



ESS Energy Storage



2019 Delta Electronics CSR Report

Delta Energy Storage System Containers Help Accelerate the Growth of Renewable Energy

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About the CSR Report

Since 2005, Delta Electronics has published an annual Corporate Social Responsibility (CSR) report, which compiles Delta's activities, progress, and specific performance in various aspects of CSR, including corporate governance, environmental protection, energy conservation, employee relations, and social participation in the previous year. It has been a fruitful year for Delta's CSR development in 2019. We have compiled Delta's sustainability achievements over the past year in this CSR report to communicate and share with our stakeholders.

Delta has focused on climate change issues for many years. In 2015, Delta signed relevant commitments of the We Mean Business coalition launched by the Climate Group, an international organization, which is composed of thousands of the most influential companies in the world, as well as science-based target (SBT) and EV100. Delta became the first TCFD supporting company in the global technology manufacturing industry in 2018. However, the methodology of TCFD is not clear. When everyone started to talk about climate change, Delta, as an enterprise that has focused on climate change through actions for more than 20 years, needed to redefine our methodology and adjust its pace. In 2019, Delta took our electric vehicle components business group as an example to try to monetize and specifically match climate risks and opportunities to the columns in our financial statements, while simulating the impact of climate factors on the statements. We even set up a preliminary evaluation system and gradually established a TCFD methodology exclusive to Delta, making it more competitive and tolerant in the climate era. Through the trial process of introducing TCFD, the company was able to establish the concept of climate risk resilience, which is an even more precious value. As a result, in response to the risk of the COVID-19 epidemic, Delta was able to quickly set up an epidemic prevention command center and formulate an epidemic response plan, so that its factories around the world can have common principles to follow that ensure uninterrupted corporate operations and employee health. Through this experience, we have deeply realized that we may face more diverse emerging infectious diseases under climate change, which has made us more determined to mitigate and adapt to climate change.

Delta passed SBTi review in December 2017 as the first company in Taiwan and mainland China and the 87th in the world to have received this recognition. However, sustainability can only be realized through "actions" rather than "talk." Passing the review is not the destination for sustainability, but the starting point for another stage of challenges. We need to think further about how to continue to achieve our own carbon reduction targets. In the past two consecutive years, we have achieved stage-based targets, and achieved a 29% reduction in carbon intensity to further respond to the 1.5°C goal. Taiwan's green energy market offers many business opportunities. Green energy is gaining momentum. Driven and pressured by global regulations, investment institutions, and many enterprises, various "major power users" will have more urgent demands for renewable energy in the future. Delta is also actively engaging in business sectors of the green energy industry, such as basic energy facilities for energy storage systems and electric vehicle charging, to combine our core business with the development of green energy.

Delta conducts research and development of relevant products based on the goal of energy conservation and carbon reduction. We actively plan to expand scope 3 greenhouse gases for carbon reduction. In 2019, we launched the "zero waste to landfill" program to convert waste into useful resources while achieving greenhouse gas reduction. We encountered numerous challenges that required changes and adjustments and switched from the concept of output and delivery to the extension of production responsibility. Education was offered internally to raise employees' awareness and change their behavior. Through communication regarding concepts and collaboration among internal units, external supply chain, and waste treatment companies, a quantitative statistical method for waste reduction has been established. Since Delta was not familiar with past reduction methods, we set the goal of first becoming qualified and certified. With our employees' success in achieving continuous improvement, Delta finally obtained UL 2799 zero waste to landfill certification with a platinum rating for its Dongguan plant. This achievement has sparked enthusiasm at Delta plants across the globe, which are now replicating this model at their plants.

Delta is honored that our continued commitment to sustainable development has been widely recognized by all sectors of society. This includes being named Industry Leader of the Dow Jones Sustainability World Index for two consecutive years in 2019. For Delta, the value of rating participation is not only to promote sustainability to the world and build an organizational culture through awards recognition, but more importantly, to improve through self review and learn through ratings. Delta will continue to make progress by planning and implementing more comprehensive strategies. The key to Delta's success is inheriting the spirit and culture of sustainability and "internalizing" the organizational culture into its DNA by passing the message of sustainability throughout the entire organization via multiple channels and methods. We are committed to focusing on "action" rather than "talk" in all of Delta's departments to achieve sustainability. Delta has become a single entity in which the momentum for sustainability gathers with the continuous rise of positive energy.



Chief Sustainability Officer
2020.07.30

CSR Report Scope and Reporting Period

Reporting Period	January 1, 2019 to December 31, 2019
Scope	Delta's global corporate operations, research and development center, and major production sites <i>(Please refer to the Appendix)</i>

This Report is Verified and Assured by a Third Party

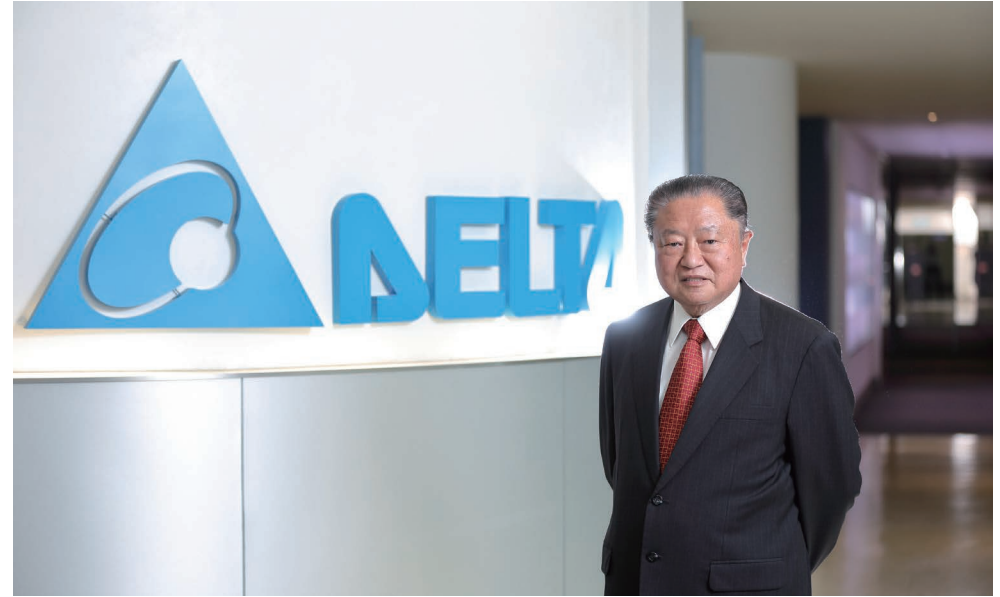
Verification	This company contracted SGS Taiwan to verify that this report conforms to the GRI Standards and AA1000 Type II core standards. It has a high level of scrutiny. The Attestation Statement is attached in the Appendix.
Assurance	The Company contracted PwC Taiwan to conduct a limited assurance engagement to confirm that the specific key performance information is provided in accordance with ISAE 3000. The assurance report for this CSR report is attached in the Appendix.

If you have any comments or suggestions regarding the Delta Electronics CSR Report, you are welcome to contact us at CSR@deltaww.com. We will respond as soon as possible. Thank you.

The Founder

A new era has dawned, and we are moving from the digital to a faster and larger quantum era. The rapid progress in technology and industry has improved the quality of life for human beings, but in the process we remain unaware of the magnitude of natural resources we are consuming and the environmental pollution we are causing. Ever since Delta's founding, we have known that although industrial development brings convenience to our lives, it also depletes the Earth's resources and affects the natural ecology. For many years, Delta has adhered to the business mission of "To provide innovative, clean and energy-efficient solutions for a better tomorrow" in the hope that employees will design innovative products to solve environmental problems, so that we are not a problem "maker" but a problem "solver".

Nearly half of the carbon-reduction strategies proposed by the International Energy Agency (IEA) to reduce global warming can be achieved by improving energy efficiency in three major sectors, namely, terminal equipment, transportation, and new buildings. Delta is committed to developing products and solutions for these sectors, which includes improving power-supply efficiency, developing electric vehicles and charging solutions, and constructing green buildings. Since Delta began investing in the development of switched-mode power-supply products in the 1980s, we have worked continuously to improve the efficiency of our power-supply products. The efficiency of all products currently exceeds 90%, directly assisting our global customers with energy conservation and carbon reduction. From 2010 to 2019, 31.4 billion kWh of power has been saved. In addition, Delta actively participates in activities related to international climate issues. To accelerate the low-carbon transformation of transportation and respond to the goal of keeping global warming below 2°C, Delta took the lead in joining the international EV100 initiative for electric vehicles in 2018 as the first electric-vehicle energy-infrastructure provider. Since 2006, Delta has ensured that all new factories will be green buildings and continues to promote building energy efficiency through our green-building energy-saving solutions. At present, 27 green buildings have been built around the world, and two green server rooms have obtained LEED green-building certifications.



Bruce Cheng, Founder and Honorary Chairman of Delta Group

The United Nations Environment Program (UNEP)'s Emissions Gap Report released in 2019 showed that the world has not worked hard enough over the past 10 years to reduce carbon emissions and must accelerate the process. Between 2020 and 2030, more active carbon-reduction measures should be taken to reduce carbon emissions by 7.6% a year and to limit global warming to less than 1.5°C. The World Economic Forum's Global Risks Report 2020 further pointed out that among the risks with the top five impacts, environment-related factors include failure of climate action, extreme weather events, extreme climate, and loss of biodiversity. Climate change has become the most concerning issue for global experts and policymakers for the last four consecutive years.

Delta has been actively devoted to carbon reduction as a corporate citizen. It has taken the lead in setting a global carbon-reduction target using scientific carbon-reduction methods for reducing the carbon intensity by 56.6% by 2025 with 2014 as the base year, and has formed the Task Force on Climate-related Financial Disclosure (TCFD). Delta strives to implement mitigation and adaptation strategies in response to climate change through our actions.

Delta is constantly adopting different methods to raise public awareness of the climate crisis through environmental education. The Delta Electronics Foundation sends personnel to the United Nations Climate Change Conference every year to obtain the latest information. In recent years, Delta has also been organizing peripheral meetings at the Conference of the Parties (COP) to share its experience with internationally renowned think tanks, while seeking relevant international climate-change reports in real time. By 2019, Delta summarized and translated the Special Report on the Ocean and Cryosphere in a Changing Climate (SROCC) released by the Intergovernmental Panel on Climate Change (IPCC), which warns of the impact of climate change on global oceans, polar regions, coastal areas, alpine ecosystems, and human communities, and of the probability of an increase in extreme weather events. What's worse, the continuous warming of the earth may cause about 70% of the permafrost to thaw, which may significantly increase the concentration of greenhouse gases in the atmosphere. The consequences could be disastrous. Furthermore, the impact of extreme climate on the distribution of water resources is also increasing, and global warming is getting worse. To improve people's awareness of water resources, the Delta Electronics Foundation in collaboration with NHK Enterprises from Japan filmed a documentary "Water with Life" The film faithfully presents the impact of climate change on our natural water resources in 8K ultra-high image quality, while alerting the public to the challenges facing Taiwan now and in the future.

Environmental protection and energy conservation are issues I am deeply concerned about and I have long endeavored to find solutions. Natural disasters around the planet are becoming more devastating year after year, and we need everyone to immediately begin taking appropriate action. Governments and businesses in various countries must be more forward-thinking, and propose truly effective policies to focus on and even prevent environmental problems while developing their industrial activities and ensuring economic development. We must also raise the awareness of all human beings to protect the environment, conserve energy, love the earth and modify their lifestyles. Now is the time for all of us to work together for the sustainable development of our planet.

The Chairman and the CEO

Delta continues to focus on our company mission “To provide innovative, clean and energy-efficient solutions for a better tomorrow.” We use our core technologies in power and electronics to integrate global resources, innovation, and R&D. Delta pays close attention to the development of CSR and aligns CSR strategies with business development goals. As a core value, we continue to extend our energy conservation experience around the world. We aim to achieve growth for the company as we work to mitigate the climate change crises, accomplish our energy conservation and carbon emissions reduction goals, connect with our global Sustainable Development Goals, and fulfill our role as a world-class corporate citizen.

Delta has long been dedicated to promoting sustainable development. We have received honors and recognition at home and abroad for our CSR achievements. This year has been a particularly fruitful year. In 2019, we won numerous awards and honors including selection for the fourth time as an “Industry Leader” in the Dow Jones Sustainability Indices for the Electronic Equipment, Instruments and Components Industry, for a sixth time Gold Award in the RobecoSAM Sustainability Yearbook, and for a third time as Climate Change “Leadership Level” in the CDP. We were also ranked among the Forbes Annual Global 2000 Ranking, FTSE4Good TIP Taiwan ESG Index, MSCI ACWI ESG Leaders Index, and Taiwan ESG Leaders Index. In addition, Delta received the “Annual Honorary Award” in 2019. This is the Global Views Monthly Annual Corporate Special Responsibility Award. In China, Delta was ranked among the Top 100 Foreign Enterprises with the Best Corporate Social Responsibility Reputation, and we received the 2019 Green Development Enterprise award from Southern Weekly. In Thailand, Delta received the Best Sustainability Award from the Stock Exchange of Thailand and the Thailand Sustainability Investment (THSI) Award. In addition, Delta received the ENERGY STAR Partner of the Year award for the outstanding energy conservation performance of the Delta Breez ventilation fan from the U.S. Environmental Protection Agency (EPA). It was Delta's fifth such award and the third consecutive year of winning the Sustained Excellence Award. These awards represent global recognition of Delta's accomplishments and the achievements of all employees.



Yancey Hai, Chairman of Delta Electronics, Inc.

Delta established its CSR Committee in 2007. To respond to international trends and intensify Delta's strategic ESG development, the Company, in 2019, established the role of Chief Sustainability Officer to take charge of and oversee Delta's sustainable development, connect to the United Nations Sustainable Development Goals (SDGs), and focus on these seven goals: climate action, industrial/innovative infrastructure, global partnership, sustainable cities and communities, affordable and clean energy, quality education, and responsible consumption and production. We also seek to implement effective communication with stakeholders and create greater added-value to achieve corporate sustainability and fulfill our obligations as a world-class corporate citizen.

Delta continues to improve corporate sustainability in corporate governance, environmental protection and energy conservation, employee relations, and social engagement. In terms of corporate governance, we enhanced the functions of the Board of Directors, improved supervision, and strengthened management functions. In response to the exacerbated impact of climate change on the world and increasingly severe loss of life and property, Delta became the first to introduce “Climate-related Financial Disclosures” to identify the risks and opportunities and the financial impact of climate change. Delta increased its capacity for adapting to and reducing possible climate risks. Delta emphasizes innovative R&D and continues to invest in product R&D and technological innovation, and has established R&D centers across the world. We invested 8.9% of total revenue for R&D and innovation in 2019. In addition, Delta regards suppliers as long-term partners. To work with suppliers and enhance their resilience, we have established short and medium-term objectives and formulated specific measures for effective promotion and implementation. The actual greenhouse gas reduction of key suppliers in 2019 amounted to 1.3%.

In terms of environmental protection and energy conservation, Delta pays close attention to climate change and actively participates in international initiatives. We signed the We Mean Business initiative for climate change in 2015 and committed to: “adopt a science-based emissions reduction target”, “report climate change information in mainstream reports as a fiduciary duty”, and “commit to responsible corporate engagement in climate policy”. In 2017, we adopted the science-based emissions reduction target (SBT) and committed to reducing carbon concentration by 56.6% by 2025 (using a 2014 baseline), which fully demonstrated our resolve for limiting global warming to less than 2°C in accordance with international standards. With the hard work of all our employees in energy conservation and carbon emissions reduction, we fulfilled our carbon emissions reduction goals in 2018 and 2019. We also joined the EV 100 global initiative of the Climate Group in 2018 and in 2019, and became the first company to set up electric vehicle charging facilities in 100% of our office locations in Taiwan to provide employees and customers with a friendly EV usage environment. We plan to gradually expand these initiatives to plants across the globe. We were also invited to Climate Week NYC for the first time in 2019 to share our experience in actions, strategies, and challenges in the low-carbon vehicles conversation.



Ping Cheng, CEO of Delta Electronics, Inc.

Delta embraces our core competencies and implements energy saving and carbon emissions reduction through three energy conservation dimensions, which include products, factory operations, and green buildings. Delta continues to invest in product innovation and provides efficient power supply products to help clients around the world conserve electricity. We have helped our customers save 31.4 billion kWh of electricity between 2010 and 2019. This is equivalent to reducing approximately 16.74 million metric tons of emissions. Delta is committed to energy conservation management in manufacturing plants and implemented a total of 2,036 energy saving projects from 2011 to 2019. The projects saved approximately 262,464 MWh of electricity, which is equivalent to reducing approximately 207,474 metric tons of CO₂e emissions. Delta has facilitated the construction of 27 green buildings, including our main operation facilities as well as buildings donated to academic institutions over the past ten years or more, and has 2 LEED-certified green data

centers. Delta's 15 certified green buildings and 5 donated campus buildings total conserved 21.48 million kWh of electricity in 2019, representing approximately 13,415 metric tons of CO₂e reduction.

In addition, Delta, in 2019, launched 73 waste reduction measures and 97 water conservation solutions in our manufacturing plants, which reduced 2,346 metric tons of waste and 411.4 thousand metric tons of water consumption. Dongguan Plant introduced the UL 2799 Zero Waste to Landfill Standards in 2019. It received the highest platinum rating and achieved a 100% waste diversion rate (including 8% in thermal processing with energy recovery). It has become a Company milestone towards building a circular economy.

In terms of social development, talent competitiveness remains the key for Delta's continuous growth. Delta continues to engage universities across the world to recruit key talents from the United States, Europe, Japan, India, Singapore, and Malaysia. We use social media marketing and global internship programs to create a world-class employer brand. The Company offers competitive compensation structures to recruit and retain talents, and we pay particular attention to designing a connection and fairness between the Company's business performance and employee salaries. We also assess salary rates and economic indicators around the world to implement suitable adjustments. Delta has actively transformed into a brand company and solution provider. Delta uses a key talent echelon inventory and cultivation strategies to identify three major fields for learning to promote talent rotation and development of inter-disciplinary skills. In addition, Delta has greatly improved an online learning platform to help provide online learning resources in all regions so that employees can take local courses and study in different regions. We also actively expanded the Delta Management System (DMS). In 2019, Delta's global training expenditures totaled 10,330,748 USD and 47 hours per employee. With regard to employee relations and balanced diversity, Delta adheres to human rights standards, introduces human rights risk management, facilitates employee communication, and provides comprehensive health management to safeguard work and life balance. We also provide a care system that is more comprehensive than the legal requirements.

Delta has adopted three key strategies, including: popularizing green building and transportation; promoting science, energy education and climate action; and cultivating active talent, to make our contributions to society. The DeltaMOOCx online learning platform was designed by the Delta Electronics Foundation for regular high schools, engineering high schools, as well as technical universities to provide free online courses. To promote water risk resource awareness, Delta and the NHK Enterprises team produced an environmental protection documentary focused on water resources titled "Water with Life". The screening of the documentary attracted more than ten thousand viewers including government decision makers, companies, and senior executives of media companies.

Sustainable development is a long-term business that benefits everyone. Delta shall continue to improve and use our core competencies in power and electronics to respond to the United Nations Sustainable Development Goals. We shall continue our efforts in cross-border and cross-sector collaboration to expand our influence and create a sustainable world for future generations.

1

Overview

- 1.1 Delta Electronics Organizational Structure
- 1.2 Sustainable Business Development
- 1.3 Enhancing Brand Value

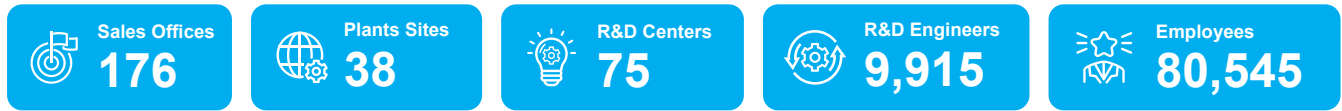
Overview

Established: 1971

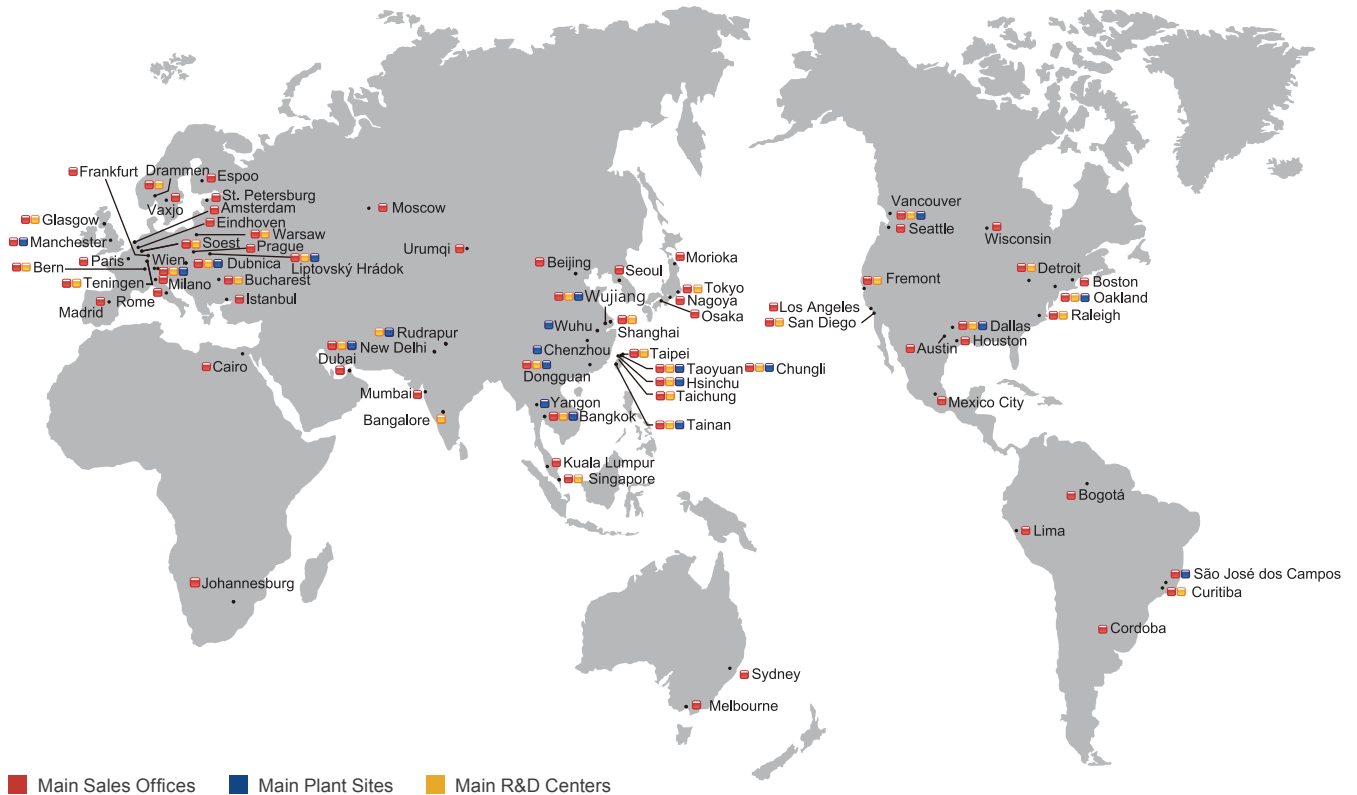
2019 Delta Electronics, Inc. (DEI) revenue^{*1}: 8,943 MUSD

Delta is a leader in power supplies and thermal management solutions as well as energy-saving and new energy solutions, with customers across the world. In recent years, Delta has integrated its software and hardware system products and focused on strategic markets such as industrial automation, building automation, energy infrastructure facilities, ICT infrastructure, and electric vehicles to create smart energy-efficient solutions for its customers. Delta^{*2} is headquartered in Taipei, Taiwan and has major sales offices throughout the world, including nearly 40 countries in Europe, Asia, America, and Africa.

With our corporate mission “To provide Innovative, clean and energy-efficient solutions for a better tomorrow”, Delta was the first member of the Climate Savers Computing Initiative’s (CSCI)^{*3} from Taiwan. Delta also participates in the following associations: the Business Council for Sustainable Development of Taiwan (BCSDTW), Center for Corporate Sustainability, Taiwan Corporate Sustainability Forum (TCSF), Taiwan Corporate Governance Association (TCGA), Chinese Business Ethics Education Association, Association of Taiwan Listed Companies, Taiwan Optoelectronic Semiconductor Industry Association (TOSIA), Taiwan Electrical and Electronic Manufacturers’ Association (TEEMA), and Taipei Computer Association. In China, Delta is a member of the China Power Association, Chinese Association of Automation, China Communications Standards Association, and China Renewable Energy Society. In Thailand, Delta is a member of the Thai Auto Parts Manufacturers Association and Thai IoT Association. In other overseas regions, Delta is a member of associations related to green building such as the International WELL Building Institute and U.S. Green Building Council. Delta achieves its CSR goals through sound corporate governance, balancing stakeholder interests, and supporting social progress.



Delta’s Global Reach



*1 Please refer to the 2019 Delta Electronics, Inc. (DEI) annual report revenue boundary.

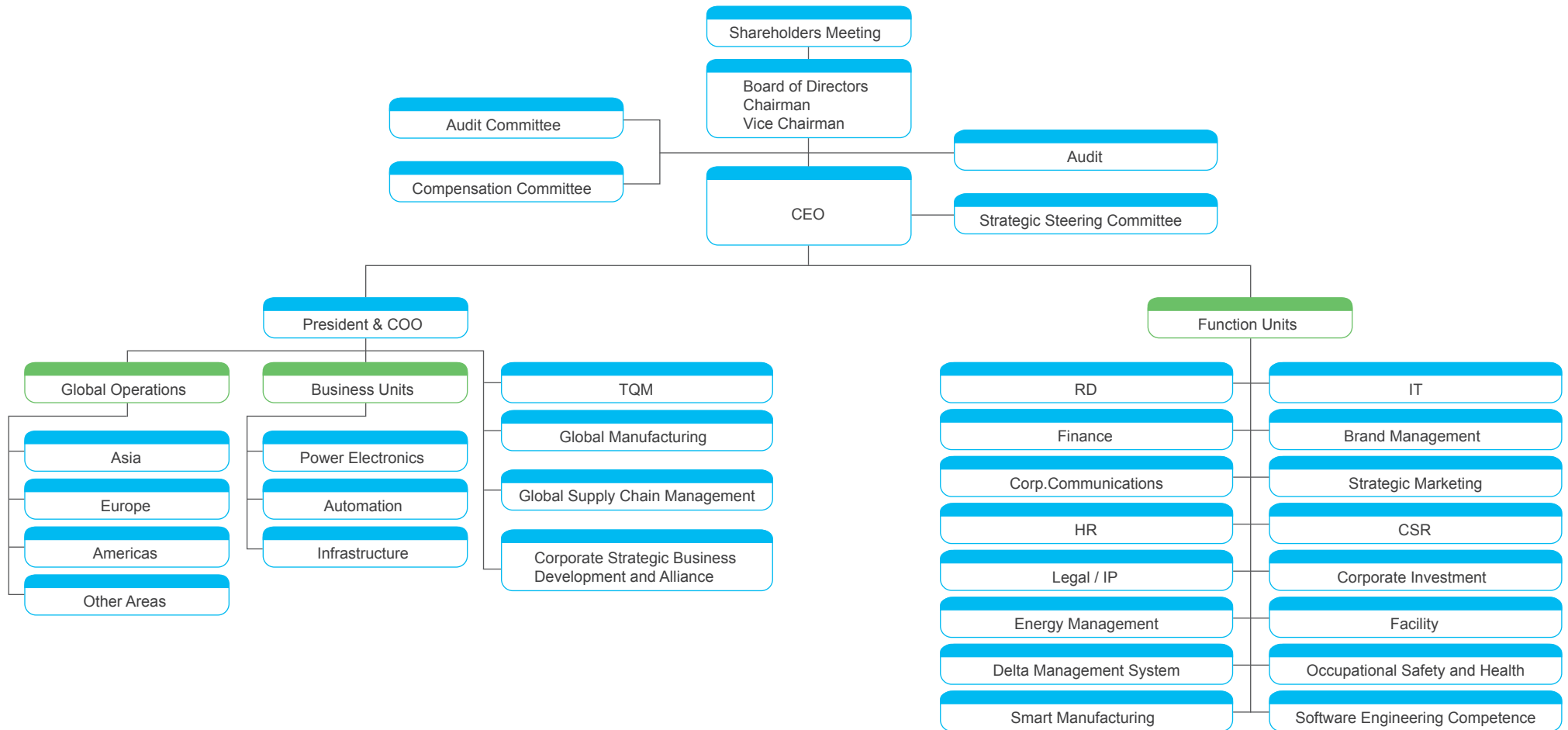
*2 2019 Delta global revenue: 9,006 MUSD. In addition to DEI revenue, this includes the revenue of Delta Electronics (Thailand) Public Co., Ltd. Delta’s subsidiary, DEISG, acquired 42.85% of the shares of Delta Electronics (Thailand) Public Company Limited on April 1, 2019 upon the expiry of the acquisition period. After the acquisition, Delta Electronics and its subsidiary company hold 63.78% of DET’s outstanding shares.

