annual Report have completed an inventory of their 2022 GHG emissions and obtained the necessary assurance in accordance with the Financial Supervisory Commission's Sustainable Development Roadmap for Listed Companies.
- We completed our 2023 GHG inventories by April 2024 and obtain assurance from a third-party auditor (DNV GL Business Assurance Co., Ltd.) by the end of August. Detailed information will be disclosed in our 2023 ESG Report.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

- Our medium- to long-term goal is to reduce Scopes 1&2 GHG emissions by 25% by 2030 (vs. 2020). We are approaching this goal from three angles—low-carbon manufacturing, energy efficiency, and renewable energy—and we have taken the following actions: installation of fluorine reduction equipment, reductions in reliance on FCs and fossil fuels, replacement of old facilities for better energy efficiency, and installation of solar panels/biogas power generators.
- According to third-party audit results, there was a total of 2,721,711 tCO<sub>2</sub>e in GHG emissions from all sites in the greater China region in 2022, down 19.3% from the base year. We estimate the 2023 GHG emissions to be approximately 2,603,344 tCO<sub>2</sub>e (down 23.3% from the base year).

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## 7.2.5 Task Force on Climate-related Financial Disclosures(TCFD)

Aspect	Recommended Disclosures	Chapter	Page	Remark
Governance	Describe the board's oversight of climate-related risks and opportunities.	▪ 5.1 Environmental Governance	125	
	Describe management's role in assessing and managing climate-related risks and opportunities.			
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	▪ 5.2.1 Climate Risk Assessment and Management	132	
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.			
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.			
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	▪ 5.1 Environmental Governance ▪ 2.2 Risk Management	125 38	
	Describe the organization's processes for managing climate-related risks.			
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.			
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	▪ 5.2.1 Climate Risk Assessment and Management	132	
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	▪ 5.3 Greenhouse Gas Management	142	
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	▪ 5.3 Greenhouse Gas Management ▪ 5.4 Energy Management	142 146	



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## 7.2.6 Taskforce on Nature-related Financial Disclosures (TNFD)

Aspect	Recommended Disclosures	Chapter	Page	Remark
Governance	Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	▪ 5.1 Environmental Governance	125	
	Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.			
	Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	▪ 5.2.2 Natural Risk Assessment and Management	136	
Strategy	Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	▪ 5.2.2 Natural Risk Assessment and Management	136	
	Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.			
	Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.			
	Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.			
Risk & impact management	(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	▪ 5.2.2 Natural Risk Assessment and Management	136	
	Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.			
	Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.			
Metrics & targets	Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	▪ 5.2.2 Natural Risk Assessment and Management	136	
	Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.			
	Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.			Target pending

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## 7.2.7 WEF Stakeholder Capitalism Metrics

Area	Theme	Core Metrics	Chapter	Page	Remark
Principles of Governance	Governing Purpose	Setting purpose	▪ 1.1 Sustainability Management	14	
	Quality of governing body	Governance body composition	▪ 1.1 Sustainability Management ▪ 2.1 Governing Body	14 34	
	Stakeholder engagement	Material issues impacting stakeholders	▪ 1.2 Stakeholder Communication and Material Topics	19	
	Ethical behaviour	Anti-corruption	▪ 2.3 Integrity Management and Legal Compliance	47	
		Protected ethics advice and reporting mechanisms	▪ 2.3 Integrity Management and Legal Compliance	47	
	Risk and opportunity oversight	Integrating risk and opportunity into business process	▪ 2.2 Risk Management	38	
Planet	Climate change	Greenhouse gas (GHG) emissions	▪ 5.3.1 Greenhouse Gas Inventory	142	
		TCFD implementation	▪ 5.2.1 Climate Risk Assessment and Management	132	
	Nature loss	Land use and ecological sensitivity	▪ 5.2.2 Natural Risk Assessment and Management	136	
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	▪ 5.2.2 Natural Risk Assessment and Management ▪ 5.5 Water Management	136 151	
People	Dignity and equality	Diversity and inclusion	▪ 4.1.2 Diversity, Equity, and Inclusion	85	
		Pay equality	▪ 4.1.3 Remuneration and Benefits	89	
		Wage level	▪ 4.1.3 Remuneration and Benefits	89	
		Risk for incidents of child, forced or compulsory labour	▪ 4.3.1 Respect for Human Rights	101	No child labor or slavery is used in compliance with the RBA Code of Conduct.
	Health and well-being	Health and safety	▪ 4.4 Safety and Protection	106	
	Skills for the future	Training provided	▪ 4.2 Talent Cultivation and Development	98	
Prosperity	Employment and wealth generation	Absolute number and rate of employment	▪ 4.1.2 Diversity, Equity, and Inclusion ▪ 7.1.2 Social Aspect	85 182	
		Economic contribution	▪ 2.4 Financial Performance and Tax Governance ▪ 7.1.1 Economic Aspect	50 181	
		Financial investment contribution		-	Confidential information, no disclosure.
	Innovation of better products and services	Total R&D expenses	▪ 3.1.1 Technological Innovations and Breakthroughs	57	
	Community and social vitality	Total tax paid	▪ 2.4 Financial Performance and Tax Governance	50	

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7.2.8 The United Nations Global Compact (UNGC)

