



# **AUO's Antitrust Compliance Program**

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4 December 2015

# Overview of Compliance Program

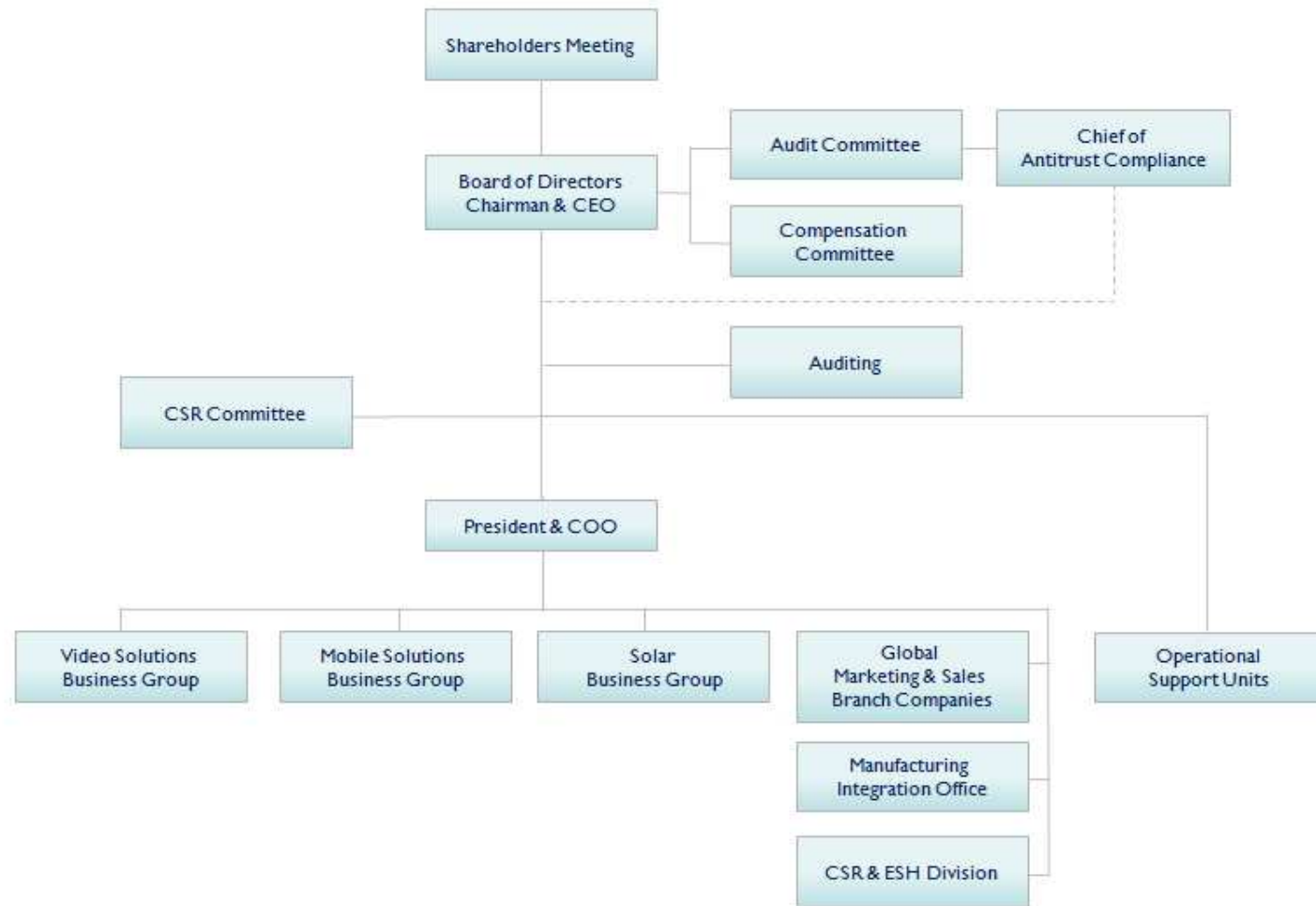
- Program Structure and Oversight
- Compliance Policies and Resources
- Training and Messaging
- Auditing and Monitoring

# Program Structure and Oversight

AUO's antitrust compliance program is primarily organized around and overseen by the following entities and individuals:

1. Audit Committee of the Board of Directors
2. Chief of Antitrust Compliance, Dr. Xin-Wu Lin
3. Company-Wide Compliance Team

# Program Structure and Oversight



# Program Structure and Oversight

## 1. Audit Committee of the Board of Directors:

- Comprised of Board's independent directors
- Ultimately responsible for ensuring that Company has an effective antitrust compliance program
- Receives quarterly reports from the Company's Chief of Antitrust Compliance
  - Ad hoc reporting if any issues arise
- Members receive live antitrust training annually

# Program Structure and Oversight

## 2. Chief of Antitrust Compliance, Dr. Xin-Wu Lin

- Day-to-day responsibility for overseeing Company's antitrust compliance program
- Trained economist and former commissioner of Taiwan Fair Trade Commission
- Reports directly to Audit Committee of Board of Directors, with dotted-line reporting to CEO and Chairman Paul Peng
- To AUO's knowledge, first position of its type at a Taiwanese company

# Program Structure and Oversight

## 2. Chief of Antitrust Compliance, Dr. Xin-Wu Lin

### ●Responsibilities include:

- Overseeing daily operation of compliance program, with assistance from Legal Office and outside counsel
- Leading monthly Compliance Team meetings
- Working to develop and administer compliance training to thousands of employees
- Performing compliance auditing tasks, such as drafting annual antitrust risk assessments, attending internal pricing meetings, overseeing random email screening process, and interviewing employees
- Providing quarterly updates on compliance program to Audit Committee of Board of Directors
- Collaborating across functions in developing antitrust compliance related policies and procedures of other departments

# Program Structure and Oversight

## 3. Company-Wide Compliance Team

- Composed of representatives from different functions within the Company: Legal, Finance, Audit, Information Technology, Human Resources, major business groups, and regional offices
- Monthly meetings led by Chief of Antitrust Compliance. Two main functions:
  - Disseminate information to Compliance Team on antitrust issues and compliance initiatives, which Team members can then spread throughout Company (“nerve center” of program)
  - Seek input and feedback from Team members, based on their in-the-field experience and in-depth knowledge of the Company



## Overview

- Program Structure and Oversight
- **Compliance Policies and Resources**
- Training and Messaging
- Auditing and Monitoring

# Compliance Policies and Resources

AUO has established a comprehensive suite of compliance policies and other formal documents to guide its employees' behavior:

1. Enterprise Integrity Handbook
2. Antitrust Compliance Policy
3. Antitrust Compliance Manual

# Compliance Policies and Resources

- Documents inform employees about what is acceptable and unacceptable behavior regarding antitrust and other issues
- Documents are all easily accessible to employees worldwide in both English and Chinese on the Company intranet and official website
  - Documents are also accessible on employees' mobile devices—either through the use of an app (developed by the Company) or by scanning a QR code on posters hung around AUO offices
- Documents are updated annually to ensure they reflect current antitrust law and risks

# Compliance Policies and Resources

## 1. Enterprise Integrity Handbook

- Contains general policies about the Company's expectation that employees will behave with integrity regarding antitrust and other issues (such as anti-bribery, insider trading, trade secrets)
- Contains explicit tone-from-the-top messaging on a wide variety of legal issues and makes clear the Company's commitment to an open reporting environment and non-retaliation



# Compliance Policies and Resources

## 2. Antitrust Compliance Policy

- Guides employees' behavior specifically about what is allowed and not allowed with regard to antitrust issues
- Uses plain language that is easily understood by employees not otherwise familiar with competition law

# Compliance Policies and Resources

## 3. Antitrust Compliance Manual

- A more detailed reference document, to which employees can refer for more in-depth guidance on antitrust and competition law
- Includes compliance scenarios to help employees understand how antitrust issues could potentially impact their day-to-day jobs in concrete terms

# Compliance Policies and Resources

- Additional compliance materials:
  - Wallet-sized cards distributed to employees worldwide with “Ten Basic Rules” relating to antitrust compliance that employees must follow. They are typically carried in the identification badge holders employees wear at work.
  - Posters hung at various locations in headquarters and in each regional office
  - Anonymous reporting hotline and strict non-retaliation policy for reporting potential issues