*3 CSCI was incorporated into The Green Grid (TGG) in September 2012.

1.1 Delta Electronics Organizational Structure

Delta's corporate governance framework and highest governance unit is the Board of Directors. To strengthen corporate governance, we appoint Independent Directors to the Board of Directors and establish functional committees, such as the Compensation Committee and Audit Committee, to improve the performance targets and compensation structure for Directors and managers of the Company. We implement effective internal controls and risk management to respond to potential crises and risks for the Company.

Delta Electronics Organizational Structure



1.2 Sustainable Business Development

By leveraging our core competence in power electronics, Delta has developed innovative technologies in both hardware and software based on the needs of our clients. We provide innovative, clean, energy-efficient solutions and system integration services while striving to promote our brand and enhance our corporate image. From 2012 to 2019, Delta successfully completed 1,024 projects around the world. The projects covered areas in industrial automation and control systems, building automation, data center infrastructure, telecom power systems, intelligent monitoring & management systems, electric charging systems, and renewable energy. These projects assisted clients in reducing operations costs and improving their global competitiveness, and contributed to reducing global warming.

1.2.1 High-Performance Product Development

To ensure resource allocations and management efforts are focused on markets with high development potential, Delta reorganized its business groups into these three business categories: "Power Electronics", "Automation", and "Infrastructure". Percentage of revenue for Delta's three main business categories: Power Electronics 50%, Infrastructure 36%, and Automation 14%.



Power Electronics

- Components
- Embedded Power
- Fans & Thermal Management
- Automotive Electronics
- Merchant & Mobile Power

Innergie



Automation

- Industrial Automation
- Building Automation



Infrastructure

- ICT Infrastructure
- Energy Infrastructure & Industrial Solutions

vivitek

Delta maintains its leadership position in the Original Design Manufacturer (ODM) field and actively expands its Delta Smart Manufacturing (DSM) total solutions. By integrating our product advantages with hardware and software technology, we can achieve a smart, automated production plant.

Three Major Business Groups

(1) Power Electronics

The Power Electronics group includes components, embedded power, fans and thermal management, automotive electronics, merchant and mobile power, and innergie. Delta is a provider of power and thermal management solutions. We provide switching power supplies, brushless DC fans, and passive components for renowned customers in the global ICT, consumer electronics, and industry sectors. Delta uses its core technologies for integrating electrical and electronic power systems to provide solutions and products for electric and power systems for electric and hybrid vehicles.

(2) Automation

The Automation group includes industrial and building automation. Delta provides customers with industrial applications including food, textile, lifting, elevators, rubber and plastic, printing and packaging, machine tools, and electronics in the industrial automation sector. Delta integrates its automation technologies and knowledge in the industry to move toward smart manufacturing. Delta also uses IoT technologies to integrate building equipment such as air-conditioning, lighting, energy, water supply and drainage, elevators, electricity, and security access systems to create flexible, scalable, and highly compatible building automation solutions.

(3) Infrastructure

The Infrastructure group includes ICT and energy infrastructure facilities. In the ICT infrastructure facilities sector, Delta is a major global supplier of ICT power systems, data center infrastructure, and networking systems, and provides customers across the world with energy-efficient and reliable solutions. Delta also provides energy infrastructure facilities for multiple sectors including renewable energy, electric vehicle charging, and energy storage systems to work with customers to create sustainable cities. Delta manufactures video displays and projectors that are used in family theaters, surveillance centers, large-scale concert halls, outdoor displays, and exhibition halls. The scope of the infrastructure also includes industrial and medical power supplies, and medical and health equipment.

1.2.2 Global Success Stories in the Implementation of Sustainable Development Goals

Delta provides one-stop service solutions to customers around the world. As of 2019, we have delivered 1,024 successful cases and actively developed high-performance products and solutions with significant benefits to our customers in reducing operating costs while enhancing their global competitiveness.

Statistics of Delta's Success Stories with Seven Major Solutions

Delta's Solutions	2012-2019	2017	2018	2019
Datacenters	331	40	36	70
Displays and Monitoring	148	25	24	19
EV Charging	29	2	11	3
Industrial Automation (IA)	218	20	25	85
Renewable Energy	68	12	10	14
Building Automation	123	8	29	47
Telecom Power	83	21	11	4
Others	24	0	6	7
Total	1,024	128	152	249



Delta provided a modularized container energy storage system solution for CPC's first "Smart Green Energy Gas Station"

Case 1:CPC Corporation



Delta provided a modularized container energy storage system solution with an output of 250kW and an electricity storage capacity of 500kWh for CPC's first "Smart Green Energy Gas Station". The electricity produced with solar power panels at the gas station on Xinyi Road in Chiayi City is stored in the electricity storage system. The electricity is allocated with the smart grid system to make full use of electricity generated with renewable energy and to maintain the stable supply of the grid. This solution is an optimal demonstration for the future smart grid. The energy storage system developed in this project is capable of bidirectional discharge. The establishment of cabinets and modular design can achieve rapid and flexible deployment. The energy storage system uses the insulation of the freezer container and existing air-conditioning chiller cycle model to maintain the stability of the internal temperature and extend the useful life of the batteries without consuming excessive amounts of electricity for air-conditioning.



Delta created a comprehensive energy storage system solution for the triple hybrid stand-alone power station in the MHIET plant

Case 2:Affiliate of Mitsubishi Heavy Industries



Delta created a comprehensive energy storage system solution for Mitsubishi Heavy Industries Engine & Turbocharger (MHIET), Ltd., a subsidiary of Mitsubishi Heavy Industries. The power system is currently used in the triple hybrid stand-alone power station in the MHIET plant in Sagami-hara City, Kanagawa Prefecture, Japan. The system integrates renewable energy with reciprocating engine generators and battery banks to achieve optimal stability control. Delta provided a container battery energy storage solution with an installed capacity of 331kWh, four 125kW electric power adjustment systems, and four 50kW solar inverters with a conversion efficiency of 98.6%, as well as other energy-efficient products and solutions. The solution helps balance sudden power factor fluctuations in solar power generation caused by the weather, and it is also integrated with reciprocating engine generators based on the power demand to achieve a stable power supply.

1.3 Enhancing Brand Value

Our Target is to Align Brand Value with
Corporate Social Responsibility



Brand Positioning

Delta's brand emphasizes innovation and energy conservation and features a combination of business development and corporate social responsibility. As a provider of electronics, power, and energy management solutions faced with global climate and environmental changes, Delta continues to invest in product R&D and technological innovation to provide more efficient and reliable energy-efficient solutions and to create sustainable low-carbon cities. This is the commitment of the Delta brand and specific achievements of our corporate social responsibility. Delta's commitment to environmental protection is "To provide innovative, clean and energy-efficient solutions for a better tomorrow." From our core competencies to product development, Delta is also committed to the brand promise of "Smarter. Greener. Together." This not only embodies Delta's demands for itself, it is also a commitment to investors, customers, and employees alike. We deeply believe in bringing together leading technology and customer cooperation to continuously create highly efficient, reliable power and component products, industrial automation, energy management systems, and consumer products. Delta is dedicated to providing industry customers and consumers with a variety of products and services that support a smart, environmentally-friendly future.

Top 20 Best Taiwan Global Brands



Chief Brand Officer Ms. Shan Shan Guo received the Taiwan Top 20 Global Brands award on behalf of Delta.

Since 2011, Delta has been listed on Interbrand's brand valuation of the Top 20 Best Taiwan Global Brands for nine consecutive years. In 2019, Delta's brand value rose 12% compared to that of 2018, and reached 297 MUSD. Delta was the large-scale industrial brand with the most significant growth.

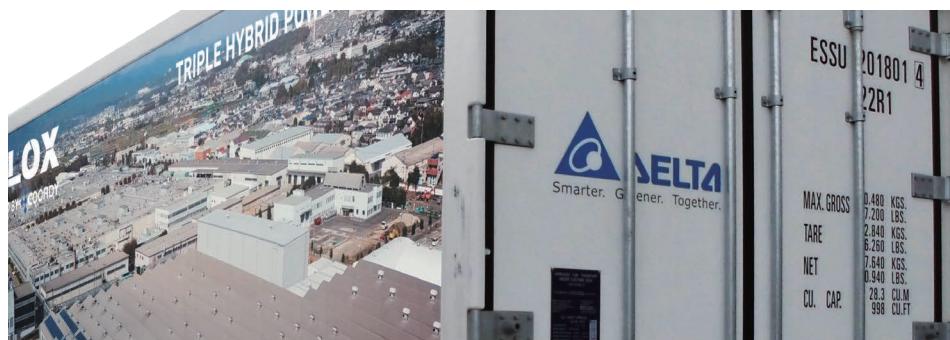
For Delta, 2019 was a year of challenges and opportunities. As 5G technologies enter commercial operations and applications and smart city projects are created across the world, Delta uses its leading core technologies in power and electronics and strong IoT infrastructure to create high-performance and energy-efficient green solutions for the communication, building, infrastructure, and industrial manufacturing sectors of smart cities. In addition, Delta has used its advantages in power and thermal management to launch the world's first 8K 36,000-lumen DLP® Projector to bring a brand-new video experience to the world. In response to the intensifying trade war between China and the United States, Delta quickly acquired shares in Delta Electronics (Thailand) to strengthen its global expansion plans and provide more flexible production allocation and more comprehensive service networks to reduce regional economic risks.

Delta has led the industry in important industrial developments such as smart city, 5G, and 8K applications in recent years. We have also positioned ourselves as a brand dedicated to CSR. This is why Delta's brand value continues to grow and achieve new heights.

International Corporate Citizen

Delta's brand features a unique combination of business development and corporate social responsibility. We continue to innovate and provide solutions for building sustainable cities. At the end of 2018, Delta worked with world-class think tanks in the COP24 United Nations Climate Change Conference held in Poland to explain how distributed energy technology strengthens energy resilience. At the end of 2019, Delta also participated in the COP25 held in Madrid, and held peripheral meetings in United Nations official negotiations. Delta has participated in the United Nations Climate Change Conference for thirteen consecutive years. Delta also responded to the 2019 report on the science of climate change published by the "Intergovernmental Panel on Climate Change (IPCC)" for ocean, arctic, and water resources. The event was attended by Wim Chang, the Executive Director of the Delta Electronics Foundation. Mr. Chang shared Delta's experience in water conservation and water resource protection and how to deal with water issues during the climate crisis with the international community.

In 2019, Delta Foundation and NHK Enterprises launched the world's first 8K ultra-high definition environmental protection documentary titled "Water with Life". The documentary uses high-resolution video to show the relationships between climate change, water environments, and human activities. The content features the lichens and bryophytes of Cilan Mountain, Yilan; ecological restoration for Taiwanese salmon in Qijiawan River, Taichung; the water-based culture of the Shao tribe at Sun Moon Lake; and the impact and effects of coral bleaching in Kenting, Pingtung; which increase awareness for cherishing our water resources. "Water with Life" was shown to more than ten thousand people at charity tour events in Taiwan, Japan, and Mainland China. In 2019, Delta organized the world's largest outdoor 8K projection event — "Images of Sun Moon Lake in Water with Life in Taiwan" in a charity projection of the documentary. The refined 8K images portray the magnificent waterscape of Taiwan and drew thousands of viewers. Delta hopes to achieve technological innovation and fulfill our role as a world-class corporate citizen by encouraging people to cherish water resources.



Delta presents the "Water with Life" documentary at the Sun Moon Lake

Pushing for Corporate Social Responsibility and External Brand Communications

To create a consistent brand image, Delta mobilizes its resources to include all clients and distributors from around the world at important global expos. We aim to promote our brand positioning and commitments to the global market. Delta's initiatives for green buildings, energy saving, and carbon reduction have been shared at various global exhibitions and international press conferences around the world. Delta's international reputation and brand were enhanced through comprehensive wall-to-wall broadcasting at exhibition events. We invited corporate guests, customers and distribution partners to personally experience Delta's corporate culture and view our energy conservation efforts. We hope that everyone will jointly promote and increase the impact of this cause to help us achieve Delta's brand commitment.

Internal Brand Communications: Achieving a CSR Consensus among Employees

Since 2011, Delta has issued its Brand News bi-monthly to encourage the development of an internal brand consensus and to share Delta's branding practices and operations in various regions of the world. We launched the digital version of our bi-monthly newsletter a few years ago and recently enhanced the video and social media connections. These creative measures enrich our employees' reading experience and allow us to share the achievements of the Delta brand to more external partners. Delta has also organized the Delta Talk platform and invited the CEO and COO to communicate Delta's direction and strategies for its organizational transformation. The CBO also shared the experience of Delta's brand development, brand positioning, and CSR so employees understand that CSR is more than the corporate culture—it is instilled into our lives and becomes a part of who we are. Delta's Brand Management Department and Human Resource Division organize regular brand training courses to familiarize marketing and sales employees in all regions and businesses with the external communication of Delta's brand so that everyone at Delta becomes a spokesperson for the Delta brand.

2

Sustainable Management

- 2.1 Sustainable Key Performance
- 2.2 Policies and Promotions
- 2.3 Responding to Global Sustainable Development

2.1 Sustainable Key Performance

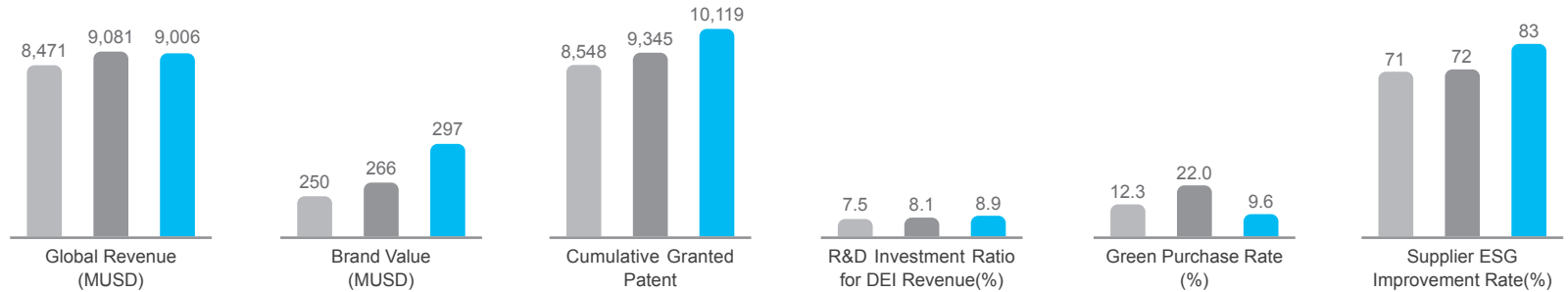
2.1.1 Key Indicators

2017 2018 2019

Economy

11
Number of Board Members

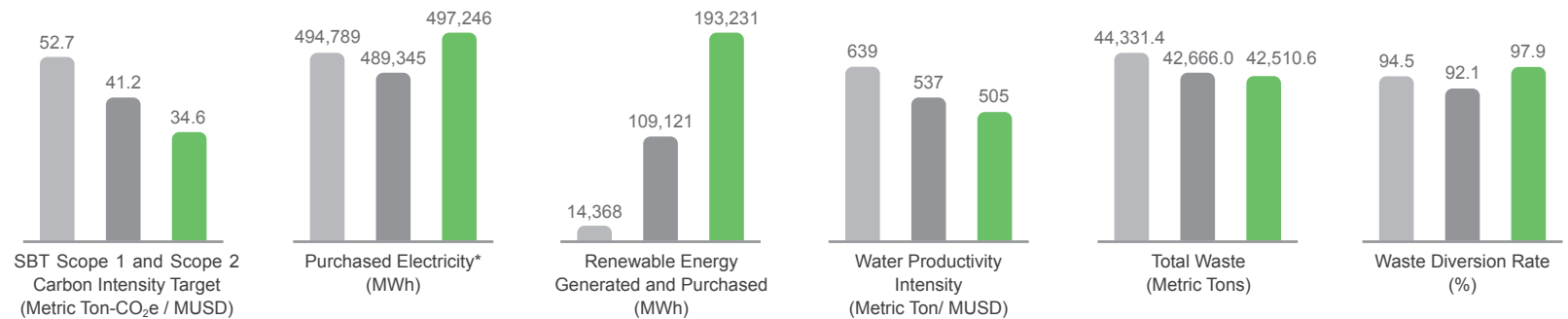
4
Number of Independent Directors



Environment

13,415 tons
Delta's 20 certified green buildings saved 13,415 metric tons of CO₂e in 2019

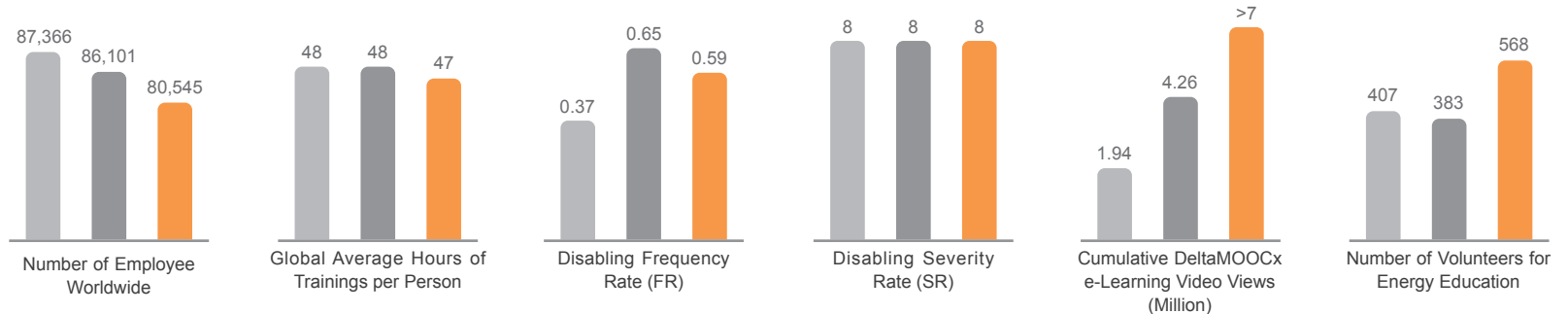
31.4 billion kWh
High efficiency products for worldwide customers saved 31.4 billion kWh (2010-2019)



Society

29.8%
Percentage of Female Manager

7.0 MUSD
Social Participation Contributions



* Overall production plants include Delta's main plants (Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cynotec Hsinchu and Huafeng Plants) and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India).


2.1.2 Awards and Recognition



MEMBER OF
Dow Jones Sustainability Indices
In collaboration with 

Dow Jones Sustainability Indices (DJSI) and Industry Leader

- Listed on the Dow Jones Sustainability World Index for nine consecutive years
- Received the Industry Leaders award for the Electronic Equipment, Instruments and Components Industry in the Dow Jones Sustainability Indices (DJSI) four times
- Listed in the Dow Jones Sustainability Emerging Markets Index for seven consecutive years



SAM Sustainability Award

- Awarded the gold class rating in the Sustainability Yearbook published by RobecoSAM for the sixth time



CDP

- Ranked CDP Climate Change Leadership Level three times
- Received Supply Chain Leadership Level and Water Security Management Level

Top 20 Best Taiwan Global Brands

- Listed as one of the Top 20 Best Taiwan Global Brands for nine consecutive years




MSCI




Morgan Stanley Capital International Indexes (MSCI)

- Selected consecutively for the MSCI ACWI ESG Leaders Index
- Selected consecutively for the MSCI Emerging Markets ESG Leaders Index and the MSCI Taiwan ESG Leaders Index




FTSE4Good Indexes

- Selected consecutively for the FTSE4Good Emerging Index
- FTSE4Good TIP Taiwan ESG Index



ISS Corporate ESG Performance Rating

- Rated "Prime" by ISS ESG



ESG100

- Selected for the ESG100 for the fifth consecutive year



“Global Views Monthly” Honor Roll

- Received the Global Views Monthly Annual Corporate Social Responsibility Awards—Honor Roll for a second time since 2008
- Won a total of 15 first prizes, and three model awards since Global Views Monthly’s Corporate Social Responsibility Award was launched in 2005



Best Corporate Social Responsibility Reputation in China

- Ranked among the Top 100 Foreign Enterprises with the Best Corporate Social Responsibility Reputation in China
- Ranked among the top ten in the Blue Book of Corporate Social Responsibility by the Chinese Academy of Social Sciences



ENERGY STAR Award

- Honored the ENERGY STAR Sustained Excellence Award in the United States for the second consecutive year
- Awarded the ENERGY STAR Partner of the Year for four consecutive years



SET Best Sustainability Award

- Received the 2019 Best Sustainability Award from the Stock Exchange of Thailand (SET) and the Thailand Sustainability Investment (THSI) Award for the fifth consecutive year



Taiwan Corporate Sustainability Award

- Received nine major awards in the 2019 Taiwan Corporate Sustainability Awards held by the Taiwan Institute for Sustainable Energy

- Received the 2019 Sustainability Disclosure Award from the Securities and Exchange Commission (SEC) of Thailand and Thaipat
- Received the 2019 Green Development Enterprise from Southern Weekly
- Received a 2019 HR Distinction Award from Human Resources Magazine
- Received the Climate Change Management Excellence Award at the first SGS CSR Awards

2.2 Policies and Promotions

2.2.1 CSR Policy and Mission

Delta has upheld its mission statement “To provide innovative, clean and energy-efficient solutions for a better tomorrow” since its founding. We are committed to the brand promise of “Smarter. Greener. Together.” Delta demonstrates its commitment to promoting economic, environmental and social sustainable development by providing energy-saving products and green solutions, improving corporate governance, taking stakeholders’ benefits into account, protecting the environment, focusing on energy conservation education, promoting environmental education, and more. We also focus on the relationship between Delta’s value chain and the environment and society. We play our role of an international corporate citizen based on our core competencies.

As an international corporate citizen, Delta follows international principles and standards including the Responsible Business Alliance Code of Conduct, Universal Declaration of Human Rights, International Labor Organization (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

Delta’s Board of Directors has defined four major pillars through “the Delta Corporate Social Responsibility Best Practice Principles” to implement corporate social responsibility. The four major principles are: implement corporate governance, develop a sustainable environment, safeguard public welfare, and enhance the disclosure of corporate social responsibility information.

CSR Policy

Maintain good corporate governance and adhere to business ethics

Adhere to all laws and regulations

Create company value and improve shareholders’ rights

Invest in innovative R&D, develop intellectual property rights, and do our best to improve technology for humanity’s social and economic development, and sustainable development of the global environment

Develop environmental protection and energy saving products and implement environmental protection to reduce our impact on the environment

Provide a safe and healthy work environment for employees, space to develop their full talents, and reasonable compensation and benefits

Participate in environmental protection and energy conservation education, and encourage employees to participate in social welfare activities

Promote the concept and practice of corporate social responsibility to Delta’s supply chain and jointly pursue better performance

2.2.2 Sustainable Promotion of Organizations

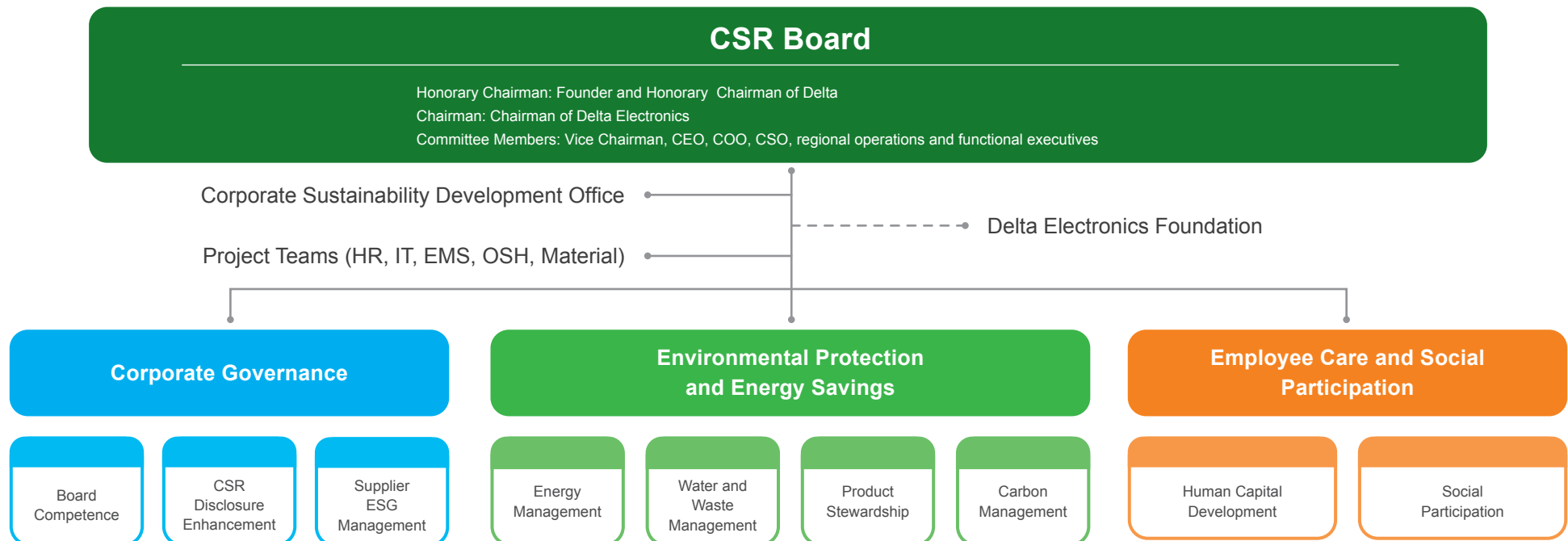
Delta's CSR Committee is the highest-ranking sustainable management organization. Since its founding in 2007, it has continuously evolved by incorporating sustainability development trends. Delta established the role of Chief Sustainability Officer (CSO) in 2019 to promote and intensify Delta's sustainable development.