Category	Ten Principles	Chapter	Page	Remark
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	▪ 4.3.1 Respect for Human Rights	101	
	Principle 2: Make sure that they are not complicit in human rights abuses.	▪ 4.3.1 Respect for Human Rights	101	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	▪ 4.3 Labor Rights and Relations	101	
	Principle 4: The elimination of all forms of forced and compulsory labour.	▪ 4.3 Labor Rights and Relations	101	
	Principle 5: The effective abolition of child labour.	▪ 4.3.1 Respect for Human Rights	101	
	Principle 6: The elimination of discrimination in respect of employment and occupation.	▪ 4.3 Labor Rights and Relations	101	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	▪ 5.1 Environmental Governance ▪ 5.2 Environmental Risk Management Strategies	125 132	
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	▪ 5.1 Environmental Governance	125	
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	▪ 3.2.2 Product Eco-Design	65	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	▪ 2.3 Integrity Management and Legal Compliance	47	



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## 7-3 Errata

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Chapter		Page	Remark		
4.4.2 Occupational Safety Management		108	Typos for certain figures in the Occupational Accident Statistics Table.		

Item		2022		
		Taiwan	China	Company
Lost Time Injury Frequency Rate	Female	0.43	0.04	0.24
	Male	1.09	0.10	0.50
Total		0.79	0.08	0.40
SR	Female	1	2	1
	Male	23	5	12
Total		13	4	8
Injury Rate	Female	0.14	0.00	0.07
	Male	0.36	0.02	0.16
Total		0.26	0.01	0.12
Lost Workday	Female	0.22	0.57	0.39
	Male	4.66	1.14	3.00
Total		2.60	0.93	2.00
Occupational accidents per 1,000	Female	1.404	0.121	0.866
	Male	3.355	0.279	1.817
Total		2.490	0.222	1.431
Working Hours		49,147,971	60,010,501	109,158,472
Workers		25,696	22,500	48,218

Before Amendment

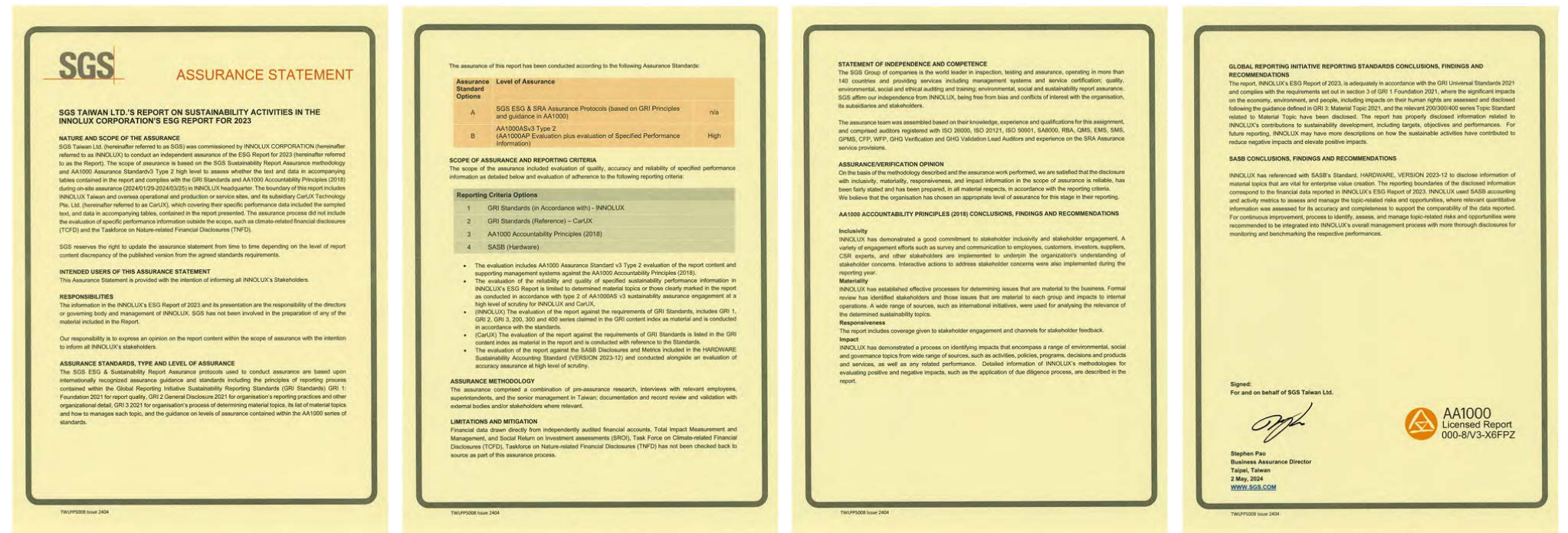
Item		2022		
		Taiwan	China	Company
Lost Time Injury Frequency Rate	Female	0.43	0.04	0.24
	Male	1.09	0.10	0.50
Total		0.79	0.08	0.40
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Injury Rate	Female	0.14	0.00	0.07
	Male	0.37	0.02	0.16
Total		0.26	0.01	0.12
Lost Workday	Female	0.22	0.57	0.39
	Male	4.66	1.14	2.57
Total		2.60	0.93	2.00
Occupational accidents per 1,000	Female	1.404	0.121	0.866
	Male	3.424	0.279	1.852
Total		2.529	0.222	1.451
Working Hours		49,147,971	60,010,501	109,158,472
Workers		25,696	22,522	48,218

After Amendment

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