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# Training and Messaging

- Multi-tiered training regime that includes:
  - Required training for new hires within 30 days of hire
  - Online, animated training
  - Live annual training for employees at the manager-level and above
  - Small-session live training for employees in areas of particular risk to antitrust compliance (such as sales and marketing)
  - Live annual training for Board members
- Repeated messages from senior AUO management, including CEO and Chairman Paul Peng, emphasizing the importance of compliance
- Together, training and messaging ensure that employees know not only that violations of the antitrust laws and AUO's antitrust policy are forbidden "on paper," but that senior management takes compliance seriously

# Training and Messaging

The three pillars of AUO's approach to training and messaging:

1. Online Training
2. Live Training
3. "Tone at the Top" Messaging from Management

# Training and Messaging

## 1. Online Training

- Broadly required of all of AUO's approximately 10,000 non-factory employees
- Accessed through the Company's intranet
- After presentation, employees must pass a basic test and certify their completion of the training
- Required within 30 days for all newly hired employees, to ensure new employees become familiar with the Company's Antitrust Policy from the beginning of their tenure at AUO

# Training and Messaging

## 2. Live Training

- Large-format live trainings:
  - All employees who are at the manager level or above (almost 2,000 employees) receive live antitrust training at annual Company conference
  - Ensures that managers and higher-level employees receive training to bolster the knowledge gained in their online training
  - This high-visibility event, introduced by CEO and Chairman Paul Peng and led by Chief of Antitrust Compliance and the Legal Office, reinforces for senior employees the importance the Company places on antitrust compliance

# Training and Messaging

## 2. Live Training (cont'd)

- Small-group live trainings and workshops:
  - Provides “hands-on” instruction to smaller groups of employees, in particular those who serve in higher-risk roles within the Company
  - Ensures that training will be received by lower-level employees who do not attend the annual conference for managers, but nonetheless have roles that expose them to antitrust risk
  - Administered dynamically by Chief of Antitrust Compliance and Legal Office, and also by managers and regional office heads
  - In 2015 alone, hundreds of AUO employees world-wide received small-group training

# Training and Messaging

## 2. Live Training (cont'd)

- Training for non-AUO employees:
  - Live training to employees of AUO affiliates
  - Live training via WebEx for AUO's distributors and business partners, in English and Chinese
  - DVD of WebEx training sent to all of AUO's business partners

# Training and Messaging

## 3. “Tone at the Top” Messaging from Management

- Repeated reminders from senior management that the Company takes antitrust compliance seriously
  - Company-wide compliances messages sent by Paul Peng personally
  - Introduction of compliance training by senior management
  - Reminders by managers in business units and regional offices to employees they supervise about importance of antitrust compliance
- Reinforces employees’ understanding of Company’s Antitrust Policy, and employees’ obligation to follow it
- Discourages rogue actors from violating Company’s Antitrust Policy and the antitrust laws

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# Auditing and Monitoring

- Company conducts ongoing auditing and monitoring to detect potential violations of Antitrust Policy or antitrust laws
  
- Three primary methods:
  1. Annual Risk Assessment
  2. Employee Interviews
  3. Other Tools

# Auditing and Monitoring

## 1. Annual Risk Assessment

- Comprehensive company-wide audit and analysis of antitrust risks facing the Company in the coming year, drafted by Chief of Antitrust Compliance
  - Uses accepted tools for measuring antitrust risk (such as ICC Toolkit)
  - Based on detailed review of Company's business, learned through employee interviews and Company materials
  - Draws on economic and legal analysis relevant to antitrust risks
  - Draft circulated to senior management, Compliance Team, and Board of Directors

# Auditing and Monitoring

## 2. Employee Interviews

- Regular interviews of employees in high-risk positions (such as sales and marketing)
- In last three years, more than 100 employee interviews by Chief of Antitrust Compliance, Legal Office, and outside counsel
- Purposes are (a) to keep current on risks, (b) look for potential issues, (c) assess employees' commitment to antitrust compliance, and (d) cultivate and maintain open reporting environment (reminder of anonymous reporting and non-retaliation policy)

# Auditing and Monitoring

## 3. Other Tools

- The Company employs screening techniques to detect potential violations of the Company's Antitrust Policy
  - If employee sends message to any of a list of competitor email suffixes, Company's email system automatically sends employees a warning advising that their emails are being monitored and that contacting competitors is forbidden by AUO's Antitrust Policy
  
- The Company also employs a variety of other tools to detect potential violations of the Company's Antitrust Policy



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