Mr. Bruce Cheng, founder and honorary chairman of Delta, serves as honorary chairman of the committee, while Chairman Yancey Hai acts as the chairman. The committee is composed of the following members: vice chairman, CEO, COO, CSO, and top regional operations and functional executives. The CSR Committee oversees staff organizations and execution units including project teams and the Corporate Sustainability Development Office. Delta Electronics Foundation also attends meetings of the CSR Committee. The Corporate Sustainability Development Office serves as the secretariat which is responsible for analyzing international trends in sustainable development and understanding stakeholder expectations to identify

material topics. It makes adjustments and mitigates the possible impact of material topics such as climate change on operations and plans application strategies and execution plans with various function subcommittees. It also drafts the CSR Report each year and submits it to the CSR Committee for issuance.

The Committee oversees nine project teams that focus on three major aspects of CSR goals including corporate governance, environmental protection and energy conservation, and employee relations and social participation. The project teams consist of business groups, region directors, and department directors. They are responsible for formulating Delta's project plans, development tools, and procedures. They organize regular meetings to plan annual sustainability strategies, review the operations of the Company and various functional committees, and supervise the effectiveness of the execution. The results are reported to the Board of Directors each quarter.

Delta Corporate Social Responsibility Committee



2.3 Responding to Global Sustainable Development

2.3.1 UN Sustainable Development Goals (SDGs)

The United Nations passed the Sustainable Development Goals (SDGs) in 2015, which set up 17 targets related to global sustainable development. The SDGs help Delta evaluate whether product development is in line with global demands and how to maximize the impact of our corporate mission of “To provide innovative, clean and energy-efficient solutions for a better tomorrow”. They also help Delta identify sustainability risks and uncover opportunities.

Upon review by the CSR committee, Delta decided to focus on these seven goals as the key direction for Delta’s future development.

SUSTAINABLE DEVELOPMENT GOALS



Quality Education

High quality education for all. Shaping the development of talent and improving knowledge. Delta promotes education and life-long learning in four areas: promoting basic subject education; promoting environmental education such as energy, water resources, and green buildings; assisting in improving educational opportunities in developing countries; and establishing talent cultivation mechanisms within the company to move towards lifelong learning.



Affordable and Clean Energy

Constructing a reliable and sustainable clean energy system is one of the global priorities. Delta is dedicated in developing solar power generation systems and renewable energy solutions, and discovering new business models from them. Delta also provides affordable renewable energy solutions for low development areas to help more people obtain sustainable modern energy.



Industry Innovation and Infrastructure

Accelerating industrial innovation and assisting in the construction of resilient infrastructure to assist companies facing the dual pressures of climate change and sustainable development. Delta implemented an internal incentive system to continuously accumulate innovative energy and provide diversified energy-saving solutions for global customers. Its applications include smart manufacturing and low-carbon transportation.



Sustainable Cities and Communities

As cities grow larger and populations become more concentrated, sustainable cities are key to balancing human welfare and sustainable environmental and social development. Delta promotes green buildings. Our green building solutions include building automation and energy infrastructure. We seek to build sustainable cities with stakeholders.



Responsible Consumption and Production

Sustainable consumption and production are the basis for sustainable business operations. Delta upholds its mission of “To provide innovative, clean and energy-efficient solutions for a better tomorrow”. Delta implemented sustainable consumption and production into daily operations through promoting green production measures, local procurement, low-carbon logistics, and the promotion of green building factory management and the green operation concept.



Climate Change

Properly responding to climate change and its impact and taking counter measures are a major challenge for the company’s sustainable business strategy. Delta responds to climate risk by adaptation and mitigation, and continues to identify climate change opportunities. In addition, Delta uses “corporate self-motivated carbon reduction”, “disclosure of climate change information”, and “participation in climate policy” as strategies and carries out the action from inside out.



Partnerships for the Goals

As global citizens, companies participate in global partnerships to help start sustainable development. Delta participates in international conferences on climate change, provides input on sustainable development to the international community and increases the opportunities for industrial communication. Delta further promotes global partnerships by taking action responding to the “We Mean Business” commitments.

SDGs Risks and Opportunities for Sustainability

Delta identifies “improving positive influence” and “decreasing negative influence” by analyzing the level of impact in each stage and its corresponding SDGs through value chain analysis. Delta focuses on seven SDGs: 4. Quality Education, 7. Affordable and Clean Energy, 9. Industry Innovation and Infrastructure, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, and 17. Global Partnerships, for business opportunities that serve as the direction for future key development plans.

To facilitate sustainable development, we focus on seven key SDGs to plan a sustainable development strategy and expand downward to various key aspects to formulate Delta’s future strategy roadmap. We use international trend research and analysis and benchmark case studies in the industry to develop a framework for a development strategy. We also use core business analysis (core values and business strategy plans) and trend analysis (international benchmarks and sustainability trends) to integrate internal core business operations and external sustainability trends to produce Delta’s 2030 sustainable development strategy and key measures. We shall begin with the following steps:

1. Strategies:

Each strategy shall correspond to SDGs

2. Indicators and targets:

Each strategy shall expand downward to multiple indicators and short, medium, and long-term goals

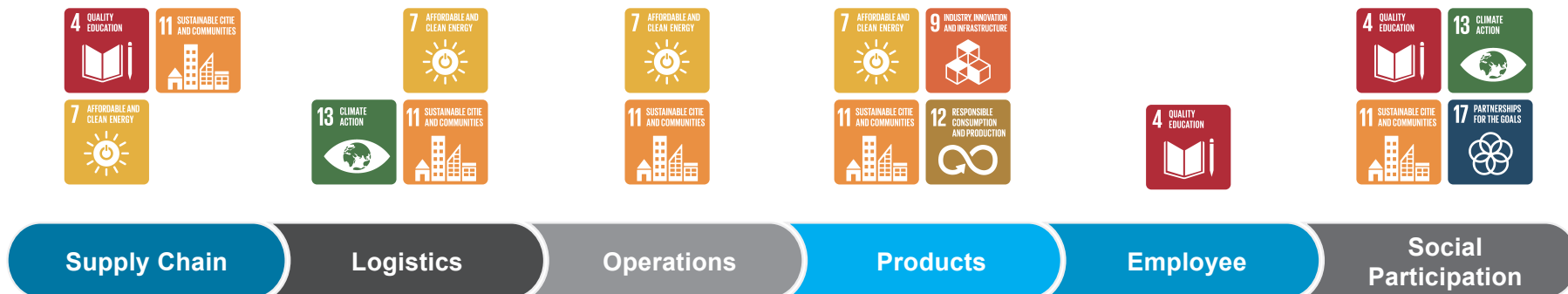
3. Action plans:

Several action plans shall be established for each indicator/target

4. Assigning responsible departments:

Each strategy shall be assigned to responsible departments to take charge of different action plans

Corresponding SDGs of the value chain



2.3.2 International Sustainability Initiatives

Four Major Commitments for “We Mean Business”

Companies play crucial roles in sustainable development. Delta has long focused on the development of various international sustainability initiatives and identified topics that match Delta’s ideals to achieve an active response and maximize group strategy effects. Climate change is an issue that Delta has focused on for many years. Dealing with climate change is an extension of Delta and its corporate social responsibility commitments. Delta is a leader in publishing the 2015 Delta Climate Action Plan. We signed the “We Mean Business” initiative promoted by the CDP and World Business Council for Sustainable Development. We committed to adopting a science-based target, reporting climate change information in mainstream reports as a fiduciary duty, and engaging in a responsible corporate climate policy. We also added the commitment to “promote electric vehicles and charging infrastructure” in 2018.

Progress of the four major commitments for “We Mean Business”

Initiative Topic	Delta’s Strategic Direction	Milestones	Actions in 2019
Commit to Adopting a Science-Based target	Adopt a science-based target for driving carbon emissions reduction*1	<ul style="list-style-type: none"> Delta adopted the Science Based targets and became the first in Taiwan as well as one of the first 100 companies globally to pass the compliance evaluation of the Science Based Targets initiative (SBTi) 	<ul style="list-style-type: none"> Delta attained Science Based Targets (SBTs) for individual stages in in 2018 and 2019 (detailed in Chapter 5)
Commit to Reporting Climate Change Information in Mainstream Reports as a Fiduciary Duty	Promote task force on climate-related financial disclosures (TCFD)	<ul style="list-style-type: none"> Delta became a TCFD supporter in 2018 Delta disclosed information in accordance with the TCFD recommended disclosure framework for the 2016 and 2017 CSR Report 	<ul style="list-style-type: none"> Delta selected products for trial applications for the feasibility of TCFD in accordance with the characteristics of stable products, climate change adaptation products, and emerging products for climate change
Commit to Responsible Corporate Engagement in Climate Policy	Provide advice to the government on green technology policies and pay attention to international climate policies	<ul style="list-style-type: none"> Delta, in 2015, assisted the Business Council for Sustainable Development of Taiwan (BCSD Taiwan) in drafting the Energy and Climate Policy White Paper In 2018, Delta collaborated with the reputable think tank American Council for an Energy-Efficient Economy (ACEEE) and provided urban energy conservation recommendations 	<ul style="list-style-type: none"> Delta participated in the first International Green Building Symposium organized by the U.S. Green Building Council and Taiwan Green Collar Association and proposed case studies and regulatory recommendations
Commit to Electric Vehicles and Charging Infrastructure	Delta set a goal for installing electric vehicle charging facilities at major operation sites and to using electric vehicles for company vehicles*2	<ul style="list-style-type: none"> Delta joined the international initiative EV100 in 2018. EV100 is a global initiative launched by the Climate Group. Its goal is to bring together influential companies and government organizations to accelerate the transition to low-carbon transportation and respond to the UN goal for keeping the global temperature rise to within 2°C. 	<ul style="list-style-type: none"> Delta proposed the EV100 road map including targets for different stages Delta attended Climate Week NYC 2019; communicated with other EV100 members to learn about the experience of execution in other leading companies; shared Delta’s preliminary plans

*1 Use 2014 as the base year and adopt the target of reducing carbon emissions by 56.6% by 2025

*2 Electric vehicles include pure electric vehicles, plug-in hybrid vehicles, and hydrogen vehicles

Debut in Climate Week NYC to Support EV100

Climate Week NYC was organized by the Climate Group and it has been held for 11 consecutive years since 2009. The 2019 event was the largest to date and it had 11 major themes with more than 350 activities. It occurred the same week as the 2019 UN Climate Action Summit.

Delta attended the 2019 Climate Week NYC for the first time as an EV100 member and communicated with leading sustainable companies. The same year, Delta proposed the low-carbon transportation roadmap and installed charging stations at main production plants in Taipei, Hsinchu, Taoyuan, Zhongli, and Tainan for employees and customers to use free of charge.

EV100 Website

<https://www.theclimategroup.org/project/ev100>



Delta attended Climate Week NYC for the first time

2.3.3 Participation in Associations

Delta participates in associations and various organizations to promote business, expand sectors of concern, understand business development conditions, gather regulatory requirements, enhance networking, cultivate talents, or demonstrate its leading position in the industry. Delta joins organizations as a member, or to serve as a director or chairperson in certain associations even though it may not agree with all of the association's goals and intentions. Delta has long focused on businesses and sectors including electronics and electrical machinery, automation, renewable energy, green building, healthy and smart buildings, electric vehicles, communication power supply, leadership development, human resources, and corporate sustainability. Expenditures in 2019 totaled 320,418 USD and the list of associations is disclosed on the company's official website.

3

Communication with Stakeholders

- 3.1 Stakeholder Communication
and Response
- 3.2 Materiality Assessment

3.1 Stakeholder Communication and Response

Delta values communication with stakeholders and can only receive feedback and opinions from stakeholders by delivering and disclosing correct, objective, and updated information. To pursue corporate sustainability, we revise and adjust our practices whenever necessary, respond to the expectations of the public, and demonstrate social impact. Delta's CSR Committee, pursuant to the AA1000 Stakeholder Engagement Standard (AA1000 SES), defined six major stakeholders based on local and international trends in sustainable development as well as the needs of business operations. These include employees, customers, suppliers, shareholders/investors, media, and communities. Delta extends its environmental management policy and corporate social responsibility principle to the management of stakeholders, and applies it to other important business partners simultaneously.

Delta adopts diverse channels to communicate with stakeholders. We identify key issues for concern to stakeholders through materiality analysis and take the necessary actions to enhance the content of our information disclosures.

Summary of Communication with Stakeholders

Communication Target	Issues of Concern	Communication Channels and Frequency	Response Summary
Employees	<ul style="list-style-type: none"> Customer relationship management Innovation and R&D Corporate governance Code of Conduct 	<ul style="list-style-type: none"> Labor-management meeting (quarterly) Employee satisfaction survey (every two years) Delta corporate website (intermittently) Employee mailbox (intermittently) Employee Welfare Committee (intermittently) Employee representative seminars (determined by issues and plants) 	<ul style="list-style-type: none"> Provide named and anonymous channels Formally track discussed issues Listen to employees' opinions and express care for their feelings through communication and interviews before processing issues and taking related improvement measures
Customers	<ul style="list-style-type: none"> Customer relationship management Code of Conduct Innovation and R&D Corporate governance Brand image 	<ul style="list-style-type: none"> Delta CSR website and CSR report (annually) Regular customer review meetings (annually) Channel partner meetings and business platform (annually) Customer Satisfaction Survey (every two years) Brand News (every two months) Customer audits (intermittently) Delta website (intermittently) 	<ul style="list-style-type: none"> Provide one-stop services and improve customer satisfaction Comply with RBA regulations and implement labor, ethical, health and safety, environment, and management reviews
Suppliers	<ul style="list-style-type: none"> Code of Conduct Customer relationship management Innovation and R&D Corporate governance Risk management 	<ul style="list-style-type: none"> Delta CSR website and CSR report (annually) Supplier training (annually) Supplier e-commerce system (monthly) Supplier Environment-Related Substances (ERS) and ESG sustainability audits (annually) 	<ul style="list-style-type: none"> Ensure suppliers comply with the Sustainable Supply Chain Management Regulations and Corporate Social Responsibility Policy Delta identifies high risks through regular supplier ESG surveys, and conducts audits and coaching to reduce the risk of a broken chain

Communication Target	Issues of Concern	Communication Channels and Frequency	Response Summary
Investors and shareholders	<ul style="list-style-type: none"> ● Business outlook ● Long-term strategies ● Corporate governance ● Environmental protection ● Contributions to society 	<ul style="list-style-type: none"> ● Delta CSR website and CSR report (annually) ● Delta website and financial report (annually) ● Investor forum (intermittently) ● Annual shareholder meeting (annually) ● Institutional investor visits (intermittently) ● Investor services mailbox (intermittently) ● Meetings with institutional investors (intermittently) ● Institutional investors' conference (quarterly) 	<ul style="list-style-type: none"> ● Provide investors with public and transparent operation information and help investors understand the Company's long-term strategies and outlook
Media	<ul style="list-style-type: none"> ● Innovation and R&D ● Brand image ● Code of Conduct ● Energy management ● Green products 	<ul style="list-style-type: none"> ● Press releases (intermittently) ● Press conferences (intermittently) ● Media interviews (intermittently) ● Delta PR contact (intermittently) ● Major activity participation (intermittently) ● Social media (intermittently) 	<ul style="list-style-type: none"> ● Communicate the corporate mission for environmental protection and energy conservation with the world's first 8K ultra-high definition environmental protection documentary titled "Water with Life" ● Communicate innovative energy storage technologies through technology seminars and help companies respond to the Renewable Energy Development Act and sustainability trends
Communities	<ul style="list-style-type: none"> ● Innovation and R&D ● Customer relationship management ● Brand image ● Corporate governance ● Code of Conduct 	<ul style="list-style-type: none"> ● Delta CSR website and CSR report (annually) ● Delta Electronics Foundation website (intermittently) ● Environmental education charity tours and performances (intermittently) ● Energy volunteers and climate salons (intermittently) ● Low Carbon Life Blog and IC Broadcasting (regularly) ● Social media (intermittently) 	<ul style="list-style-type: none"> ● Use 8K video technology to promote innovative climate risk education ● Research the impact of the introduction of electric vehicles on the supply and demand for power on the grid for the government's policy plans

3.2 Materiality Assessment

3.2.1 Methodology

Delta explores challenges and opportunities for sustainability based on specific implementation of business operations. We conduct regular assessments and use the comprehensiveness, materiality, and integrity principles of the GRI Standards to establish these three major analysis steps: identification, analysis, and confirmation to confirm and adjust sustainability issues. We establish long-term targets for sustainability and adopt internal KPI verification, external international sustainability ratings, and comparison with competitors for regular evaluations on the execution and effectiveness of the issues. We disclose the effectiveness of our execution to the general public. We have expanded the sustainability consensus meetings for domestic and foreign directors to help companies promote more focused, intensified, and strategic corporate sustainability plans.

Stage 1: Identification

To identify sustainability issues, Delta starts with factors that may affect the Company's sustainability including internal and external economics, environment, and social risks and opportunities. We referred to the GRI Standards, ISO26000 Guidance on Social Responsibility, Responsible Business Alliance (RBA), UN SDGs, and sustainability ratings including DJSI, CDP, and MSCI ESG Index, stakeholder expectations and communications, internal management objectives, previously-disclosed sustainability information to compile and consolidate sustainability issues. We organized a sustainability consensus meeting for domestic and foreign executives this year and invited 57 directors and CSR members to brainstorm on sustainability concerns and help identify and adjust sustainability issues. Compared to the 23 sustainability issues of the previous year, we added "tax" to economic issues and changed the "IT system security management" to "Information System Security Management". For environmental issues, we changed "green product liability" to "green products" and added "environmental management". For social issues, we replaced "international engagement" and "knowledge promotion" with "social participation"; combined "employee relations" and "labor rights" with "human rights and employee relations"; "employee salary and welfare" was consolidated into "talent attraction and retention"; "talent cultivation and training" was adjusted to "career development". Delta compiled a total of 20 sustainability issues.

6 categories of major stakeholders

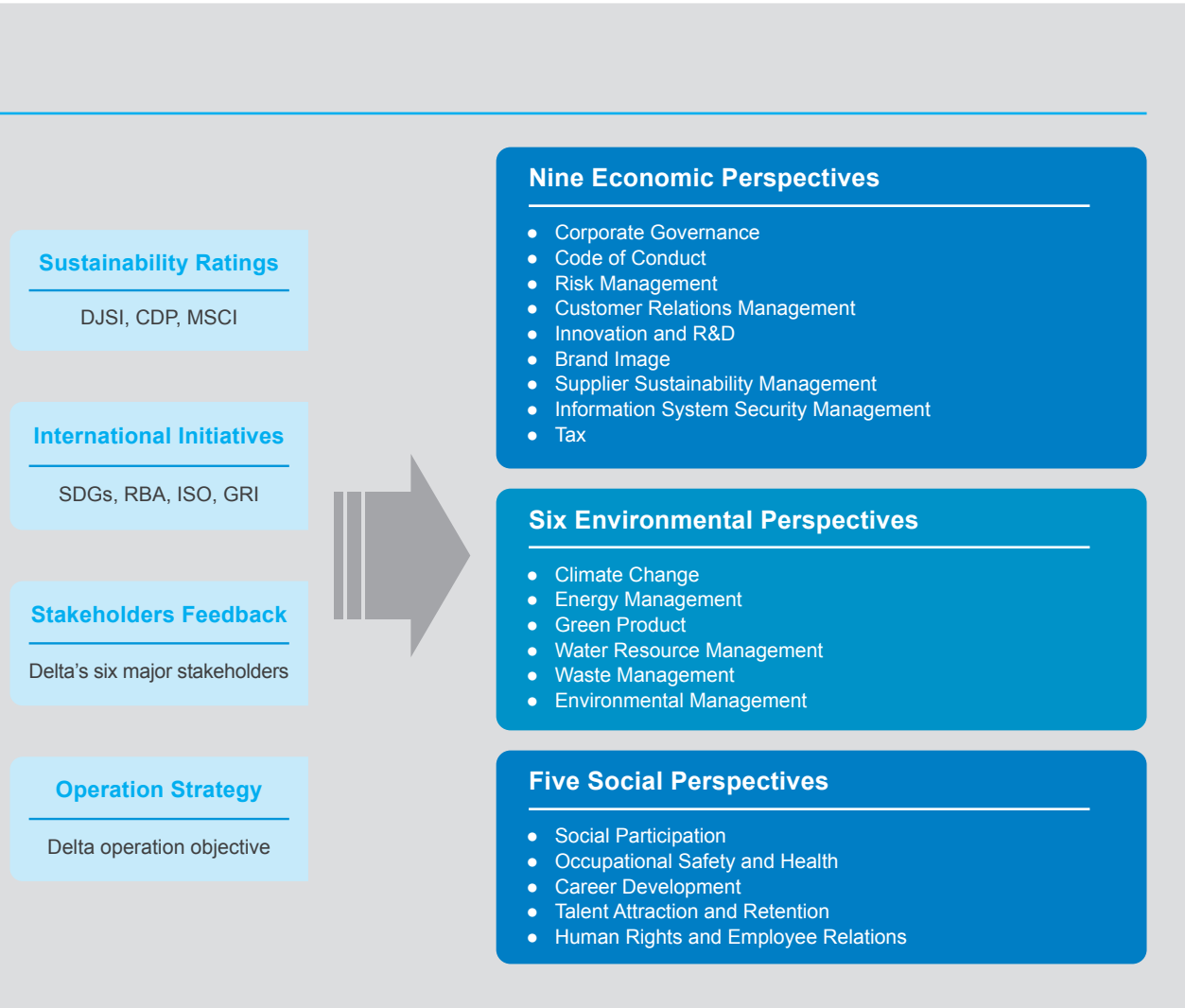
Communication Target

Delta identified six major stakeholders (employees, customers, suppliers, investors/shareholders, the media, and communities) in accordance with the AA1000 Stakeholder Engagement Standard to deliver and communicate our achievements in corporate sustainable development.

20 sustainable issues

Sustainability Issues

To ensure the comprehensiveness of sustainable issues collected, we put together 20 sustainable issues based on CSR regulations/standards, sustainability initiatives, feedback from internal and external stakeholders, Delta's business strategy, and sustainability consensus meetings.



Stage 2: Analysis

Based on the 20 sustainability issues identified in Stage 1, Delta maintains the “level of concern to stakeholders” and “impact on operations” principles for setting the priorities in this stage and to determining the importance of each issue. For the assessment on the “level of concern to stakeholders” principle, we targeted six major types of stakeholders with a questionnaire survey for the purpose of collecting representative samples. We used online questionnaires to analyze the level of concern. For the assessment of the “impact on operations” principle, we evaluated the level of impact of each issue on revenue growth, environmental sustainability, customer satisfaction, best employer, and impact related to operations. The CSR team members completed the analysis of the impact for each sustainability issue on Delta’s operations. According to the analysis results, Delta selected 11 material issues based on analysis results and discussions of the CSR Committee, external experts, and senior directors, and confirmation by the Board of Directors. Other issues were viewed as potential sustainability issues which are also important to Delta. We will disclose the effectiveness of our execution in the Report.

1,653 valid questionnaires

Survey the Level of Concern

Delta used an online survey to collect information on the level of stakeholder interest in sustainability issues. We received a total of 1,653 valid questionnaires including 264 from customers, 332 from suppliers, 120 from investors, 768 from employees, 58 from the media, and 111 from the community.

57 senior managers and CSR members

Analyze Impact on Operations

We focused on these four major factors including revenue growth, environmental sustainability, customer satisfaction, and best employer, and evaluated the impact of sustainability issues on the operations of Delta. A total of 57 CSR team members and managers participated in the evaluation.

11 material sustainable issues

Confirm Material Issues

Delta's internal CSR team members, external experts, and senior directors assess the material issues based on the survey results on the level of concern and the analysis of the impact on operations before approving 11 material sustainable issues and producing the materiality matrix. Compared to the previous year, we added "corporate governance" as a material issue.

Stage 3: Confirmation

We select material sustainability issues and identify their impact in the value chain. We also reference the GRI Standards and disclose Delta's material topics. We follow the reporting requirements for collecting internal information, data, and management policies. In addition, we clearly define the important meanings, strategies, management approach, and long-term goals of each material sustainability issue. We follow-up on the completion of each target and the effectiveness of execution for flexible adjustments of the foundations of sustainable management. Delta also discloses the effectiveness of other potential sustainability issues for the current year in the CSR Report.

17 GRI topics

Review Disclosed Contents

The 11 major sustainable issues that were identified will be matched with the 17 specific topics of the GRI Standards. The information disclosure boundary of Delta's value chain (supply chain management, operations, products, society) is then graphed based on these topics and used as the basis for reporting.

3 major axes of long-term sustainability goals

Formulate Long-Term Sustainability Goals

We formulated long-term goals for three major axes based on the material issues to help Delta respond to the expectations of stakeholders in the implementation of sustainability plans and use them as the basis for internal performance evaluations on achievement status.

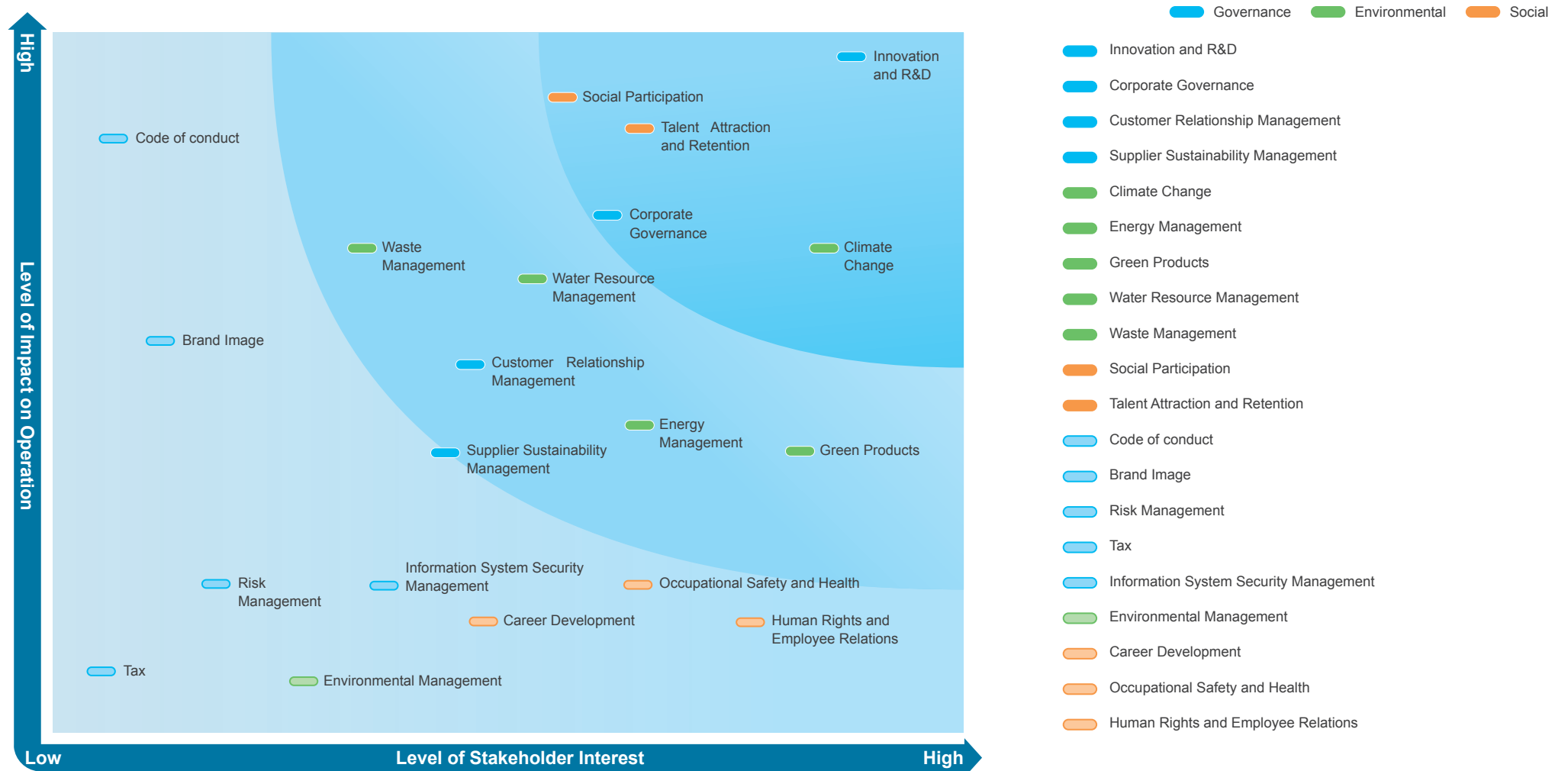


The 2019 Sustainability Consensus Meeting

3.2.2 Results of the Analysis and Corresponding Section of the Value Chain

There are 11 material issues identified in the 2019 stakeholder materiality assessment, including Innovation and R&D, Corporate Governance, Customer Relationship Management, Supplier Sustainability Management, Climate Change, Energy Management, Green Products, Water Resource Management, Waste Management, Talent Attraction and Retention, and Social Participation. Other non-material issues include: Code of conduct, Information System Security Management, Risk Management, Brand Image, Tax, Environmental Management, Career Development, Occupational Safety and Health, and Human Rights and Employee Relations.

2019 Material Sustainability Issues Matrix



Delta's Material Issues and Value Chain

								✔ Direct impact	✔ Indirect impact	✔ Impact on business relations
Aspect	Material Issues	GRI Standard Topic	Supply Chain	Operations	Products	Society	Corresponding Chapter			
Economic Issues	Innovation and R&D	Energy		✔			4.3 Building Innovation Capacity			
	Corporate Governance	General disclosures		✔			4.2 Enhancing the Board of Directors' Functions			
	Customer Relationship Management	Customer privacy, marketing and labeling		✔	✔		4.4 Customer Relationship Management			
	Supplier Sustainability Management	Procurement practices, supplier environmental assessment, supplier social assessment, materials	✔	✔	✔		4.5 Supplier Sustainability Management			
Environmental Issues	Climate Change	Emissions, economic performance		✔	✔	✔	5.2 Climate Change			
	Energy Management	Energy	✔	✔	✔		5.3 Energy management			
	Green Products	Customer health and safety, energy		✔	✔	✔	5.6 Green Products			
	Water Resource Management	Water, effluents and waste	✔	✔			5.4 Water Resource Management			
	Waste Management	Effluents and waste	✔	✔			5.5 Waste Management			
Social Issues	Talent Attraction and Retention	Market presence, economic performance, labor relations, diversity and equal opportunities		✔		✔	6.2 Attracting Talent			
	Social Participation	Indirect economic impacts, local communities		✔		✔	6.6 Social Engagement			

4

Corporate Governance

- 4.1 Key Performance Indicators
- 4.2 Enhancing the Board of Directors' Functions
- 4.3 Building Innovation Capacity
- 4.4 Customer Relationship Management
- 4.5 Supplier Sustainability Management
- 4.6 Information System Safety and Management
- 4.7 Risk Management
- 4.8 Comprehensive Information Disclosure and Shareholder Communication

4.1 Key Performance Indicators

- International Corporate Citizen**

Delta listed in the Dow Jones Sustainability Indices (DJSI) for nine consecutive years and won the award for the Electronic Equipment and, Instruments & Components sector for the 4th time in 2019.

- Implemented Carbon Emissions Information Disclosure and Reduction**

CDP Climate Change Leadership Level, Supply Chain Leadership Level, and Water Security Management Level.

- International Brand Image**

Delta listed as one of the Top 20 Best Taiwan Global Brands for nine consecutive years and its brand value increased by 12% from 2018, the fastest growth recorded by a large-scale industrial brand.

- Proactively Committed to Research and Development, Innovation**

8.9% of total revenue directed to R&D investment.

Global Revenue

9,006 MUSD

Ratio of R&D Investment
to Total Revenue

8.9%

Cumulative Granted Patents
and Certificates

10,119 Piece

Market Value

13,126 MUSD

Carbon Emissions Reduction
of Critical Suppliers

1.3%

Compared to 2018

Brand Value

297 MUSD

Aligning with UN Sustainable Development Goals

SUSTAINABLE
DEVELOPMENT GOALS**No Poverty**

- Proactively sets up new manufacturing centers in India and continuously increases the local procurement ratio in developing countries to assist economic development.

**Quality Education**

- Delta provides suppliers that need help with professional training and assistance to develop ESG capabilities and improve the resilience of supply chain sustainability in procurement.

**Gender Equality**

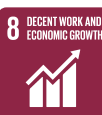
- Encourages compliance with Delta's Supply Chain CSR Policy and Code of Conduct. Uses ESG questionnaires and audits to analyze the human rights implementation status for suppliers and ensures that the supply chain meets human rights regulations.

**Clean Water And Sanitation**

- Selected critical suppliers for water risk identification and response, and evaluated the risks of the supply chain as an important basis for procurement and operations.
- Delta set water usage reduction goals for the supply chain for 2025 and implemented concrete action plans.

**Affordable and Clean Energy**

- Utilized Delta's own solutions for its Ako Energy Park in Japan and developed an emerging business model that promotes the use of renewable energy.

**Decent Work And Economic Growth**

- Contributed to R&D innovations to establish a variety of incentive systems to improve innovation capabilities.

**Industry, Innovation, And Infrastructure**

- Established the "Delta Innovation Award" and the Idea Bank to encourage individual and team innovation.

**Reduced Inequalities**

- Used supply chain ESG questionnaire for high risk identification and auditing to eliminate work place discrimination and ensure disabled people's rights.

**Responsible Consumption And Production**

- Delta promotes GHG reduction and water and waste reduction targets for the supply chain by 2025 to help suppliers reduce operating costs.
- Identifies high-risk suppliers for ESG audits and mentoring.

**Climate Action**

- Delta encourages its supply chain to disclose carbon, water, and waste management information, set reduction goals to effectively respond to climate change, and reduce the risks of broken supply chains.

**Peace, Justice And Strong Institutions**

- Promoted supply chain conflict minerals management to assist in eliminating inequality.
- Supported international corporate operation initiatives by promoting integrity and anti-corruption measures in internal corporate operations and supply chains.

**Partnerships**

- Delta adheres to its commitments to the environment, continues to be active in international carbon reduction initiatives, and passed compliance assessment by the Science Based Targets Initiative (SBTi). We also establish specific measures to achieve short and medium-term carbon emissions reduction goals.

4.2 Enhancing the Board of Directors' Functions

The Delta Electronics' Board of Directors consists of seven Directors and four Independent Directors with a term of three years. Delta adopted the Candidate Nomination System for appointing Directors in accordance with Article 192-1 of the Company Act. The Shareholders Meeting selects the Director nominees from a list of candidates. The number of Independent Directors account for approximately 36% of all Directors. Directors who serve as employees account for approximately 45% of all Directors.

The Chairman leads the Company Board of Directors with the aim to implement a good Board governance system, improve supervisory functions, and enhance management. The Board members' diversity and professionalism are taken into consideration to implement a good Board governance system.

Diversity Among Members of the Board

The selection of Delta's Board of Directors is based on Delta Electronics' "Director's Election Rules" and "Corporate Governance Practices Code". To fulfill the Board's role in strategic guidance, members of the Board come from different nationalities, diverse professional backgrounds, expertise, and genders. Board members have professional backgrounds and experience in control engineering, electrical engineering, materials engineering, industrial engineering, accounting, and management necessary for the Company's business operations. They provide strategic guidance in the Company's operations.

Professionalism of the Board Members

Delta Electronics' Board of Directors possess abilities including operations and management, accounting and financial analysis, crisis management, industry knowledge, international market perspective, leadership, and decision-making. Delta conducts training for Board members each year to develop and improve the highest governing body's overall knowledge of economic, environmental, and social issues. The Company offered courses including "Delta's Development Strategy" and "Balancing Technology and Culture — The Role of AI" for Directors in 2019.

Board of Directors' Organization and Mechanisms



Board of Director

- **Improve Board Meeting Frequency to Improve Supervisory Functions**

Board meetings convene at least once a quarter to assess corporate business performance and discuss strategy topics. This includes impacts, risks, and opportunities in relation to economics, environment, and society. Six Board of Directors meetings were held in 2019, with an average attendance rate of 97%.

- **Enhance the Operating Efficiency of the Board of Directors to Strengthen Management Mechanisms**

The Company's Board Performance Evaluation is conducted in accordance with the "Regulations for Evaluating the Performance of the Board of Directors" each year. In addition, an external independent professional institution or a panel of external experts and scholars is appointed to conduct the Board Performance Evaluation at least once every three years. The Company's 2019 Board Performance Evaluation was completed in early 2020 and related evaluation results are published on the Company's website.



Strategic Steering Committee

- Delta Electronics Board of Directors members and operations team jointly formed an operations strategy management committee that regularly holds strategy meetings to analyze and discuss material issues for the Company.
- Every year, the Independent Directors and global regional managers participate in strategy meetings on the Company's institutions, regions, and technology. These meetings adjust strategic development and improve operational performance in response to market changes and rapid technological progress.



Compensation Committee

- Delta created the Remuneration Committee to facilitate the link between the compensation for Directors and managers and corporate operations performance to decide the ratio of dividend distribution. The Committee offers compensation policy suggestions based on industry competition, corporate operations performance, and the market rate to construct a company-level compensation policy. Three meetings were held in 2019.
- Delta participates in industry and consulting companies' salary surveys and evaluates how Delta's compensation compares to the current market.
- Delta has based its incentive system on certain compensation issues with the help of external HR consulting firms.
- Annual employee dividend amounts are determined after the Board of Directors agrees with the suggestions discussed in the Shareholders Meeting and are published in the Company's annual reports.

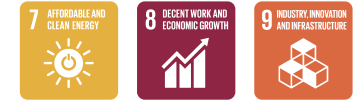


Audit Committee

- The Company established the Audit Committee. It is responsible for overseeing the Company's financial statements, choosing independent accountants, effectively implementing internal controls, ensuring that the Company follows relevant laws and regulations, and identifying possible and potential risks to the Company. The Audit Committee meets at least once every quarter. Six meetings were held in 2019 with an average attendance rate of 92%.
- The Audit Committee discusses important findings in the Company's internal control and management with the internal audit manager. They also discuss governance matters in the Company's audited or certified consolidated financial reports (annual reports and individual financial statements) with the CPA (Certified Public Accountant) at least once every quarter. Related communication status including methods, items, and results of communication are disclosed on the Company's website.

4.3 Building Innovation Capacity

• Material Topics



Strategic Direction

- Innovative corporate culture
- Focus on enhancing the energy efficiency of core products
- Innovation

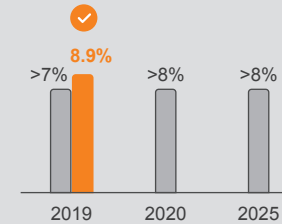
Commitments

Maintain investment in innovation and R&D of at least 8% of Delta's total revenue

KPI

✓ Achieved Performance Target

Ratio of Innovation and R&D to Delta's Total Revenue



Key Initiatives for Alignment with SDGs

In response to the risks of global warming and climate change, Delta continues to invest in product R&D and technological innovation to contribute to humans' sustainable survival and development. Delta's corporate culture emphasizes innovative R&D and the Company has established R&D Centers across the world. We invested 8.9% of total revenue to R&D and innovation in 2019.



Delta's Internal Innovation Mechanisms



Delta Research Center



Intellectual Property Rights Applications and Latest Technology Strategy Activities

4.3.1 Delta's Internal Innovation Mechanisms

Delta Innovation Awards

To reward outstanding accomplishments and to cultivate a culture of innovation, Delta established the Delta Innovation Awards in 2008 with the management team serving as members of the judging committee. The annual awards encourage and reward employee innovation across the globe. In addition to the three grand prizes for “New Products”, “Production” and “New Business Models and Processes”. Delta added a “Patent Award” to the Delta Innovation Awards in 2017. This award encompasses an “Outstanding Contribution Award”, “Excellent Patent Planning,” and an “Elite Designer Award”. These awards are designed to recognize individual and team development and to establish patent planning for commercial value. Employees from across the globe submitted 47 projects to the 11th Delta Innovation Awards. Competition was extremely intense and it demonstrated Delta's sustained commitment and capabilities for “innovation” across the world. In the final round, the judges presented the highest awards to eight teams and 10 individuals. By the end of 2019, 63 teams and 32 individual awards have been presented with over 1.9 MUSD in incentives.



Winners and the management team at the 11th Delta Innovation Award ceremony

Idea Bank

Besides improvements in energy savings, our main plants also continue to implement green production measures in the processes of optimization, automation, process simplification, jig optimization, and logistics improvements. At the same time, Six Sigma projects have been working together to actively advance R&D and process innovation. For example, the Idea Bank was set up at Delta's Wujiang Plant in China to encourage the proposal of innovation improvements, which improves overall productivity. A total of 3,025 innovative ideas were proposed in Delta's Wujiang and Wuhu plants in China in 2019 and rewards totaling 6,905 USD were distributed for savings amounting to 676,000 USD.

With regard to proposed improvements for Delta's main plants in China, 848 proposals were submitted in 2019 and 800 cases were completed. The implementation rate was 94.3% and overall benefits amounted to 17.7 MUSD. The following table provides statistics for green production benefits* at Delta's main production plants in China.

Statistics on Green Production Benefits in Plants in China

Project Type	Improvement Measure	Explanation of increase in performance in 2019 from 2018	2017	2018	2019
Automation Control	Introduction of Delta Smart Manufacturing (DSM) and Product Quality Management (PQM) system	Statistics are based on equipment introduced in individual projects in 2019 and DSM equipment.	6.3	18.3	13.2
Process Optimization	Tool optimization and management system		9.9	16.4	1.2
Process Simplification	Smart logistics	Introduction of full-process logistics	0.3	2.5	1.5
Tool Optimization	Process simplification and refurbishment	Statistics are based on equipment introduced in individual projects in 2019.	1.3	0.9	0
Logistics Improvements	Comprehensive Lean Six Sigma (LSS) improvements		0.5	0.9	1.8
Total benefits (MUSD)			18.3	39.0	17.7

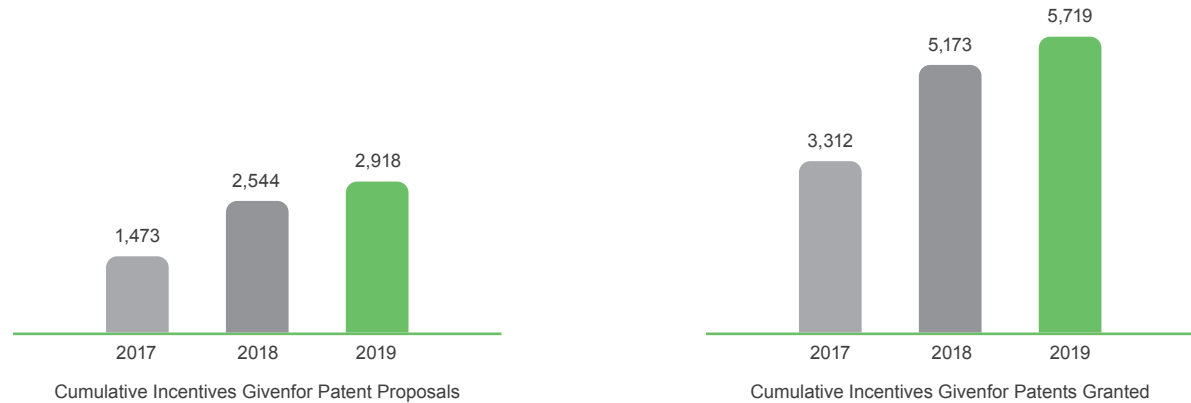
* The calculation of benefit is based on manpower, wages, and cost savings before and after the implementation of improvements.

4.3.2 Intellectual Property Rights Applications and Latest Technology Strategy Activities

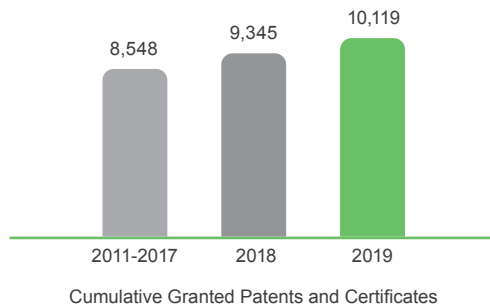
Patent Applications and Awards

To encourage employees to focus on R&D and proactively apply for patents from patent offices in Taiwan and other countries of the WTO, Delta established Intellectual Property (IP) Patent Incentive System Procedures and assisted its businesses in compiling a risk map for IP rights. As of 2019, a total of 10,119 patents have been approved.

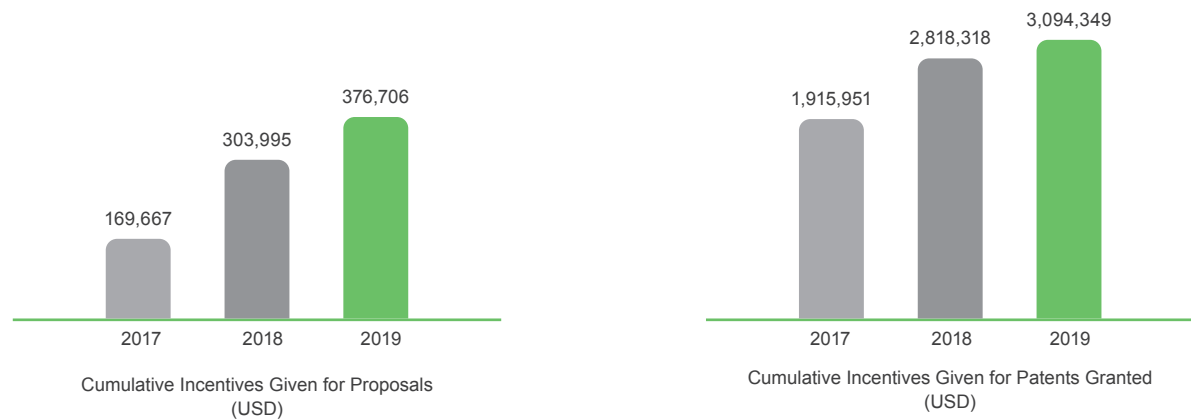
Total Number of Patents



Total Number of Certificates



Total Incentives Given



4.3.3 Delta Research Center

The Delta Research Center (DRC) was established in 2013. It is committed to big data analyses and the development and integration of IoT applications and solutions to expedite companies' successful transformation. The center actively collaborates with industries, government, academia, and research ecosystems and adopts an open innovative model to create an ecosphere for mutual prosperity. Delta has established R&D Centers, Integration Centers, and Test & Verification Centers in Beijing, Xi'an, Wuhan, Taipei, Tainan, and Singapore. We adopt the concept of "being close to industrial centers, production sites, and ecosystems" to expedite the development and integration of innovative applications and solutions. In addition, the Delta Research Center actively participates in the ecosystem and works with renowned universities around the world in R&D programs and talent cultivation. We establish industrial chains through collaboration projects with the government and actively participate with industry associations and standard organizations to build leading innovative applications with like-minded companies.

Delta actively collaborates with nine renowned global educational institutions such as Peking University, National University of Singapore, Nanyang Technological University, and national universities in Taiwan. Delta dedicated approximately 1.51 MUSD towards industry-academic collaboration to cultivate professional talents in power electronics and expedite innovative product development and talent recruitment. Delta Electronics expanded joint research programs with Nanyang Technological University and the National Research Foundation of Singapore to develop smart technologies for improving manufacturing processes, learning, and life experience.

Technology Strategy Meetings and Forums

Delta organizes regular technology strategy meetings and technology forums to learn the latest technologies and connect with the world. The most important new technology forums and technology strategy meetings are described in the following table:

Statistics of Important New Technology Forums and Technology Strategy Meetings

Type	Event	Purpose	Number of Participants	Sessions
Technology Forum	Technology Forum/ Technology Talk	Invited celebrated professionals from academia and industry to Delta to give speeches or seminars on their respective fields, inspiring innovative thinking and partnership opportunities	550+	11 rounds
Exhibition and Technology Forum	China Hi-Tech Fair	Delta exhibited automatic deficiency sorting solutions in the China Hi-Tech Fair in Shenzhen, and shared Delta's viewpoints and successful case studies in smart manufacturing quality in the Technology Forum	250+ and 40 customers	Each round: 5 days
Technology Forum	AIoT Forum: Industry AI Summit	Delta shared its solutions and successful cases with AI applications in the AIoT Forum organized by the Taiwan External Trade Development Council (TAITRA) and Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)	150+	1 round
Technology Forum	Corporate AI Application Case Studies (AIoT Taiwan)	Delta and other industry experts were invited to share actual case studies of AI applications from the perspective of the needs of industries	60+	1 round
Technology Forum	IBM Smart Manufacturing CEO Salon	Discussed the advantages of Delta's production and manufacturing and how to use innovative technologies to work with partners in transformation	69 senior executives of the industry	1 round
Technology Strategy Meeting	Technology Strategy Meeting	Communicated and discussed the latest DRC technologies and strategies with Delta's internal departments	150	Each round: 2 days
Technology Strategy Meeting	NTU Research Project Workshop/Meeting	Organized technology R&D discussions and published results of industrial-academic cooperation with NTU professors	60+	3 rounds: 4 days

4.4 Customer Relationship Management



Material Topics

Strategic Direction

Strengthen product functionality and service based on gap analysis of client satisfaction to increase client's trust in Delta's products.

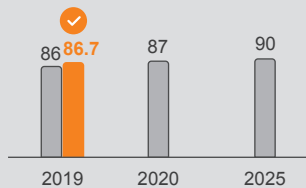
Commitments

By integrating its core competency in power and electronics and developing advanced energy conservation technology, Delta provides cleaner, more effective and reliable thermal power solutions to conserve more energy for its customers. The Company also focuses on reducing resource consumption and greenhouse gas emissions to create added value for customers.

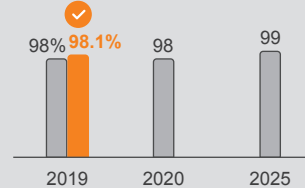
KPI

✔ Achieved
 Performance
 Target

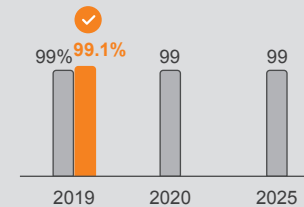
Customer Satisfaction Score



Ratio of Total Customers Using Online Services Solutions/Sales Platform % *



Ratio of Revenues Generated Online %*



Key Initiatives for Alignment with SDGs



Collaborate to Develop Products with Customers and Participate in Iconic Exhibitions to Promote Delta's Solutions



Improve Customer Relationship Management

* The main targets of the survey were customers who accounted for the top 80% of procurement from Delta in 2019.

4.4.1 Collaborate to Develop and Participate in Iconic Exhibitions

Delta uses efficient power management solutions, cooling system solutions, and green data center solutions to attract customers for the brand, and to jointly develop next-generation energy-saving products. For example, Delta assisted Dell in the development of the 80 Plus titanium-grade server power supply (with an average efficiency level of 96%). Delta participated in Facebook's "Open Compute Project" for research in the 227V power supply with 94.5% efficiency. We also participated in several international exhibitions such as the Hannover Messe, China International Industry Fair (CIIF), Consumer Electronics Show (CES), and COMPUTEX. We interact closely with customers to promote Delta's latest energy-efficient products, solutions, and innovative technologies and help customers enhance their competitiveness in the industry. Delta also fully utilizes the advantages of our green energy and energy-saving products for full system integration. Our environmental exhibitions and green buildings attract customers that come for consultation regarding energy-saving and carbon reduction business opportunities. Example: Delta uses the open-source LOYTEC IoT building management platform to provide a cross-building and cross-system integrated management system for the Yili Group Food Research and Development Center in China. The platform facilitates the centralized management and dispersed control of mechanical and electric equipment. Delta uses the new LOYTEC L-IOB-589 controller as the core system product to significantly reduce repetitive procurement, shorten system integration and construction time, and reduce the cost of network installation. It reduced the customer's overall installation cost by 20%. Delta also replaced 560 high bay lights with 260W LEDs at Nangang Exhibition Center, Hall 1. The superior optical design saves 71% in electricity each year and its 158 lm/W performance increases average illuminance by 83%. It saves massive amounts of electricity each year and significantly optimizes the lighting quality of the entire exhibition hall. Delta's HBD Series high bay lights are designed specifically for industrial applications. The HBD Series are equipped with innovative heat dissipation and high-grade waterproof, dust-proof, and anti-shock capabilities to satisfy the requirements of different harsh environments. The effective life (L70 rating) of the LED is 100,000 hours which reduces the cost of equipment maintenance, repairs, and replacements.



Adopt Delta's high bay lights at Nangang Exhibition Center, Hall 1

4.4.2 Improve Customer Relationship Management

Customer Satisfaction Survey

Delta achieves a deep understanding of customer requirements and issues through observation of user operating environments and usage habits, and we seek constant improvement to find the most appropriate solutions. We gather the responses of customers and end users through focus groups, individual interviews, and online questionnaires. The results are given an in-depth analysis of their needs and expectations, which is then used to improve technology research and development, system design, and program development. We also gladly accept our customers' quarterly business reviews (QBR) and take the initiative to issue questionnaires on customer satisfaction. We continue to make improvements based on customer feedback. Delta engineers are encouraged to communicate directly with customers. This allows engineers to understand customer issues at the product design phase, gain an accurate understanding of end-market demands, and exceed customer expectations through consultations and recruiting experts from a variety of industries. To achieve an in-depth understanding of customer satisfaction with Delta's products and services, we organize annual customer satisfaction surveys and use the results of the evaluation and surveys to improve customer relations. We analyze surveys for intensive interactions with customers to explore potential market opportunities and improve product design to meet customer demands, build win-win cooperation, and exceed client expectations.

In 2019, Delta's major operating units investigated the satisfaction levels of 125 major customers, receiving 117 responses for a questionnaire return rate of 93.6%. The average satisfaction score was 86.7 points, and 96.6% of the customers responded with satisfaction scores of higher than 70 points. It fully demonstrated customers' satisfaction with Delta's products and services. To better understand customer suggestions for the direction of Delta's products and services, we also actively participate in third-party customer satisfaction surveys conducted either online or through talks with experts. In China, for example, at the 16th Data Center Infrastructure Technology Summit and User Satisfaction Survey Announcement Conference in 2019, Delta won awards such as: UPS Top Ten Enterprise, Innovation Star, and Industry Outstanding Contributor for 20 Years of Development.

Customer Communication Channel and Knowledge Platform

To maintain customer interest, Delta provides a variety of communication channels to customers. This includes our official website, service hotline, and email. Pursuant to customer feedback and quality websites, Delta's business units implemented administrative mechanisms to process the issues appropriately. For example, in China, the Delta subsidiary Delta Greentech has already opened 48 subsidiary offices and service centers, which allow our technical personnel to respond to customer inquiries within two hours and provide required services within 48 hours.

To provide customer service personnel with even more comprehensive professional capabilities, we established a customer knowledge platform that accumulates technical product information, project opinions, accident analyses, and professional repair experience information, and provides employees with reference exchanges. Realizing the strong market potential of China and India, Delta has established an ERP customer relationship management system. This system utilizes previous efficient, effective, and high-quality customer interactions to anticipate customer demands and exceed their expectations.

Our distribution partners across the world have become Delta's global market vanguard. With our industrial automation products, we have over 700 distributors across five continents that provide customer business consulting services, product installation, technical support, product training, and other services, all of which effectively convey Delta's brand value and corporate mission. We regularly hold activities with our distributors, including those in India, North America, South America, China, and Europe. To maintain close relationships, we share with our distributors overall market trends, product planning, and after-sales service, and reward our outstanding sales partners. No material client grievances or complaints occurred in Delta in 2019.

Client Confidential Information Protection

To ensure effective customer information management through a single system, we implement strict authorization management and control strategies and procedures for customer access. We deployed related DLP software across the world and executed related measures required by ISO 27001. We obtained ISO 27001 Information Security Information Certification in 2018.

4.5 Supplier Sustainability Management

• Material Topics



Strategic Direction

- Establish short and medium-term objectives and formulate specific measures for effective promotion and implementation.
- Regularly identify high-risk suppliers and request them to conduct audits and implement improvements within specified deadlines and lower risks to medium or low risk levels.
- Comply with the Supply Chain CSR Policy and implement the corporate mission “To provide innovative, clean and energy-efficient solutions for a better tomorrow”.

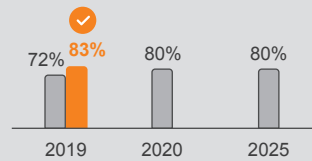
Commitments

Delta views its suppliers as long-term partners. We believe that competitive quality, technology, delivery and cost are also requirements for a supplier. In the future, we will also place great value on aspects such as governance, the environment, and society so that suppliers become partners in our promotion of the sustainable development of the value chain.

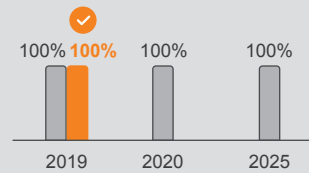
KPI

✔ Achieved Performance Target

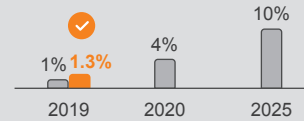
Supplier Improvement Rate



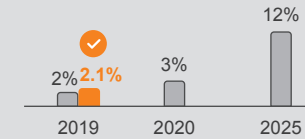
Critical Suppliers with Completed ESG Evaluation Rate



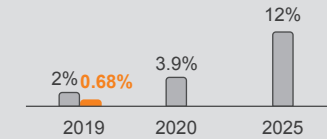
The GHG Emissions Reducing Rate of Critical Suppliers*



The Water Saving Rate of Critical Suppliers*



The Waste Saving Rate of Critical Suppliers*



* 2018 is the base year

Key Initiatives for Alignment with SDGs



Localized Management



Supplier Certification and Risk Management



Supplier Sustainability Engagement

4.5.1 Localized Management

Localized management is primarily focused on procurement, materials, conflict minerals, and human rights:

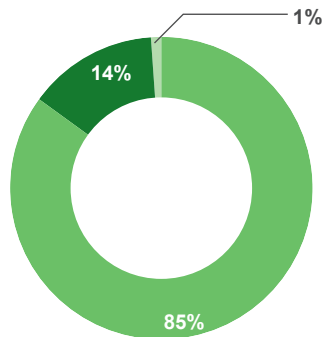
Localized Procurement Management

Delta's products and services cover three major areas including Power Electronics, Automation, and Infrastructure. Delta's suppliers are divided into three types: production-related direct materials, non-production-related indirect materials, and labor. For historical purchasing expenditures, direct materials constitute the major proportion, accounting for 92.2% in 2019. There are three types of direct material suppliers: raw material/component suppliers, agents, and outsourced suppliers. Raw material/component suppliers make up the highest proportion of up to 85%. Delta proactively gives priority consideration to the green purchase of raw materials not related to production, and promotes sustainability at each of our manufacturing facilities. In 2019, green purchasing of raw materials in the non-production category was 9.6%. The main reason for the significant decrease from levels in 2018 was the absence of newly-built plants and the purchase of high-priced energy-saving equipment. In recent years, Delta has focused on R&D and innovation of core technology and products.

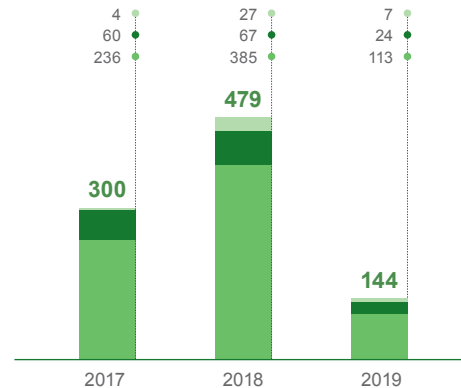
Delta has rapidly expanded its role as a solution provider through M&A and by integrating its own professional competencies. The scale of Delta's supply chain continues to expand. In 2019, 144 new suppliers joined Delta's supply chain system. They have passed environmental and social evaluations for environmental material evaluation, signed the Declaration of Non-use of Conflict Minerals, and complied with the Responsible Business Alliance Code of Conduct, latest environmental protection laws and technical standards, fair competition and antitrust clauses, and the Integrity Declaration. They shall also implement and abide by Delta's Supply Chain CSR Policy and Code of Conduct. Starting in 2019, new suppliers were required to pass the supplier ESG questionnaire survey. Suppliers that fail to meet self-evaluation score requirements shall be required to make improvements within a specified time and be reevaluated before becoming qualified suppliers.

In addition, Delta continues to implement local procurement strategies and construct a green supply chain to build close relations with local partners, promote local social and economic development, and reduce carbon dioxide emissions produced in production and transportation. The percentages of global and local procurement of direct materials for major production sites in Mainland China, Taiwan, and Thailand are shown in the following table.

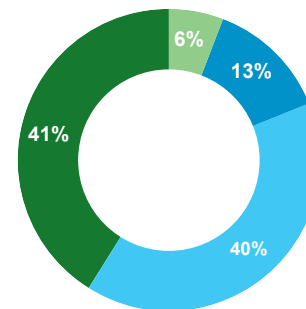
Types and Procurement Ratio of Direct Material Suppliers



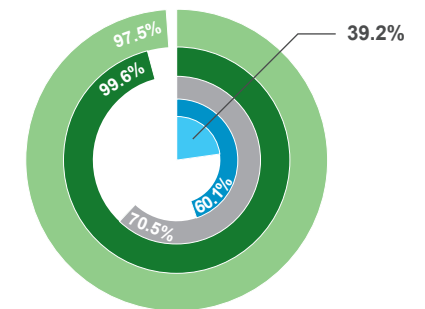
Statistics on the Number of New Suppliers



Distribution of Global Procurement Rate*1



Localized Procurement Distribution Rate*2



Legend for Types and Procurement Ratio of Direct Material Suppliers: Outsourced (light green), Agents (dark green), Materials/components suppliers (medium green).

Legend for Distribution of Global Procurement Rate*1: Thailand (light green), Mainland China (dark green), Average (grey), Taiwan (blue), Others (light blue).

*1 Other regions mainly included the United States, Japan, Germany, Singapore, and Hong Kong.

*2 Local procurement refers to procurement of products produced by plants in the country.

Materials Management

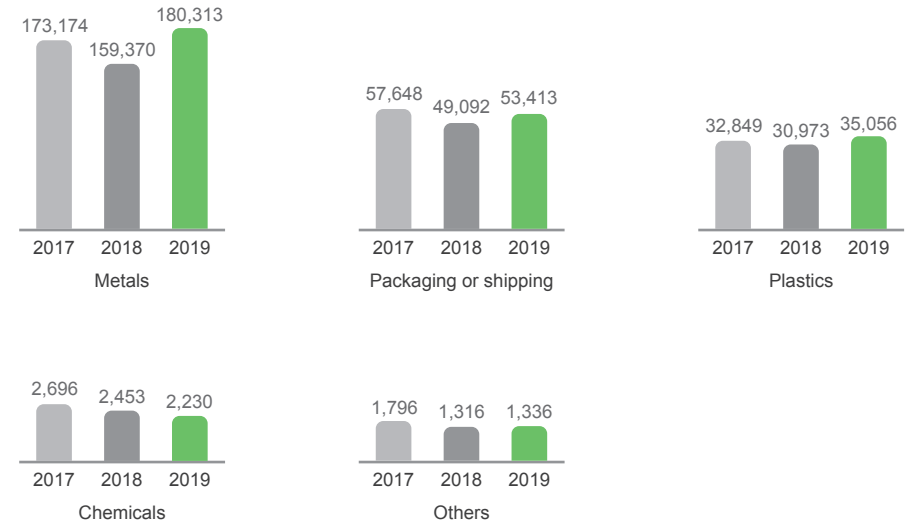
The main materials used by Delta include: metals, plastics, chemicals, packaging or buffer packaging materials, and other materials. Renewable materials accounted for 27.3% of the weight of wooden boxes, pallets and cartons in 2019. Recycled paper accounted for 84.4% of all paper packaging materials. No substances harmful to the ozone layer are used during our production processes. Compared with 2018, a large increase in material management in 2019 occurred in response to the development of new products and increased customer demand. This led to an 13.1% increase in metals, an 8.8% increase in packaging, and a 13.2% rise in plastics. There was also a 9.1% increase in organic solvents used in production, and a 1.6% increase in other materials used.

Conflict Minerals Management

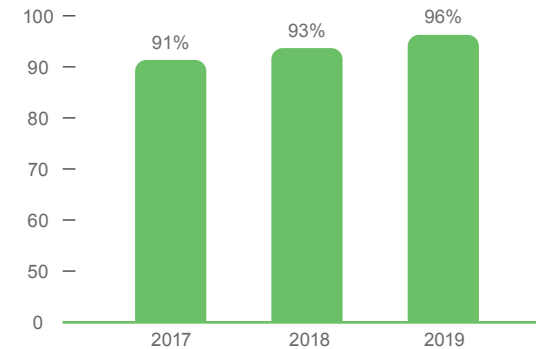
Delta maintains a strict policy and management system for not using conflict minerals. According to the “Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”, a Supplier Conflict Minerals Policy and Due Diligence Policy should be established to continuously make active and passive assessments of the management of suppliers’ potential use of conflict minerals. By taking these actions, Delta’s supply chain is ensured to both respect human rights and to not participate in conflicts. Until 2019, approximately 96% of main material suppliers have signed the “Declaration of Non-use of Conflict Minerals”. Currently, Delta has not discovered conflict materials used in the supply chain. Delta continuously communicates with major materials suppliers and uses its influence on corporate social responsibility and increases the possibility for the origin of ore products to undertake Responsible Business Alliance (RBA) assessment or verification of a third party.

Purchase Weight of Main Materials

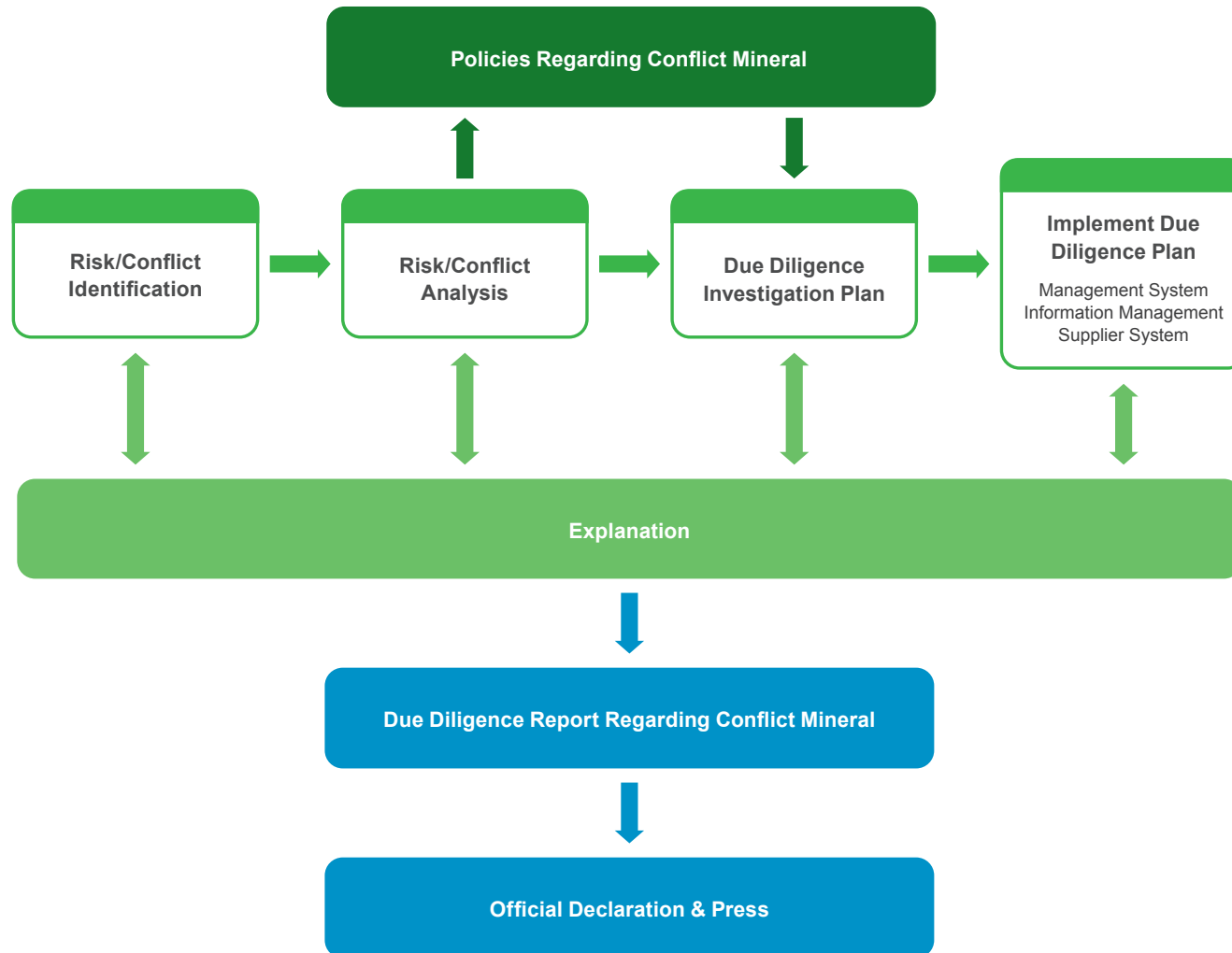
Materials (Metric Tons)



Percentage of Suppliers that Have Signed the Declaration for No Use of Conflict Minerals



Management Mechanism for Due Diligence Research on Conflict Minerals



Supplier Human Rights Management

Delta adheres to the behavioral principles advocated by the Responsible Business Alliance (RBA) and has developed RBA digital learning materials to advocate for labor rights and for ethical, health, environmental, and management systems. Delta is committed to self-discipline and for sustainable suppliers with the highest level of standards in dealing with human rights, environmental protection, and responsible business conduct in its supply chain. We strive to abide by RBA behavioral principles through standards of practice that are more rigorous than industry standards. Delta requires all qualified suppliers to sign the “Delta Integrity Declaration” and we advocate Delta’s anti-corruption policy and training through emails and the procurement platform. Delta conducted ESG survey investigations on 630 Tier 1 and 264 non-Tier 1 critical suppliers, and identified 60 suppliers and 29 suppliers in each category that exhibit high human rights risks. The ratio is 9.5% and 11%, respectively. We completed document audits for 60 suppliers and 29 suppliers and the audit completion rate was 83% and 79%, respectively. In 2020, we continue to require high-risk suppliers to submit documents for auditing. If correction plans cannot be implemented in a timely manner, we shall commence on-site audits.

Reporting Channels

To ensure sustainable cooperation with suppliers and prevent any violation of the Supplier Code of Conduct. Delta have established supplier complaint channels and provide the 885@deltaww.com email and hotlines in Mainland China and Taiwan to issue signed/anonymous complaints to contacts assigned by management level executives for clarification and reports to effectively prevent abuse.

4.5.2 Supplier Certification and Risk Management

In response to international supply chain trends, customer demands, and local regulations, Delta has used its years of experience in corporate social responsibility to formulate the Sustainable Supply Chain Management Regulations. These regulations require suppliers to meet local regulatory requirements in terms of labor rights, health and safety, environmental protection, ethics, management systems, the Supplier Corporate Social Responsibility Policy, and related codes of conduct (e.g. Responsible Business Alliance Code of Conduct). We also require suppliers to meet related regulations based on the due diligence principle in order to implement a sustainable supply chain management system. We have also established the Supplier Corporate Social Responsibility Policy and Code of Conduct to provide implementation guidelines for a sustainable supply chain.

Supplier Verification

In respect to the requirements of establishing the management of a sustainable supply chain, Delta requests that suppliers receive a quality certification, as well as sign an “Integrity Statement” and an “RBA Declaration”. For the quality certification, new suppliers must obtain ISO9000 certification to become qualified suppliers. For Occupational Health & Safety certification, Delta requires suppliers to implement RBA, Labor, and Health & Safety as key points for enhancing future consultation and audits in protecting human rights throughout Delta’s green supply chain. The certifications for quality, environment, and occupational health & safety systems obtained by critical suppliers from 2017 to 2019 have increased each year as shown in the following table.

Supplier Risk Management

Delta is committed to the promotion and implementation of corporate social responsibility and we encourage suppliers to do the same. We established the Supplier EC Platform and targeted critical first- and second-tier suppliers using questionnaire surveys to analyze their current situation in relation to corporate governance, environmental, and social factors. We used that information in combination with our experience in promoting CSR to create a “Risk Map” to identify high-risk suppliers. We regularly perform CSR audit counseling and hold training sessions with common study materials to inspire potential suppliers to join the green supply chain. The risk evaluation that Delta undertakes for its suppliers is based on environmentally-related material management, RBA audits, and Supplier ESG (environmental, social, and governance) Risk Management. These are explained below.

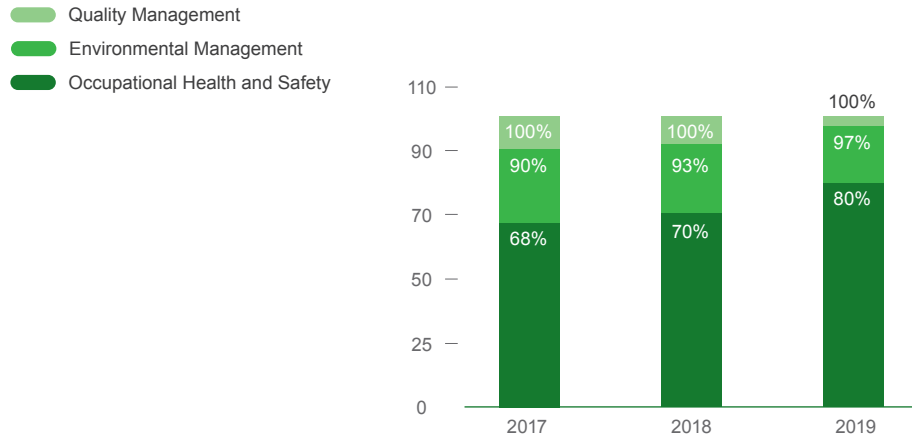
Management of Environment-Related Substances (ERS) in Products

Delta has introduced the IECQ QC080000 Quality System and promoted Green Product Management (GPM) systems at its major plants. IECQ is implemented based on the risk classification of materials. At the same time, Delta takes the Green Products Management (GPM) system as a shared platform of environmental information in the supply chain. The most recent international environmental requirements, such as the latest controlled substances of the EU’s RoHS 2.0, REACH SVHC, EP2 and others, are provided to supplier partners for their reference and compliance with the requirements and for establishing a management system for the material supply system. In addition, Delta has established teams in major plants for the verification of Environment Related Substances in products. Continuous consultation has been provided to improve the Management System for Environment Related Substances for critical suppliers. The evaluation results of Environment-Related Substances (ERS) in products of Delta’s main plants in China in 2017-2019 are provided in the following table.

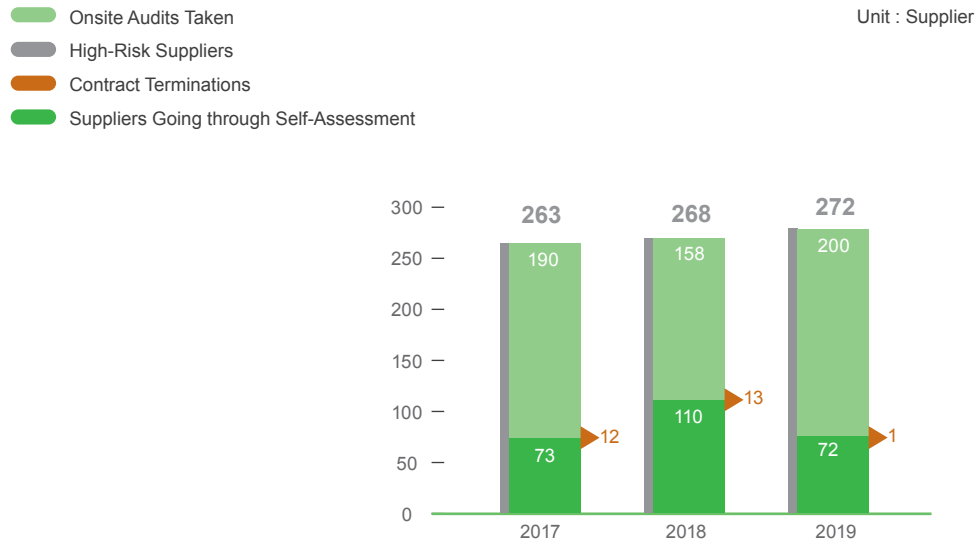
Convene Regular Meetings of the Supply Chain ESG Committee

Delta established the Supply Chain ESG Committee to effectively implement sustainable management for the supply chain and to integrate Delta’s global procurement systems. The Committee is chaired by the Vice President of Procurement and its members include procurement managers from the business groups. The Committee is assigned an executive secretary to plan and implement project activities, and the Corporate Sustainability Development Office serves as the consulting team. The six major project categories include “amendment of rules/management regulations”, “supplier ESG evaluation”, “procurement platform function enhancement”, “waste reduction management”, “communication and education”, and “special issue management”. The Committee regularly meets to promote projects and review the progress.

Percentage of Certified Critical Suppliers* of Power Supply Products



Evaluation Results of Environment-Related Substances (ERS) in Products



Supplier Sustainability Management Evaluation Procedures



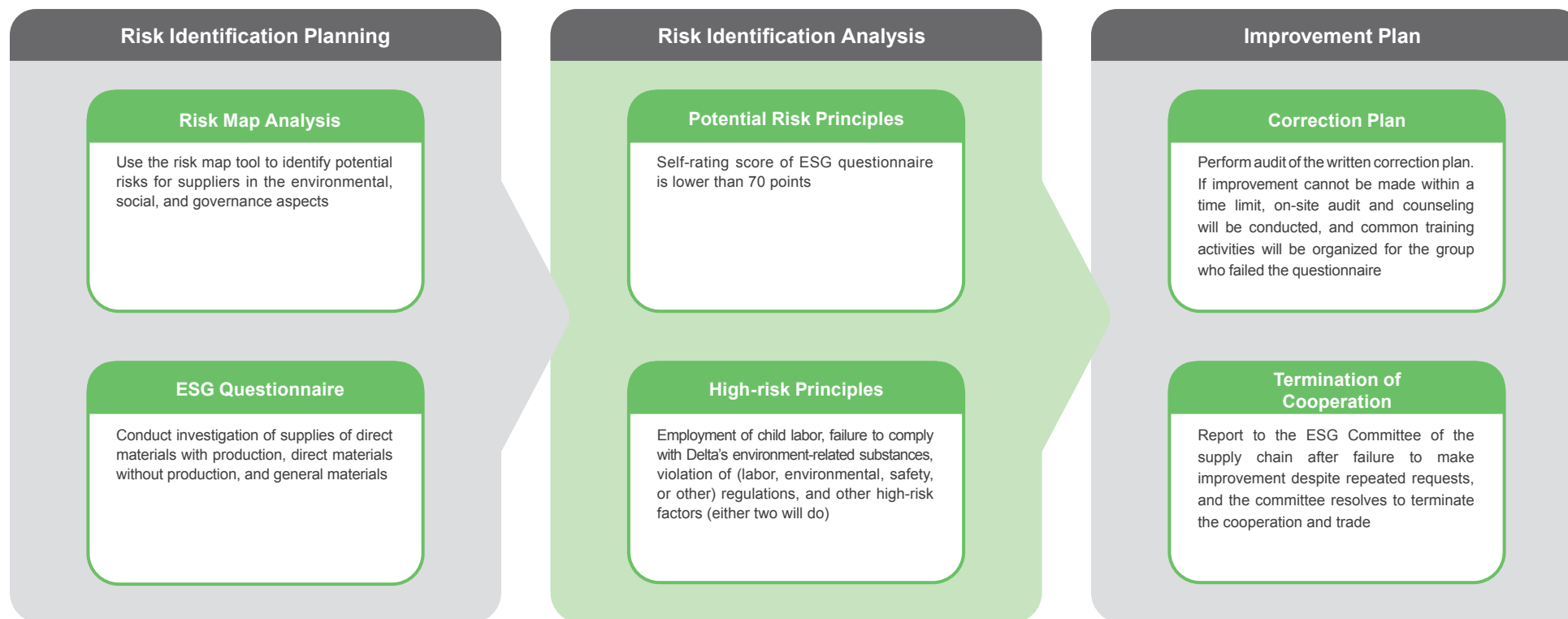
* Critical suppliers are defined as suppliers who accounted for the top 80% of the Company's procurement in the current year and suppliers designated by customers.

Supplier Audit Implementation

To lower ESG risks in the supply chain and to improve competitiveness, Delta, in 2012, began providing RBA audits and mentoring to high-risk critical suppliers. Critical suppliers are selected based on the performance of materials in inventory, production process, and overall user-end quality. We select key components and list suppliers that account for the top 80% of all purchases as critical suppliers. In January each year, we make our selection based on the performance in quality, transaction volume, and environmental safety and health, or labor rights and designate suppliers for key audits and improvements in the current year. As of 2019, Delta completed audits for 121 critical suppliers. Among the 50 critical suppliers, audits were completed for 116 suppliers and follow-up inspections were completed for 45 suppliers. The audit rate of critical suppliers was 100%.

During Delta’s supplier audits, a total of 1,565 items were found in EHS requiring improvement. Most of them were in particular management systems and occupational health management. In terms of labor ethics, a total of 762 items requiring improvement were found, mostly for particular management systems and overtime work. Delta asks suppliers to provide detailed improvement plans in response to identified issues, based on a plant’s actual status, within two weeks after receiving an audit report. The plan includes the case closure date and the person responsible for case closure. The suppliers are required to respond to Delta using the Audit Improvement Report. Delta sets follow-up dates for verifying the suppliers’ improvement conditions to ensure the continuous improvement of their CSR operations. In addition, Delta provides experience in introducing and promoting Delta’s ESG Management System as reference for suppliers. The supplier improvement rate was 83% in 2019.

High-Risk Identification Process and Results



Supplier ESG Risk Management

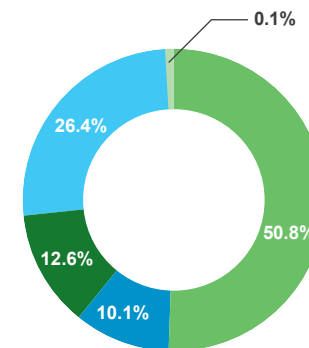
In regards to the operations of Delta's overall supply chain system, suppliers that are within the top 80% of Delta's annual procurement and key components are listed critical suppliers. These suppliers are designated as our key targets for conducting audits and for promoting improvements. To encourage the supply chain to fulfill CSR in action and to effectively disclose ESG information of the supply chain, we initially provide incentives in the form of added bonus points in quarterly business reviews (QBRs) to suppliers demonstrating outstanding CSR results. To establish a supplier sustainability management, Delta established the Sustainable Supply Chain Management Regulations to require suppliers to meet local regulatory requirements in terms of labor rights, health and safety, environmental protection, ethics, and management systems, the Supplier Corporate Social Responsibility Policy, and related code of conduct.

To provide an analysis of questionnaires based on supplier type, the questionnaire in this survey was designed to include production-related direct materials, non-production-related direct materials, and general materials for suppliers to fill out. We have surveyed a total of 1,042 Tier 1, and 289 Tier 2 suppliers through tools including risk mapping. We identified 186 Tier 1 suppliers, and 77 Tier 2 suppliers with potential risks. We completed document review for 157 Tier 1 suppliers and 62 Tier 2 critical suppliers. The audit rate was 84% and 81%, respectively. According to the resolution of the Supply Chain ESG Committee, an average score of lower than 70 points in the self-evaluation scores of the ESG questionnaire, hiring of child labor, failure to abide by Delta ERS Policy, and violation of (labor, environmental, safety and health, or other) regulations shall be classified as high-risk factors. Suppliers with a self-evaluation ESG score of lower than 70 points and have more than two of the aforementioned high-risk factors are listed as high-risk suppliers for the year. We have identified 44 Tier 1 and 23 Tier 2 suppliers. The high-risk rate was 24% and 30%, respectively. We completed document audits for 38 and 20 suppliers and the audit completion rate was 86% and 87%, respectively. We also require suppliers to meet related regulations based on the due diligence principle. If a high-risk supplier is identified, we propose rectification and improvement plans. If no concrete improvements are made within a specified period, it is reported to the Supply Chain ESG Committee which shall resolve to terminate the cooperation and transactions.

We shall continue to expand the scope of ESG self-evaluation and investigation and onsite audits for Tier 1, Tier 2. We shall request timely improvements from high-risk suppliers through mentoring and suggestions. We will also continue to track and monitor their progress for effective management.

Statistics of Defects in Supplier Audits

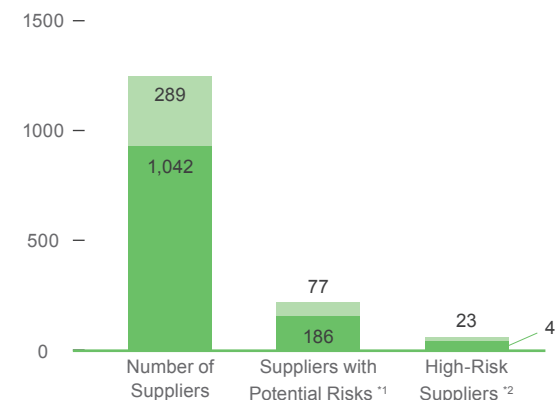
- Labor
- Commercial Ethics
- Health and Safety
- Environmental Protection
- Management System



Results of the Identification of High-Risk Suppliers in 2019

Number of Suppliers

- Tier 1
- Tier 2



*1 Suppliers with potential risks are those with an ESG score of less than 70 points.

*2 The principle for screening high-risk suppliers is to select those with a self-evaluation ESG score of lower than 70 points and have more than two of the aforementioned high-risk factors.

4.5.3 Supplier Sustainability Engagement

To fulfill our corporate commitment “To provide innovative, clean and energy efficient solutions for a better tomorrow”, Delta continuously cooperates with suppliers to reduce carbon emissions. This lowers operational costs for both Delta and the supplier and increases the competitiveness of the entire supply chain.

Supplier Energy Conservation and Carbon Emissions Reduction Partnership Projects

Category	Partnership Item	Abstract	Quantitative/Qualitative Results
Waste Reduction	Packaging Materials Recycling	Delta cooperates with major processing factories to recycle packaging materials such as EPE, paper, and more.	For instance, 78% of our packaging material for adapter products can be recycled which has saved 1.762 MUSD. The increase in the recycling rate in 2019 from 2018 is due to the damage rate of vacuum thermoform packaging materials being far less than that of paper boxes and the increase in the recycling rate.
Waste Reduction	Repetitive Use of Carriers (Plastic Frames)	Delta cooperates with local mechanism suppliers to use reusable carriers (plastic frames) for transporting plastic casings and materials in place of cardboard boxes.	For instance, 73 suppliers for our Dongguan, Wujiang, and Wuhu plants joined this effort in 2019 and saved 2.57 million cardboard boxes, saving up to approximately 2.5 MUSD in packaging costs.
Waste Reduction	Pallet Recycling and Reuse	Delta works with local suppliers to use recycled foundations and battens of wooden pallets.	In the case of our Dongguan, Wujiang, and Wuhu plants, wood strings and wooden panels in pallets are recycled, saving 368,968 USD in pallet costs. Incentives for recycling totaled 19,663 USD and cumulative savings totaled 349,305 USD in operating costs.
Logistics Carbon Emissions Reduction	Green Logistics	Major global distribution centers cooperate with logistics providers to implement transportation cost optimization, consolidated delivery, milk runs, packaging design, container packaging and selection of optimal delivery routes, and other relevant measures.	For Delta Greentech plants, the total carbon emissions from logistics services for delivering products to customers via trucks in China totaled 11,256 metric tons CO ₂ e. The carbon intensity for logistics (metric tons CO ₂ e/MUSD production value) was 2.18, which was an increase from 2.05 in 2018. The cause of the increase was mainly due to the impact of the trade disputes between China and the United States. Customers reduced their procurement amount by 7.8% but requested separate deliveries. Although the carbon emissions from logistics declined by 1.8%, the overall carbon intensity for logistics increased by 6.5%.
Energy-Efficient Product Applications	Introduction of Energy Saving and Carbon Reduction Products and Solutions	Delta assists suppliers to introduce energy saving products or solutions, such as LED Lighting, inverters, power supplies, servo drivers, digital meters, online energy management systems, and others.	Delta assisted 7 suppliers in 113 projects with 1,567 energy-saving products and solutions in 2019.

Short- and Medium-Term Goals for Supplier Sustainability

To achieve sustainable supply chain management, Delta selected Tier 1 and Tier 2 suppliers of indispensable key components with total procurements in the top 80% in the previous year. Delta also set goals for “greenhouse gas reduction”, “water usage reduction”, and “waste reduction” for 2025 with 2018 as the baseline to work with suppliers in mitigating climate change. The objectives for “greenhouse gas reduction”, “water usage reduction”, and “waste reduction” in 2019 were 1%, 2%, and 2%, respectively. The actual achievement rates were 1.3%, 2.1%, and 0.68%, respectively. The main reason for the suppliers’ failure to achieve the objectives for waste reduction was the impact of China–United States trade war, which prevented key suppliers from fully performing Delta’s waste reduction policy. We shall continue to focus on reducing key waste with critical suppliers to ensure that the objectives set for 2025 are met.

Supplier Water Risk Identification and Management

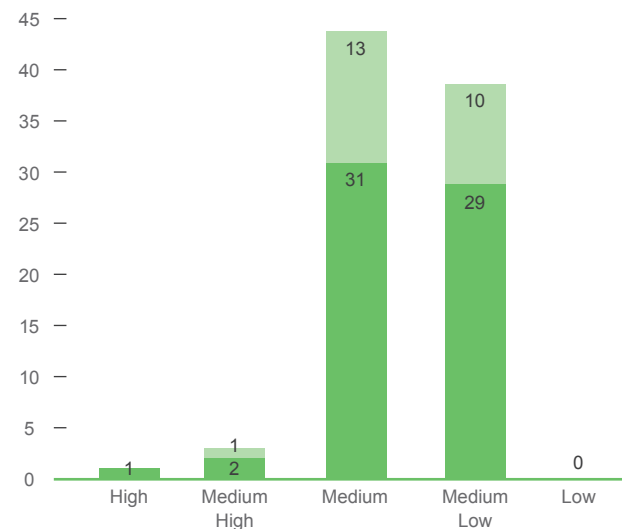
Delta strengthens continuous operation management and risk identification to achieve sustainable cooperation with partners in the value chain. The main goal is to conduct in-depth analyses of the risks of supply chain interruptions caused by droughts derived from climate change. To assess water resource risks in the supply chain caused by climate change, Delta selected 87 critical suppliers with long-term cooperation and potential from the top 80% of the suppliers with the largest annual procurement as targets for evaluation of drought risk due to climate change. The supplier evaluations are conducted in accordance with the five risk factors below. The risk assessment conclusion will be used as the basis for Delta’s business decisions. Delta will share the water conservation experience in Delta’s own plants and green buildings with suppliers in water stressed areas, and assist them in setting up water resource management and short, medium, and long-term response strategies to strengthen the sustainability of the value chain and enhance the Company’s influence in achieving corporate sustainability. The five risk factors are:

- Hazard: Suppliers are rated for drought hazard according to the Aqueduct Water Risk Atlas, a water resources risk assessment tool, developed by the World Resources Institute (WRI).
- Exposure: Rating based on the amount of purchases made from suppliers.
- Vulnerability: Determined by the industry characteristics (sensitivity to water usage) of the supply chain.
- Water consumption: Suppliers are rated according to the quantity of water consumption.
- Target reduction: Suppliers are rated according to their own annual reduction target set by themselves based on Delta’s 2025 water conservation target.

In order to respond to supply chain water resource risks caused by climate change as early as possible, Delta conducts a rating of 63 tier 1 and 24 tier 2 critical suppliers in the aforementioned aspects of hazard, exposure, vulnerability, water consumption, and target reduction with different weights. The suppliers are divided into “high”, “medium-high”, “medium”, “medium-low” and “low” risk levels according to the total scores (the higher the score, the higher the risk). The risk assessment results show that there are: one supplier (1.1%) at the high-risk level, three (3.4%) at medium-high, 44 (50.6%) at medium, and 39 (44.9%) at medium-low; no supplier is at the low-risk level. According to a resolution of the ESG Committee of the Supply Chain, an audit and experts’ counseling are conducted first for the three high-risk and medium-high-risk suppliers. They are required to submit a mitigation and adaption project within a time limit to reduce the risk of water shortages and avoid the risk of supply chain disruption due to a supplier’s water shortage crisis.

Supplier Risk Identification Results

- Number of Tier 1 Suppliers
- Number of Tier 2 Suppliers



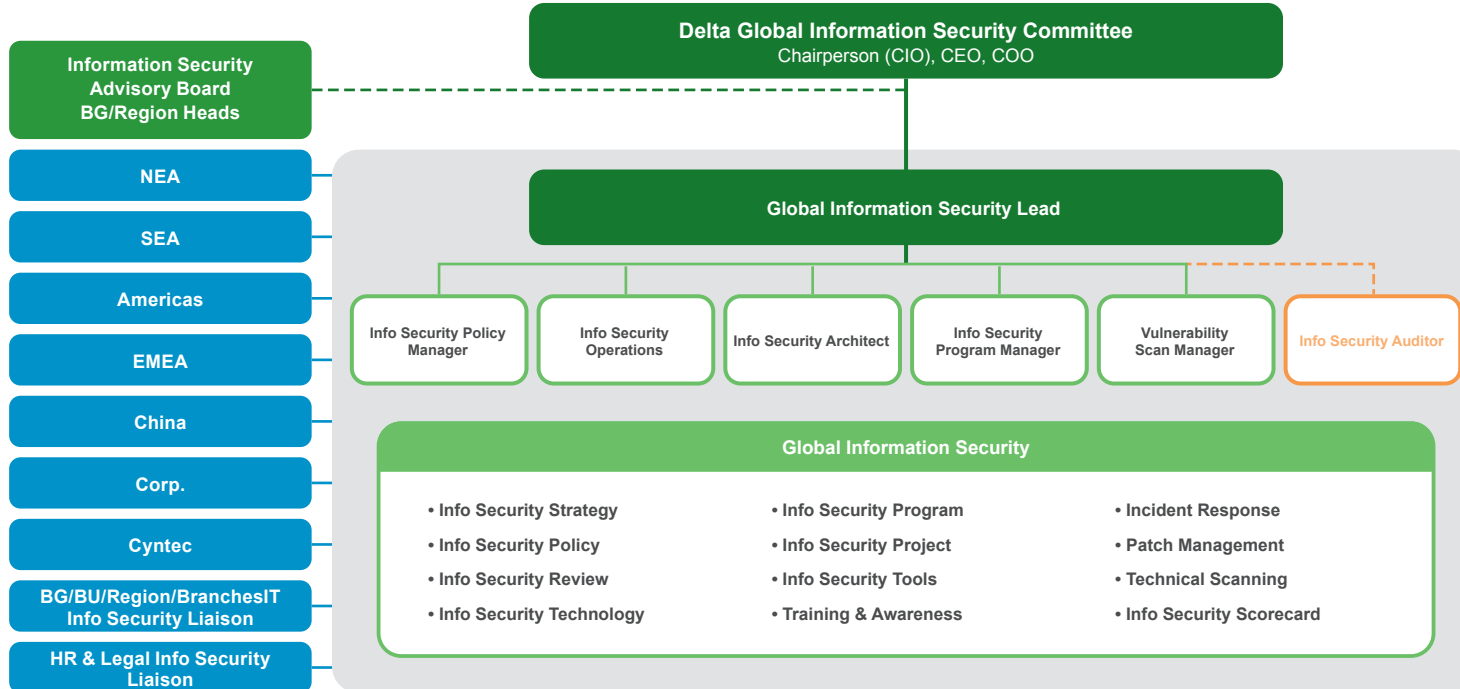
4.6 Information System Safety and Management

Delta established an information security organization and information security policies to ensure the information security of Delta’s IT infrastructure, information application systems and products, and the data security of customers. Delta completed full-scale monitoring and global deployment of the data leak prevention system and passed the periodic review for its ISO 27001 information security certification. Delta aims to complete the global deployment of the confidential information interception and mail quarantine and delayed sending by 2025 and maintain its ISO 27001 information security certification.

4.6.1 Information Security Organization

The Delta Information Security Team was established in November 2013 and its main tasks include: drafting information security policies/principles, reviewing information security, applying information security technology, implementing information security plans/projects, applying tools for information security, organizing educational training for information security, reporting and handling of information security incidents, updating and managing the information security system, detecting vulnerabilities in the information system, and producing information security statements. Delta’s information security organization is shown in the following figure. The top level is the Information Committee which includes board members such as the CEO and COO. They participate in the information security/network security strategy and evaluation process and provide guidance on IT security tasks for the Information Security Team members to fulfill objectives set forth in Delta’s Information Security Policy.

Delta’s Information Security Organization



4.6.2 Establishment of the Information Security Policy and Processing Procedures

The Information Security Team created Delta's Information Security Policy in November 2013. Delta began providing educational training regarding the Information Security Policy and information security courses for global employees in 2014. The Policy requires employees to pay attention to information security and avoid violations. The policies included: Internet Usage, Company Email Usage, Computer Usage, Anti-Virus/DLP System Setup and Usage, Handling and Security Procedures for Storage Media, Password Principles, Data Backup and Restoration, Incident Management Principles, Acceptable Use of Mobile Devices, Encryption and Encryption Policies, Equipment Use and Handling, Mobile Computing and Remote Working, and Remote Access. These IT security policies have been established in accordance with ISO 27001. The Information Security Team reviews the information security policy every year and closely monitors the evolution of information technology. Once the Information Security Policy is revised and approved by the Chief Information Officer, the Information Security Team issues a notice to all employees to read and sign.

4.6.3 Establishment of Emergency Response Measures

Delta began the gradual introduction of the Information Security Management System (ISMS) in 2016. The scope encompasses ICTBG-DNI New Product Introduction (NPI), IT data centers, Internet, and enterprise resource planning (ERP). We also obtained ISO 27001: 2013 international standard certification through inspections conducted by an independent verification institution in 2018. We led the industry in becoming the first company to adopt both NPI and IT certification. Delta shall continue to rigorously implement Plan-Do-Check-Act (PDCA) management ideals and continue to improve information security management and technologies to protect customers' data.

According to ISO 27001 certification requirements, the Company is required to conduct at least one internal information security audit each year and appoint an independent certification institution to conduct external audits on information security. No major deficiencies have been found in the internal and external information audit results in recent years. The ISO 27001 certification audit items include Business Continuity Management (BCM) regulations and the Information Recovery Plan for which an actual recovery exercise is conducted each year. The exercise provides an actual simulation of standard operating procedures of system services after a natural disaster or an attack. It also verifies the appropriateness and effectiveness of the standard operating procedures to prevent interruption of information system services.

Delta established the Vulnerability Management System (VMS) in 2018 to ensure the security of networking products and services from the Company. Before Delta's networking products or networking services go online, the VMS helps ensure the security of sensitive information of both the Company and its clients, and helps ensure that the system is not vulnerable to hacker attacks or theft.

There have been no material information security incidents at Delta in the past three years as of the publication date of the Annual Report. However, under malicious or targeted cyberattacks, the networking products and services provided by Delta may cause the Company to lose clients or cause failure of system services. The production lines in plants may also be suspended due to unresolved issues caused by attacks. The Company shall continue to review and assess the information security regulations and procedures despite limitations in the size of the Information Security Team to ensure the appropriateness and effectiveness of information security regulations and procedures. However, due to the rapid development of information technologies and rapid changes in information security threats, the Company cannot fully guarantee that it would remain unaffected by targeted attacks or malicious attackers. Hackers may also attempt to use cyberattacks to steal the Company's trade secrets such as confidential information of customers or the system, or employees' personal information. Information security risks generally damage the Company's reputation and customer relations, which in turn affects the Company's revenue. We, therefore, continued to duplicate our success in obtaining ISO 27001 certification into other business groups and affiliate companies. We conducted IT asset labeling and classification to effectively control operational risks and ensure information confidentiality, integrity, and availability. We continue to improve customers' trust in outsourcing information and implement information security management and continuous business operation ideals to provide secure and efficient services.

4.7 Risk Management

Delta's focuses on R&D, manufacturing, and sales, and it does not engage in high-risk, high-leverage investments. In addition, when forming the remuneration committee's regulations, the committee was prohibited from leading directors and managers to pursue remuneration from behavior that exceed the risk appetite of the Company. In addition to an Audit Committee under the jurisdiction of the Board of Directors that monitors the Company's existing or potential risks, Delta has established an independent internal audit department. This department supervises the control and completion of the Annual Audit Plan. The department also reports to the Board of Directors and tracks continued improvements. In addition, to instill internal audit concepts throughout the Company, Delta utilizes a rotating internal audit system to train supervisors with auditing knowledge and capabilities.

With regard to risk identification and management, Delta's operating risks are effectively reduced through departments that have professional expertise to carry out detailed risk identification. These groups also develop management strategies and response programs to reduce, transfer, and avoid risk. In the event of an emergency or material incident, Delta initiates the Delta crisis management system. The command of crisis management team is given to the CEO who shall assemble legal, financial, business, human resources, and corporate information departments for joint participation. They form teams based on their functions and conduct emergency incident processing meetings. They propose immediate evaluations for incidents and affected individuals. They also formulate, publish and communicate information to ensure information transparency and updates.

(1) Financial Affairs Risk Management

Risk is reduced through rigorous control and appropriate tax planning, credit risk control, and financial crisis predictive modeling. In addition, market capital and bank interest rates are regularly assessed, and prudent fund-raising methods are used to hedge actions against exchange rate changes.

(2) Information Risk Management

A company-wide information management system to control and preserve information security provides management echelons with fast, effective, and transparent operations management information that reduces information safety risk.

(3) Environmental Risk Management

Environmental risk management considers regulatory requirements and management status impacts for both internal and external environments as well as adjusting improvement priorities. This is to establish management plans and indicators which are regularly reviewed and evaluated.

(4) Corporate Investment Risk Management

Corporate investment risk management evaluates long-term investment efficiency and actively cooperates with the operations department to seek strategic subjects to provide timely non-core investment projects. In addition, the department is responsible for investment assessment, review, supervision, and management to strategically reduce, transfer, and avoid risks.

(5) Safety and Health Risk Management

Identification of risk level factors include risk occurrence probability, staff operation frequency, and risk severity. Departments set relevant control measures based on determined risk levels.

(6) Legal and Intellectual Risk Management

Legal and intellectual risk management provides internal legal advice, product liability insurance renewal and settlement of claims, and handles legal issues and litigation processing patents, trademarks, and other related intellectual property matters. It also provides antitrust education and training to reduce, transfer, or avoid associated risks. In 2019, Delta was not involved in legal actions for anti-competitive behavior, anti-trust, or monopoly practices.

Safeguarding Our Customers' Privacy

We are committed to safeguarding the privacy of the personal information that we gather from our customers. We inform them of what information we collect from them; how we use that information; how they can get access, update or ask for removal of their information; and how we protect our customers' privacy data. In 2019, no complaints were received from our dedicated channel.

4.8 Comprehensive Information Disclosure and Shareholder Communication

Before the implementation of relevant legislation, Delta took the initiative and publicized our six months financial statements, which were certified by CPAs. At the same time, we immediately made public announcements on the Taiwan Stock Exchange and included an Investors section on our website for documents such as the Chairperson’s Report to the Shareholders, company annual reports, financial statements, corporate governance regulations, stock value and dividend information, legal briefing sessions, and the relevant rules and regulations regarding our committees. Delta publishes tax information on the Company’s official website to explain how Delta pursues optimal taxation across the globe, protects shareholder equity while complying with laws and corporate governance policies, and pays reasonable taxes to give back to society.

Delta’s efforts and results towards information disclosure have been praised by institutions and various ratings organizations. Delta Electronics has received nine consecutive information disclosure assessments with a rating of A or higher since 2006. Delta received the highest A++ rating from 2012 to 2015. Delta won the Taiwan Stock Exchange Corporate Governance Evaluation Award from 2015 to 2018 as one of the top 5% of public companies. The awards were recognition of Delta’s outstanding performance in protecting shareholder rights and interests, equal treatment of shareholders, strengthening the Board of Directors’ functions, enhancing information transparency, practicing corporate social responsibility, and other evaluation items.

Delta hosts an Investors Conference each quarter to announce quarterly financial performance and operating conditions and explain the Company’s long-term strategic plans and future development to investors and the media. The Company also provides simultaneous Chinese and English online streaming broadcast services on Delta’s website. This makes it more convenient for all domestic and foreign investors to get the Company’s latest information in a timely manner. As Delta has a high ratio of foreign investors, we prioritize the importance to properly communicating with foreign investors. This is done through participation in various investor forums and conferences annually and through direct visits to foreign shareholders in Asia, Europe, and the United States. In addition to describing operation conditions to foreign investors, we also factor in positive advice from various stakeholders related to corporate operations, financial affairs, and corporate governance. At the same time, we fully cooperate with domestic and international visits and welcome non-periodic visits from investor representatives to see our global manufacturing bases and exhibitions.

In 2019, Delta Electronics participated in a total of 23 foreign investor meetings and over 300 investor interview conferences. Delta Electronics is the first in the industry to use voting by poll for all meeting items that require less stockholder participation in company decisions so they can cast their vote. The voting status and results are immediately disclosed to the public. We are also committed to providing feedback to the suggestions provided by stockholders at the annual Shareholders Meeting as reference for future strategies.

Delta, in 2019, actively communicated with corporate shareholders to respond to international corporate investors’ focus on ESG issues. We also participated in multiple international conferences to learn about the latest international development trends and requirements of corporate shareholders including the composition of the Board of Directors, the Company’s carbon emissions reduction targets, employee benefits, and ESG management for the sustainable supply chain. In 2020, Delta will communicate more closely with corporate shareholders to help all investors understand Delta’s ESG development and progress.

Response to COVID-19

Companies’ response capabilities are tested as the COVID-19 pandemic spreads across the world and disrupts industries from the end of 2019 and into 2020. Delta immediately established a global epidemic response team and implemented various measures to enhance protection for employees. The Delta team responded to front-line business requirements, quickly organized manpower, and shortened the time required to restore operations. In terms of technology, we are using industrial automation solutions and uninterruptible power supply systems to provide the best production efficiency for mask production machines and medical imaging equipment to help fight the epidemic. We are also using online platforms to replace offline interactions with online communication so that work and learning are not disrupted by the epidemic.

5

Environmental Protection and Energy Savings

- 5.1 Key Performance Indicators
- 5.2 Climate Change
- 5.3 Energy management
- 5.4 Water Resource Management
- 5.5 Waste Management
- 5.6 Green Products
- 5.7 Environmental Management

5.1 Key Performance Indicators

- **Provided Green Solutions**

Accumulated and increased the R&D momentum to continue to develop green energy, energy saving products, and solutions.

- **Implemented Sustainable Production**

Set reduction goals and reduced the impact of plants and products on the environment. Actively developed renewable energy solutions and increased the use ratio for renewable energy.

- **Responded to Climate Change**

Identified climate change risks and developed competencies to adapt to climate risks and mitigated possible climate risks.

- **Promoted Green Building Concepts**

Implemented green buildings by applying Delta's energy-saving solutions.

- **Participated in International Environmental Protection Initiatives**

Actively remained in line with international sustainability and responded to international initiatives.

Energy Savings of High Efficiency
Products for Worldwide Customers

31.4 billion kWh
2010-2019

Renewable Energy Generated
and Purchased

193.2 million kWh

Energy Saving Practices at Global
Green Building Plants

19.73 million kWh

Reduction in Electricity
Consumption of Non-IT Equipment

28.7%
Compared to 2015

Decrease in Plant Carbon Intensity (CI)

29%

Compared to 2014

Decrease in Building EUI

13.28%
Compared to 2014

Environmental Protection
Investment

8.41 MUSD

Waste Diversion Rate

97.9%

Decrease in Plant Water
Productivity Intensity (WPI)

24.6%
Compared to 2015

Aligning with UN Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS



No Poverty

Worked with the United Nations Development Programme in developing countries by providing renewable energy solutions and enhancing energy accessibility.



Clean Water and Sanitation

Improved water resource usage efficiency. Developed water-saving technology in green buildings.



Affordable and Clean Energy

Continued to develop solar power generation systems to increase the renewable energy use ratio in our plants



Industry Innovation and Infrastructure

Promoted a variety of integrated energy-saving solutions to accelerate industry innovation.



Sustainable Cities and Communities

Developed electric vehicle charging solutions and joined the EV100 initiative to promote sustainable transportation. Developed green buildings to assist in sustainable urban development.



Responsible Consumption and Production

Implemented sustainable manufacturing to reduce plant impact on the community. Improved the efficiency of energy and raw materials usage. Implemented green design and green packaging.



Climate Action

Established and committed to a science-based target for carbon reduction to exert a wider positive influence. Committed to the fight against climate change and seized business related opportunities.



Life on Land

Promoted green buildings to increase land biodiversity and reduce corporate operations' ecological impact.



Partnerships for the Goals

Worked with the Business Council for Sustainable Development of Taiwan in compiling energy and climate policy white papers and called upon the local government to focus its attention on related policies. Responded to the four commitments behind We Mean Business* by committing to adopt a science-based emissions reduction target.

* Organizations such as the World Business Council for Sustainable Development (WBCSD), CDP, and the Climate Group proposed initiatives and invited enterprises across the world to join the We Mean Business Coalition and commit to taking actions to respond to climate change.

Link: <https://www.wemeanbusinesscoalition.org/companies/#region=Asia%20Pacific&country=Taiwan>

5.2 Climate Change

• Material Topics



Strategic Direction

Delta has incorporated climate change into its corporate sustainable management’s major risk categories while utilizing mitigation and adaptation in its management practices. Delta has integrated its core competencies in the promotion of its energy saving strategy. In addition, Delta actively identified risks and developed adaption capabilities to analyze climate opportunities and accumulate R&D momentum to develop green energy, product energy reduction, and solution changes. Delta strives to be a solution provider for green energy saving.

Commitments

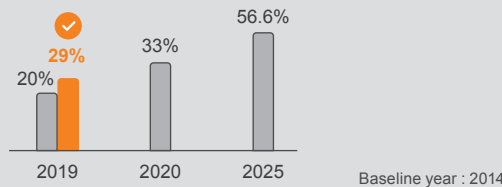
Specific achievements on Delta’s “We Mean Business” commitments are:

- Commit to adopt a science-based emissions reduction target
- Commit to report climate change information in mainstream reports as a fiduciary duty
- Commit to responsible corporate engagement in climate policy
- Conversion to electric vehicles and expansion of charging facilities

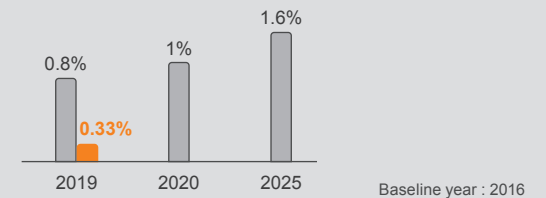
KPI

✔ Achieved Performance Target

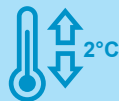
SBT Scope 1 and Scope 2 carbon intensity target



SBT Scope 3 average power efficiency of Server Power



Key Initiatives for Alignment with SDGs



Respond to global temperature increase within 2°C compared to pre-industrial temperatures, establish and accomplish the science-based target of carbon reduction.



Identify climate change risks, build competencies to adapt to climate risks and further mitigate possible climate risks



Participate in international initiatives to summarize and develop climate change opportunities

5.2.1 Climate-Related Financial Information Disclosure

As the impact of global warming on the global economy increases, the central bank governors and finance ministers of G20 countries encouraged investment institutions and companies to pay attention to the risks and opportunities of climate change. The Financial Stability Board (FSB) established a Task Force for planning response measures and announced the recommendations in June 2017.

Delta first introduced the framework for the Task Force on Climate-related Financial Disclosures (TCFD) in its 2016 Financial Report and disclosed information on climate governance, strategies, risk management, and key indicators. The Report is updated each year and Delta became a TCFD Supporter in February 2018. Delta has always paid close attention to climate change and believes TCFD can help more departments engage in climate change dialogs. In addition to energy conservation and green building solutions, the Company continues to expand ideas and evaluations to provide more comprehensive reviews for developing solutions.

Governance

Climate change affects the development of Delta's products and corporate operations, and energy conservation is one of Delta's core technologies. At Delta, major climate change issues are identified by the Corporate Sustainability Development Office and become projects for the CSR Committee. (Refer to Chapter 2 for the structure of the Committee.) The Chief Sustainability Officer compiles and submits important data to members of the Board of Directors each quarter while other climate issues are processed by business groups and functional groups. The Energy Management Committee and the Strategy Development Meeting are responsible for energy conservation and products to ensure the effective operations of key issues. The Energy Management Committee organizes meetings every quarter to promote energy conservation projects in all of Delta's plants, green buildings, and machine rooms around the world. The Strategy Development Meeting convenes each year for business groups and functional groups to establish the strategies of individual business groups and Delta's goals. These meetings are led by the management team with the participation of the members of the Board of Directors.

Risk Assessment and Strategies

Delta implements a major investigation every three years and uses probability and the impact of risks to screen high-risk items and corresponding opportunities based on short-term, medium-term, and long-term strategies. To ensure that the investigation results meet current conditions, Delta reviews the assessment results each year to verify the reasonableness

of the results. Eighty-two supervisors from Delta's business groups and functional groups conducted joint identification in 2018 and conducted reviews in 2019. They have identified 11 types of risks and opportunities of high concern in four major categories. These are described as follows:

- Policy and regulatory risks (increase in payment for greenhouse gas emissions, fuel energy taxes, voluntary regulations, general environmental regulations, and renewable energy regulations): Plants in Taiwan are currently not included within the scope of carbon taxes or mandatory carbon trading. Products are also not directly placed under management. However, once they are placed under management, it may increase operating costs and management expenses. It may also lead to the inability to implement prompt response measures or even penalties due to the inability of renewable energy supply to meet demand or lack of transparency in policies. We actively study carbon border taxes, renewable energy regulations, renewable energy certificate systems, and customers' renewable energy requirements for suppliers.
- Technical risks (products/services replaced by low-carbon technology and costs for transition to a low-carbon economy): Delta pays close attention to development in the power sector and actively pursues opportunities available to Delta in a low-carbon economy. However, as definitions of "low-carbon" remain unclear, we require a certain amount of time and capital investment for technology development, which may cause errors in determining industry trends and excessively long payback periods.
- Market risks (uncertainty of market information and increase in raw material expenses): If consumer demand for low-carbon products is lower than expected or if the signal is not sufficiently strong, it may lead to a delay in the launch of low-carbon products, unacceptable prices, reduced profits, or early termination. Climate change may indirectly or directly cause interruptions in the supply chain. This may force Delta to choose raw material manufacturers with higher unit costs or change transportation routes, which may increase the cost. Product materials and specifications may also increase in terms of higher temperature tolerance, salt tolerance, or energy efficiency, which would increase the cost of raw materials.
- Physical risks (changes in rainfall, severe changes in weather conditions, and rise in average temperatures): Physical risks may increase the cost of chillers and other air-conditioning equipment, increase the cost of flood prevention measures, increase the frequency and cost of building maintenance, and increase the fees required for the purchase of micro climate data.

Climate change presents both risks and opportunities for Delta

Important opportunities include:

- Participation in carbon trade and renewable energy markets: Delta pays close attention to the development and market demands of carbon trading, carbon taxes, carbon tariffs, and renewable energy certificates. We also actively explore the feasibility of applying for micro carbon rights and entering early energy procurement agreements with power producers.
- Usage of more efficient production and distribution processes: Delta introduced automation solutions and designed low-carbon packaging solutions to actively provide customers with online energy monitoring, automation, and energy-saving services.
- Development or expansion of low carbon products and services: Delta develops modular solutions for products and comprehensive solutions. We continuously improve energy efficiency for the development of low-carbon products such as electric vehicle components and charging facilities.
- Development of climate adaptation and solutions: Delta develops products with high temperature and salt tolerance to adapt to global warming. We promote green buildings, incorporate building automation technologies, and pay attention to opportunities for developing healthy buildings.
- Responding to changes in consumer preferences: Delta provides energy storage equipment, microgrid, and other new products to help facilitate energy transformation and help companies meet requirements for renewable energy development.

Indicators and Targets

Delta calculated its carbon reduction responsibilities in 2017 in accordance with the simulation developed by the International Energy Agency (IEA) for limiting the global temperature increase to 2 degrees Celsius. We established science-based targets for carbon reduction by the year 2025 in accordance with the 2014 baseline. The targets passed the review of the Science Based Targets initiative (SBTi) in 2017 and we have met targets for each phase consecutively since the first year. Refer to Chapter 5.2.3 for 2019 results.

Delta's Key TCFD Achievements in 2019

Delta has three business categories, eight business groups, and hundreds of products. To understand the connections between climate change and the development of Delta businesses, we categorized products into stable products, climate change adaptation products, and emerging products for climate change. We selected our uninterruptible power supply (UPS) systems, fan products, and electric vehicle components and used interviews with supervisors and internal and external data collection to establish an assessment framework and inventory tools and connect them to items in the financial statements.

Stable products

The product categories developed over the years were not designed specifically for climate change but they can be connected to climate change through increased energy efficiency and expansion of applications in low-carbon products.
For example: Uninterruptible Power Supply (UPS) products.

Adaptation products

The design specifications must account for the temperature, humidity, and other climate conditions and the product parameters and functions must be adjusted in accordance with physical changes caused by climate change.
For example: Fan products.

Emerging products

New product categories are developed in response to low-carbon demands.
For example: Electric vehicle components.

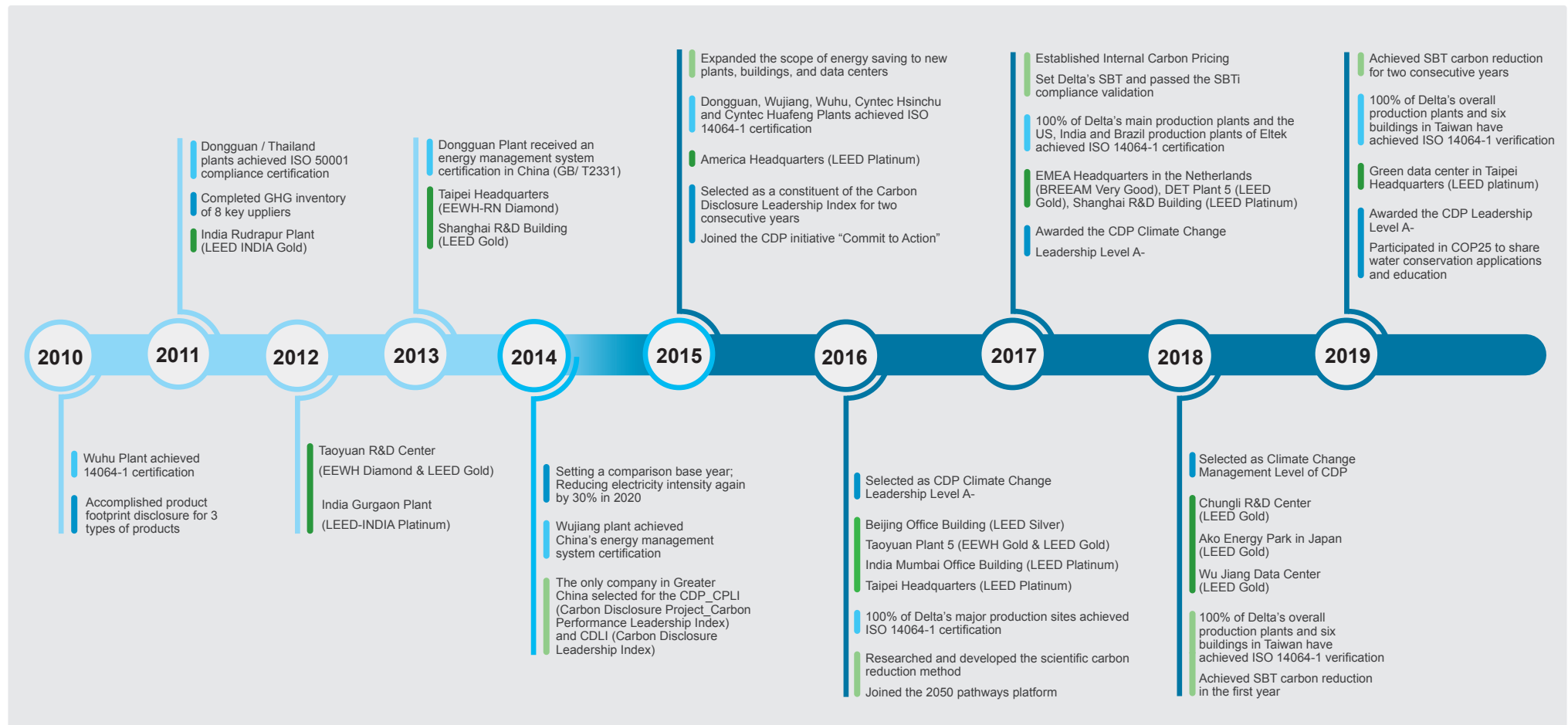
5.2.2 Response to Climate Change

Mitigation of Climate Change

In an effort to minimize the impact on climate, Delta is devoted to precise management and promotion of green operations, energy management, carbon disclosure, and green buildings/plants.

Key Achievements in Regards to Climate Change Mitigation

Green Operations Greenhouse Gases Green Buildings Carbon Disclosure



Adaptation to Climate Change

Developing capabilities to adapt to climate change and reduce extreme weather risks is a key issue that should be included in a corporate sustainability management strategy. Delta has taken the following measures to address this:

Climate change adaptation measures taken by Delta

Strengthen Infrastructure

Engineering techniques were applied in areas vulnerable to extreme weather, such as droughts and floods, to help reduce risks.

Examples

The foundations of Delta's Thailand plants are 5-6 meters higher than sea level in consideration of possible floods.

Build Business Continuity

In response to possible extreme weather events, Delta's main production plants have established emergency response plans and mechanisms. A response team has been set up to ensure that operations may continue in the event of an incident and that operational capabilities may be recovered in a shorter period of time.

Examples

Plants in Taiwan are equipped with emergency generators to respond to power blackouts. Plants have also set up solar power generation equipment with energy storage systems to provide more than 4% of their electricity requirements.

Apply the Green Building Concept

The concept of a sustainable base in green building design is applied to enhance the tolerance of plants to extreme weather.

Examples

Delta's Tainan branch uses permeable pavement and a detention pool to ensure a 150% water retention rate.

5.2.3 Greenhouse Gas Inventory and Management

Since 2007, Delta has participated in CDP to disclose the Company's greenhouse gas emissions. Starting in 2009, Delta's main production plants have successively passed ISO 14064-1 Greenhouse Gas (GHG) Certification. Since 2016, 100% of Delta's main production plants have achieved ISO 14064-1 GHG Certification. In 2017, Eltek, Delta's subsidiary, achieved ISO 14064-1 GHG Certification at its USA, Brazil, and India plants. In 2018, the scope of certification was extended to buildings in Taiwan, and four new buildings completed the ISO 14064-1 GHG Certification. As of today, all Delta production plants have passed ISO 14064-1 certification.

Delta has taken the lead in establishing science-based targets by proposing to lower our carbon intensity by 56.6% by 2025 using 2014 as the base year. Delta passed a compliance evaluation from SBTi in December 2017 becoming the first in Taiwan as well as the 87th companies globally to pass this evaluation. In addition to its own specific response to control the global temperature increase within 2°C, Delta actively encourages other companies to jointly respond to global carbon reduction, and has been invited many times to CDP, SBTi and WRI to share its science-based targets experience.

Greenhouse Gas Inventory

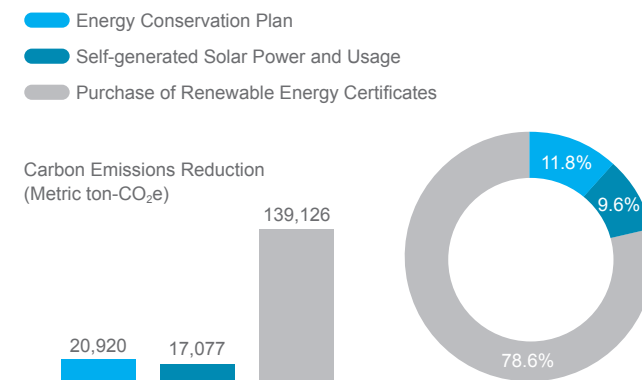
For years, Scope 2 has been the main scope of Delta's greenhouse gas emissions (accounting for more than 95%). Delta's greenhouse gas emissions reduction strategy is based primarily on plant energy management and adoption of green power. The greenhouse gas emissions in Scope 1 and Scope 2 for overall plants in 2019 was 258,120 metric tons CO₂e, which is a 20% reduction compared to the previous year. It was mainly the result of additional green power in 2019 that accounted for 77%. We installed solar power generation equipment in the plants and purchased 170,000 International Renewable Energy Certificates (I-RECs) in China.

In 2019, Delta's Scope 1 and Scope 2 carbon intensity in main production plants was 34.6 (metric ton CO₂e / production value in MUSD by market), which is a reduction of 29% from the baseline year 2014 and a reduction of 16% from 2018. We have achieved the Science-Based Target (SBT) for 2 consecutive years and fully demonstrated Delta's resolve for fulfilling the SBT.

Scope 3

Having adopted the GHG Protocol Evaluator Tool to identify the primary source of Delta's Scope 3 emissions in 2017, results indicate that emissions from server power supplies had exceeded 70% of all Scope 3 emissions. These results were verified by ISO 14064-1. To lower GHG emissions, Delta set up specific energy efficiency targets for server power supplies. We aim to lower Scope 3 emissions 20% by 2022 from the base year of 2016 by enhancing energy efficiency. In 2019, the energy efficiency targets for server power was increased 0.33%.

2019 Science Based Targets (SBT) Attainment Ratio (%)



Statistics of Greenhouse Gas Emissions in 2019

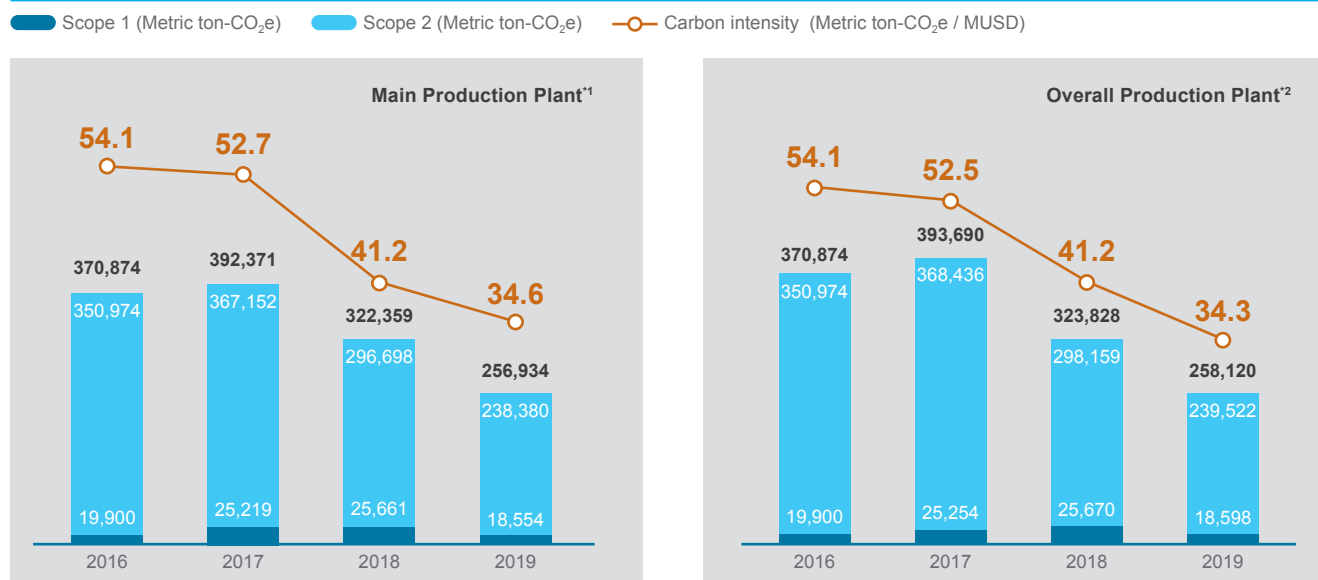
Unit: metric ton-CO₂e

	Main production plants ^{*1}	Overall production plants ^{*2}
CO ₂	245,407.5	246,593.1
CH ₄	5,234.3	5,234.3
N ₂ O	50.2	50.2
HFCs	1,699.7	1,699.7
PFCs	4,540.9	4,540.9
SF ₆	1.8	1.8
NF ₃	0	0
Total	256,934	258,120

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cyntec Hsinchu and Huafeng Plants are within the scope of the SBT commitment.

*2 Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India).

Scope 1 and Scope 2 Greenhouse Gas Emissions



Delta's Internal Carbon Pricing

Delta has paid attention to the trends of internal carbon pricing. Though Delta is not defined as a massive carbon-emitting enterprise by law, we still actively pay attention to carbon taxes, laws and regulations related to our main production plants. We also collect information on Chinese carbon transactions and Taiwanese greenhouse gas emissions policies as well as research reports on the global carbon market. To strengthen autonomous management, in 2017, we established internal carbon pricing through voluntarily internalizing the carbon emissions from operating activities into economic costs. Internal carbon pricing is updated each year in accordance with legal trends, international business cases, and by considering the investment costs of the Company's energy-saving projects, renewable energy programs, and green power purchases. Carbon pricing serves as a tool that supports an internal decarbonization strategy as well as risk management. In the future, in response to Delta's customers' renewable energy demand, Delta plans to combine internal carbon pricing and internal carbon management mechanisms to implement carbon management decision-making and risk management integration between the plants and the business units.

Scope 3 Greenhouse Gas Emissions

Emissions in 2019

Unit: metric ton-CO₂e

13,274.1
Purchased Products and Services

7,145.7
Upstream Transportation and Distribution

4,823.2
Employee Business Trips

38,561.7
Downstream Transportation and Distribution

328.5
Waste Generated in Operation

6,242.1
Downstream Leasing

277,624.6
Use of Sold Products

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cyntec Hsinchu and Huafeng Plants are within the scope of the SBT commitment.

*2 Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India).

5.3 Energy management

Material Topics



Strategic Direction

Delta has long advocated and implemented environmental protection and energy conservation practice. All new production plants need to implement green building designs. Multiple energy-saving plans are actively promoted within the production plants, offices, and data centers. We continue to complete our energy conservation objectives and meet new conservation milestones.

Commitments

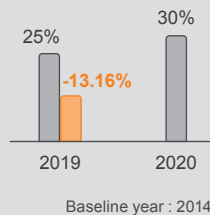
From 2009 to 2014, Delta reduced the electricity intensity in its production process by 50%. Delta promised to widen the extent of electricity reduction beyond new production plants to include R&D centers, office buildings, and data centers. Using 2014 as a benchmark, Delta plans to lower its electricity intensity by an additional 30% by 2020.

KPI

✔ Achieved Performance Target

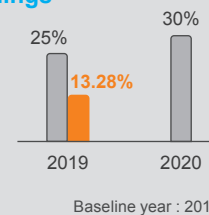
Energy Conservation of Main Production Plants*1

Electricity Intensity (EI), EI = annual purchased electricity / production value in million USD



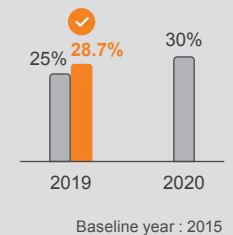
Energy Conservation of Buildings*2

Electricity Usage Intensity (EUI), EUI = annual electricity consumption / space area



Energy Conservation of Data Centers*3

Power Usage Effectiveness (PUE), PUE = total electricity consumption of a data center = (IT equipment + Non-IT equipment) / IT equipment electricity usage



Key Initiatives for Alignment with SDGs



Expand the scope of energy management and implement concrete targets.



Develop products and solutions with high energy efficiency.



Implement and promote green production plants and office buildings.

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cytotec Hsinchu and Huafeng Plants.

*2 13 Buildings: RuetiGuang, Yang Guang, Taoyuan Plant 3, Chungli 1 and 2, Tainan Plant 1 and 2, Dongguan Technology Development, Wujiang Technology Development, Shanghai Technology Development, Japan Headquarters, American Headquarters, and Germany SOEST.

*3 4 Data Centers: Taipei Headquarters, Wujiang, DET Plant 5, and Americas Headquarters.

5.3.1 Energy Consumption

Through the years, Delta's energy sources have been fossil fuels such as natural gas, diesel, petroleum, and liquefied petroleum gas, as well as purchased electricity from major production sites in Taiwan, Mainland China and Thailand. Delta's fossil fuels are mainly used to power emergency power generators, lawn mowers, forklifts, company vehicles, as well as ovens and stoves in dormitories and cafeterias.

In recent years, Delta has significantly changed the ratio of its fossil fuel consumption. This is mostly because purer natural gas has gradually been adopted for stoves and ovens instead of diesel and optimize the fuel usage efficiency to reduce the GHG emissions. In 2019, the consumption of diesel in the main production plants was reduced by 39% compared with 2018, and natural gas was reduced by 24%. According to a GHG data analysis, purchased electricity is the main source of GHG emissions (about 95% in 2019) of Delta's main production sites.

5.3.2 Energy Conservation Projects

Establishment of Delta Energy Online and Continuous Promotion of Energy Conservation Projects

In 2011, Delta established a cross functional energy management committee, and an Energy- Saving Technology Team was organized within the Committee. Over the years, the team has implemented various energy conservation and improvement measures for public facilities such as the sintering furnace, reflow furnace, wave soldering furnace and burn-in production equipment. By coordinating firsthand experience with energy conservation from internal and external consultants, the team is able to implement these practices at all primary production plants around the world.

From 2011 to 2019, each primary production plant has continued to implement energy conservation and carbon reduction measures (see the following table). The company put 246 energy conservation projects into practice in 2019 and saved approximately 32,419 MWh of electricity, equivalent to approximately 20,920 metric tons of CO₂e emissions. Delta implemented a total of 2,036 energy saving projects from 2011 to 2019 with an estimated 262,464 MWh of electricity saved, equivalent to a reduction of 207,474 metric tons of CO₂e emissions.

Energy Consumption Statistics

Attributes	Classification	Item	2016 Main production plants ^{*1}	2017 Main production plants ^{*1}	2018 Main production plants ^{*1}	2019 Main production plants ^{*1}	2019 Overall production plants ^{*2}
Input	Energy	Purchased Electricity (MWh)	461,909	492,636	486,614	494,728	497,246
		Natural Gas (GJ)	79,812	85,455	97,527	88,816	89,329
		Diesel (GJ)	18,040	13,112	11,540	8,031	8,162
		Gasoline (GJ)	10,785	10,212	8,877	3,371	3,371
		Liquefied Petroleum Gas (GJ)	190,462	177,603	174,427	154,092	154,092

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cynotec Hsinchu and Huafeng Plants are within the scope of the SBT commitment.

*2 Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India).

Energy Conservation Practices From 2011 to 2019

No.	Energy Saving Subject	Statistical Item	2018	2019	2011-2019 *
1	Air Conditioning Ventilation Systems	Cases	42	52	447
		Electricity Savings (MWh)	6,040	4,603	47,537
		Carbon Reduction (Metric tons)	4,434	2,187	35,509
2	Air Compressors	Cases	19	13	190
		Electricity Savings (MWh)	1,587	1,796	19,896
		Carbon Reduction (Metric tons)	1,237	350	14,777
3	Injection Molding Machines	Cases	3	1	26
		Electricity Savings (MWh)	35	487	14,900
		Carbon Reduction (Metric tons)	29	407	12,918
4	Lighting Systems	Cases	9	8	146
		Electricity Savings (MWh)	170	383	12,087
		Carbon Reduction (Metric tons)	118	213	13,378
5	Burn-in Recovery Systems	Cases	23	13	110
		Electricity Savings (MWh)	11,997	3,095	49,181
		Carbon Reduction (Metric tons)	7,878	2,124	37,240
6	Process Improvements	Cases	124	112	680
		Electricity Savings (MWh)	11,700	11,137	52,422
		Carbon Reduction (Metric tons)	9,411	7,754	40,685
7	Others (Management, etc.)	Cases	44	47	437
		Electricity Savings (MWh)	9,703	10,919	66,441
		Carbon Reduction (Metric tons)	6,570	7,885	52,967
Total		Cases	264	246	2,036
		Electricity Savings (MWh)	41,232	32,419	262,464
		Carbon Reduction (Metric tons)	29,677	20,920	207,474

* Electricity emission coefficient in Taiwan was 0.533 kg CO₂e/kWh in 2018; the emission coefficients of China's regional power grid in 2017 were 0.8046 kg CO₂e/kWh in Eastern China, 0.9014 kg CO₂e/kWh in Central China, and 0.8367 kg CO₂e/kWh in Southern China; the electricity emission coefficient in Thailand in 2018 was 0.5813 kg of CO₂e/kWh.

Energy Conservation Performance of Delta's Energy Utilization

Main Production Plants

2019 EI was 66,653 kWh/MUSD for Delta's main production plants, an increase of 7% compared to 2018; an increase of 13.16% compared to 2014.

The main reasons are:

- Added power consumption of new plants
- Increased power consumption due to customer demand for extended burn-in time
- Added power consumption of production lines
- Increased power consumption from air conditioners and air compressors

Buildings

The EUI for 13 buildings in 2019 was 138.5 kWh/m²; a decrease of 6.3% compared to 2018; a decrease of 17.38% compared to 2014.

The main reasons are:

- Added power recycling system
- Replaced air compressors with high-efficiency units
- Switched to 250 RT VFD chillers
- Installed solar power generation system
- Added multiple VFD compressors in serial connection and adjusted load

Data Centers

The PUE was 1.34 for Delta's 4 data centers in 2019, a decrease in electricity consumption of non-IT equipment by 7% compared to 2018; decrease of 28.7% compared to 2015.

The main reasons are:

- Replaced chiller and improved water tank for the chiller
- Used VFD equipment to save power
- Optimized the efficiency of naturally aspirated systems
- Physical device virtualization
- Switched to centralized UPS to reduce UPS energy consumption
- Built independent naturally aspirated systems

5.3.3 Promotion of Energy Conservation by Green Buildings

Since the construction of Delta's first green building at the Southern Taiwan Science Park in 2006, Delta has actively committed to implementing green building standards for all new Delta plants and offices in the future. As of 2019, Delta built and donated 27 green buildings across the world and constructed 2 green data centers with Leadership in Energy and Environmental Design (LEED) certification. Wujiang R&D and Manufacturing Center obtained the LEED v4 ID+C (Interior Design and Construction) Gold certification, and the data center at Taipei Headquarters also obtained LEED v4 ID+C certification in 2019. It became the world's first green data center to receive platinum certification. Delta's energy conservation solutions, such as high-efficiency power supply system, precision air-conditioning, airflow management, LED energy-efficient lighting, and comprehensive energy monitoring systems, received full points for energy efficiency optimization in the "Energy and Atmosphere" evaluation organized by the U.S. Green Building Council.

Delta continues to expand products and energy-efficient solutions in green buildings and has received certification from the US Green Building Council (LEED), UK Building Research Establishment (BREEAM), Taiwan Green Building System (EEWH), and China Green Building Evaluation Standards. With the inauguration of green buildings, Delta has incorporated diverse greening into plant areas, ecological

ponds, and other environmentally-friendly designs with positive benefits for biodiversity. Delta also joined the narrative in the United Nations Climate Change Conference, sponsored green building design contests, organized green building exhibitions, published books such as "Build Green Buildings with Delta", and released microfilms to promote green buildings.

Delta has autonomously set goals to establish comparison standards based on the EUI (kWh/m²) for local building standards* each year. We calculate energy savings for green buildings, including 15 plants and office buildings as well as five green buildings donated to academic institutions, in reference to the ISAE 3000 Assurance standard. In 2019, Delta's global certified green plants and buildings collectively saved, in total, 19.73 million kWh of electricity, and reduced carbon emissions by approximately 12,485.6 metric tons CO₂e. (Refer to Chapter 6.6.1 for the energy savings for the five donated green buildings.)

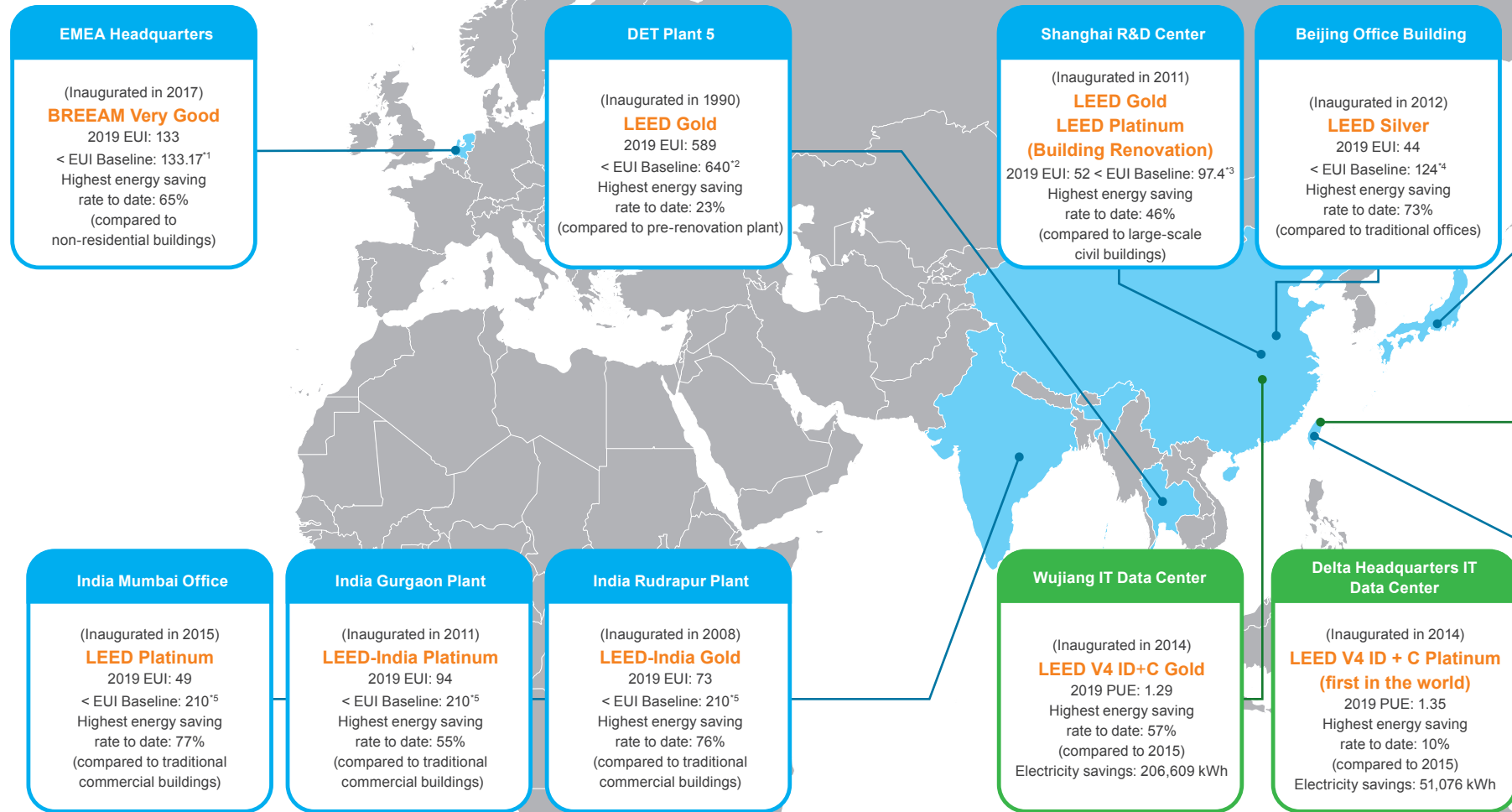
In addition, Delta uses the power usage effectiveness (PUE) of data centers as the baseline to evaluate the electricity savings. In 2019, Delta's certified green plants and buildings collectively saved, in total, 257,766 kWh of electricity and reduced carbon emissions by approximately 193.5 metric tons of CO₂e.



The data center at Taipei Headquarters obtained world 1st LEED v4 ID+C platinum certification in 2019

* Delta calculates EUI of each green building in line with the methodologies from the literatures cited on pages 76 and 77. Annual electricity usage refers to purchased electricity not including self-generated solar power. Accordingly, the following are excluded from EUI calculation: lab electricity (Shanghai R&D Center, Taipei Headquarters, Taoyuan Technology Center, Taoyuan Plant 5, Tainan Plant 1 and 2, Chungli R&D Center), data center electricity and area (Americas Headquarters and Taipei Headquarters), production electricity usage (Taoyuan Plant 5), unused area and indoor parking area (for applicable buildings).

Energy-saving Solutions Adopted by Delta Green Buildings and Their Benefits



*1 <European Commission>

European Commission Buildings Database (Access date: March 12, 2020) : 133.17 kWh/m²/year (Netherlands 2014 non-residential buildings).

*2 < LEED 2009 for Existing Buildings Operations and Maintenance Rating System>

DET Plant 5 Green Building Application (According to the LEED 2009 for Existing Buildings Operations and Maintenance) - Baseline year 2010-2012 average EUI: 640 kWh/m²/year.

*3 <Shanghai Municipal Commission of Housing and Urban-Rural Development>

2018 Shanghai Municipal Public Building Energy Consumption Monitoring Report (P.23): 97.4 kWh/m²/year (Office buildings, parking lots not included).

*4 <The Energy Foundation>

Study on Energy Conservation Potential and Promotion Mechanism for Civil Buildings in Beijing (P.25): 124 kWh/m²/year (Office buildings, parking lots not included).

*5 <UN and Indian Bureau of Energy Efficiency>

Energy Efficiency Improvements in Commercial Buildings (P.14): 210 kWh/m²/year (Office buildings, parking lots not included).

Japan Ako Energy Park

(Inaugurated in 2017)
LEED Gold
 2019 EUI: 95
 < EUI Baseline: 165.57^{*6}
 Highest energy saving rate to date: 38%
 (compared to green building application documents)

Americas Headquarters

(Inaugurated in 2015)
LEED Platinum
CBE Annual Livable Buildings Award
 2019 EUI: 20
 < EUI Baseline: 166.88^{*7}
 Highest energy saving rate to date: 94%
 (compared to traditional offices)

Taoyuan Plant 5

(Inaugurated in 2015)
LEED Gold, EEWB Gold
 2019 EUI: 161
 < EUI Baseline: 169^{*9}
 Highest energy saving rate to date: 19%
 (compared to factory buildings)

Taipei Headquarters

(Inaugurated in 1999)
EEWH-RN Diamond
LEED Platinum (Building Renovation)
 2019 EUI: 81
 < EUI Baseline: 165.5^{*8}
 Highest energy saving rate to date: 58%
 (compared to traditional offices)

Taoyuan Technology Center

(Inaugurated in 2011)
LEED Gold
EEWH Diamond Grade
 2019 EUI: 93
 < EUI Baseline: 165.5^{*8}
 Highest energy saving rate to date: 53%
 (compared to traditional offices)

Chungli R&D Center

(Inaugurated in 2017)
LEED Gold
 2019 EUI: 92
 < EUI Baseline: 165.5^{*8}
 Highest energy saving rate to date: 45%
 (compared to office buildings)

Tainan Plant 1

(Inaugurated in 2006)
EEWH Diamond Grade
 2019 EUI: 113
 < EUI Baseline: 165.5^{*8}
 Highest energy saving rate to date: 38%
 (compared to traditional offices)

Tainan Plant 2

(Inaugurated in 2013)
EEWH Diamond Grade
 2019 EUI: 58
 < EUI Baseline: 165.5^{*8}
 Highest energy saving rate to date: 65%
 (compared to traditional offices)

*6 Japan AKO Energy Park green building application documents (according to LEED v4 commercial interiors, retail, hospitality minimum energy performance simulation requirements) simulation baseline value: 165.57 kWh/m²/year.

*7 <Energy Star> Technical Reference of the 2018 U.S. Energy Use Intensity by Property Type (P.4): 52.9 kBtu/ft²/year (166.88 kWh/m²/year) (Office buildings).

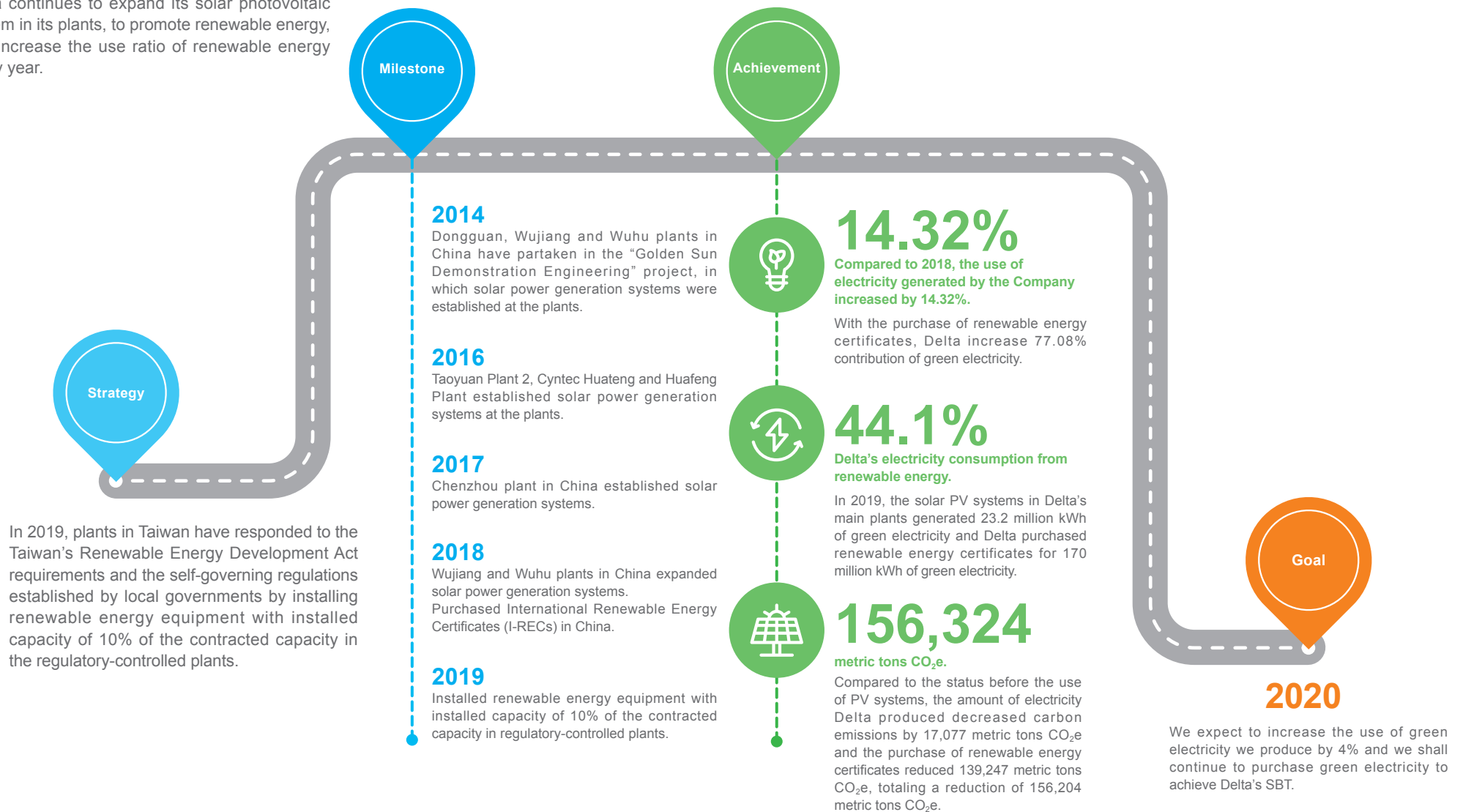
*8 <Bureau of Energy, Ministry of Economic Affairs, R.O.C. (Taiwan)> 2018 Energy Audit Annual Report for Non-Productive Industries (P.24): 165.5 kWh/m²/year (Office buildings, parking lots not included)

*9 <Architecture and Building Research Institute, Ministry of the Interior, R.O.C (Taiwan)> Green Building Evaluation Manual of the Architecture and Building Research Institute of Ministry of the Interior-Basic Version (P.184): 169 kWh/m²/year (Air-conditioned general factory operation area).

5.3.4 Increased Applications of Renewable Energy

Delta's Renewable Energy History

Delta continues to expand its solar photovoltaic system in its plants, to promote renewable energy, and increase the use ratio of renewable energy every year.



Delta Provides Energy Storage Systems (ESS) that can Regulate the Fluctuations Caused by Renewable Energy on the Grid

Delta's energy storage system works in combination with renewable energy and provides stable output and demand-based adjustments to facilitate a diverse power supply through green energy. Delta's energy storage system helps create regional microgrids that are self-sustaining or are connected to the grid to achieve an intelligent energy supply. Delta's energy storage system is composed of the container-based energy storage system independently developed by its subsidiary Cyntec. Two energy storage containers connected to rooftop solar power generation facilities can increase a total of 3,000 kWh of electricity for renewable energy use. It increases the usage ratio of renewable energy and provides five to six hours of backup power under 500kW full-scale output conditions. It provides backup power during emergency blackouts caused by climate risks and enhances climate resilience. It also replaces diesel generators and provides low-noise and low-pollutant electricity for use.



Delta's energy storage system balances renewable energy output and strengthens climate resilience

5.4 Water Resource Management



Material Topics

Strategic Direction

Enhance the effectiveness of water resource management measures, pursue optimized water consumption efficiency at production plants, opt for water-saving equipment/plants, increase water recycling rates, lower ineffective use, and promote relevant advocacy training.

Commitments

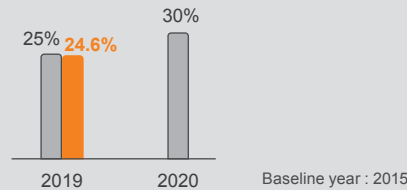
In response to climate change, a stable water supply has become a global issue. Delta has actively established reduction targets to fulfill our social responsibility and to respond to global water shortage issues. Delta promises to reduce its overall water intensity by 30% before 2020, using 2015 as the base year. The Company shall continue to enhance the resilience of water management amid climate change and actively search for suitable solutions to increase Delta's capacity for flexible adjustments in the face of severe pressure on water resources in the future.

KPI

✔ Achieved Performance Target

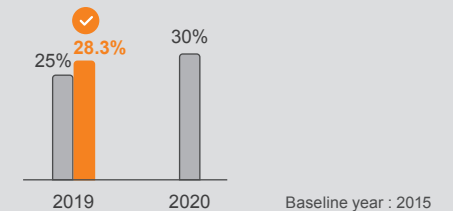
Water Conservation of Main Production Plants*1

Water Productivity Intensity (WPI),
WPI = annual purchased water / production value in million USD



Water Conservation of Buildings*2

Water Consumption Intensity (WCI),
WCI = annual water consumption / capita



Key Initiatives for Alignment with SDGs



Established an assessment model as the baseline for subsequent improvement of the Company's own risks.



Established reduction targets and a water consumption surveillance system.



Promoted water source reduction and improved water recycling.

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cyntec Hsinchu and Huafeng Plants.

*2 8 buildings: RuelGuang, Yang Guang, Taoyuan Plant 3, Chungli 1 and 2, Tainan Plant 1 and 2, and Shanghai Technology Development excluding Dongguan Technology Development, Wujiang Technology Development, Shanghai Technology Development, Japan Headquarters, American Headquarters, and Germany SOEST.

5.4.1 Identification of Water Risks and Response Measures

Establish Risk Assessment Models

The Aqueduct Water Risk Atlas developed by the WRI has been widely adopted across the world. The baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies but the system lacks data from Taiwan for multiple indicators. Delta adopted the data compiled in the Hydrological Year Book for use as the baseline to replace WRI's analysis results for Taiwan to ensure that correct decisions can be made in the event of a water shortage caused by climate change and an increase in the number of days of sustained operations due to the water shortages. The results calculated based on enhanced indicators make them more significant. After the weighted scoring based on the aforementioned analysis results and considering the impact on operations, water consumption information and occurrences of water shortages, Taoyuan Plant 1, Taoyuan Plant 2 and Cyntec Huafeng Plants were ranked as the third plants with the highest risk levels.

Risk Assessment

With regard to direct operations, Delta established its own water conservation targets and selected Taoyuan, an area prone to droughts, for the establishment of a "Delta Water Risk Assessment System". In addition to providing a basis for risk assessment of water supply thresholds acceptable to Delta plants, the system also provides simulation and analysis for future development of the region and the Company. Through RCP 2.6 and RCP 8.5 settings, Delta evaluated the current conditions and future water shortage risks to enhance regional water resource resilience and achieve sustainability in water consumption. The risk values derived from the analysis are used as the basis for follow-up financial impact estimates. Delta shall continue to use the assessment methodology for high-risk plants and plan suitable measures for adaptation.

Adaptation and Response

Companies must take both adaptive and mitigation measures in response to climate change. Delta uses the TCFD framework for management and disclosure and establishes related response measures based on these risks. Water resources are crucial elements in Delta's production process. Delta has actively improved wastewater treatment and recycling and evaluated individual risks of the sources of water resources for formulating corresponding measures and implementing sustainable management of water resources. Delta will implement adjustments based on the three management guidelines of the Global Commission on Adaptation including the enhancement of an early-warning system, creation of resilient facilities, and enhancement of water resource resilience. These measures are results obtained by Delta after considering the environmental impact in operations to ensure sufficient response capabilities and the most resilient adaptation in the event of risks.

Risk Identification and Assessment Procedures

1

Baseline and Future Climate Model Settings

Incorporate GHG emissions models into the General Circulation Models (GCMs) to simulate future climate impact

2

Weather Data Extension

Use a weather generator for weather data to generate daily temperature and rainfall data for simulation and analysis of the water resource models

3

Water Resource Simulation

Water resource simulation is used to calculate the simulated river flow volume or groundwater replenishment under climate change

4

Calculating Future Water Resource Demand

Consider both the impact of climate change and social and economic development for calculation and settings

5

Water Resource System Water Supply Load Analysis

Analyze existence of a demand and supply gap in the water resource system under future water resource demand models

6

Water Resource Risk Analysis

Adopts a water supply simulation model through a water resource system to calculate baseline periods and water resource system risks and resilience under climate change

5.4.2 Consumption and Effectiveness of Water Resources

Implementation of Water Resources Management

Delta is keenly aware of the connections between water safety and the welfare of people and industries. The issues have been extended from the environment to human rights and economic development. Among the 17 Sustainable Development Goals of the United Nations, SDG 6 “Clean Water and Sanitation” aims to ensure availability and sustainable management of water and sanitation for all.

Performance Improvement

Delta actively increases water consumption efficiency at the process end and increases output under the same water consumption conditions to reduce the risks of water resources in different industries.

Intelligent Monitoring

Delta completed the water meter installation in production plants and buildings and combined them with the Delta Energy Online System to monitor water consumption.

Pollution Reduction

Sewage treatment and wastewater treatment in plants help reduce the negative impact on the environment.

Promotion of Water Conservation and Water Recycling

The sources of water from Delta's main production plants*¹ and overall production plants*² consist mostly of tap water (99.0%) that is used in cooling towers, restaurants, and daily general sanitation for cleaning bathrooms. In 2019, Delta's total volume of water withdrawn for overall production plants was 3,790.3 megaliters. Total water consumption was 1,133.0 megaliters and water discharge was 2,657.3 megaliters (93.0% domestic sewage and 7.0% process wastewater). The total volume of water withdrawn for buildings was 206.1 megaliters. Total water consumption was 61.4 megaliters and water discharge was 144.7 megaliters. Delta implemented 97 water conservation projects including rainwater reuse, condensate recycling, pressure of water supply control, and equipment adjustment and improvement, saving a total of 411.4 megaliters of water consumption. The total water recycled in 2019*³ reached 430.9 megaliters and the water recycling rate*⁴ reached 10.3%.

Facility Department

The Chungli 1 plant is over 30 years old with an old water supply and drainage pipelines that consume large amounts of water. In response to the Group's water conservation target, it has used electronic water meters combined with online energy solutions and used big data analysis to identify potential points for water conservation and equipment with poor water consumption efficiency for effective improvement and management. As of this year, we have reached 21.7% for the water conservation rate and reduced 1.2 megaliters of water resources. We shall continue to employ smart management to maximize the utilization of water resources.

Chih-Hung Hsu

*¹ Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cytotec Hsinchu and Huafeng Plants.

*² Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India).

*³ Total water recycled = (reclaimed water + rainwater)

*⁴ Water recycling rate (%) = total water recycled / (total water withdrawn + reclaimed water)

Water Conservation Performance

Main Production Plants*¹

2019 Water productivity intensity (WPI) was 505 metric ton/MUSD for Delta's the main production plants, a decrease of 6.0% compared to 2018; and a 24.6% decrease compared to 2015.

The main reasons are:

- Additional condensate recycling
- Increased wastewater recycling rate

Buildings*²

The WCI for 8 buildings in 2019 was 24.5 m³/capita, a decrease of 18.4% compared to 2018; and a 28.3% decrease compared to 2015.

The main reasons are:

- Increased cooling tower concentration ratio
- Condensate recycling
- Recycling of vegetable cleaning water in the kitchen

Wastewater Management

All waste (sewage) water from Delta's major production sites and buildings is either properly treated by suitable wastewater treatment facilities or directly discharged to waste (sewage) water plants designated by the local management center. For sites where no flow meter is installed, the sewage discharge is estimated to be 80% of the water consumption. Wastewater discharge from Taoyuan Plant 2, Cytotec Hsinchu and Cytotec Huateng is calculated by actual monitoring and inspecting the discharge volume. The quality of discharge across all plants is in compliance with current legal regulations. We regularly test the waste (sewage) water quality to ensure that no material impact is posed to the surrounding environment from the receiving water. No material leakage or overflow occurred at any production plant in 2019.

Water Discharge by Quality and Destination

Region	Plant	Process Wastewater (megaliters)	Concentration of Effluent (mg/L)			Processing Unit	Receiving Waterbody
			Total Suspended Solids	Biochemical Oxygen Demand	Chemical Oxygen Demand		
Taiwan	Taoyuan Plant 2	0.2	25.2	62.1	152.0	Guishan Industrial Park Wastewater Treatment Company	Nankan River
	Cytotec Hsinchu	151.4	4.4	13.2	68.0	Hsinchu Science Park Wastewater Treatment Company	Keyaxi Rivery
Mainland China	Cytotec Huateng	35.1	38.0	-	101.0	Yundong Wastewater Processing Company	Wusongjiang River

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cytotec Hsinchu and Huafeng Plants.

*2 8 buildings: RueiGuang, Yang Guang, Taoyuan Plant 3, Chungli 1 and 2, Tainan Plant 1 and 2, and Shanghai Technology Development excluding Dongguan Technology Development, Wujiang Technology Development, Shanghai Technology Development, Japan Headquarters, American Headquarters, and Germany SOEST.

5.5 Waste Management



• Material Topics

Strategic Direction

Strengthen waste management measures, implement source reduction, increase resource reuse rate, and promote closed cycle of resources to maximize resource utilization.

Commitments

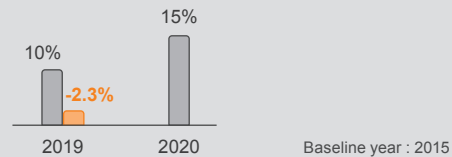
Increase resource conversion rate to pursue sustainable use of resources and avoid depletion of the earth's resources. Delta promised to reduce overall waste intensity by 15% by 2020, using 2015 as a base year.

KPI

✔ Achieved Performance Target

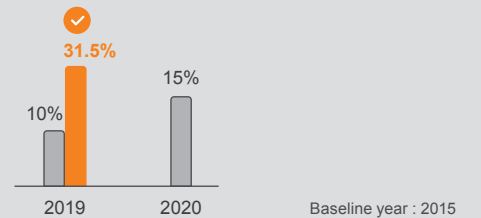
Waste Reduction of Main Production Plants*1

Waste Intensity (WI),
WI = annual waste generation / production value in million USD



Waste Reduction of Buildings*2

Waste Generation Intensity (WGI),
WGI = waste generation / capita



Key Initiatives for Alignment with SDGs



Achieve effective use of resources through input and output resource inventory.



Reduce waste generation and environmental impact through prevention, reduction, recycling and reuse.

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cytect Hsinchu and Huafeng Plants.

*2 8 buildings: RueiGuang, Yang Guang, Taoyuan Plant 3, Chungli 1 and 2, Tainan Plant 1 and 2, and Shanghai Technology Development excluding Dongguan Technology Development, Wujiang Technology Development, Shanghai Technology Development, Japan Headquarters, American Headquarters, and Germany SOEST.

5.5.1 Enhance Circular Recycling and Reuse

Establish a Closed-loop Cycle Model

Delta integrates and connects upstream and downstream suppliers. Delta requires recycling operators to deliver waste to designated paper mills so that waste cartons discarded by Delta are recycled and produced by upstream paper mills as packaging materials for shipping to form a closed-loop cycle. Delta will continue to integrate upstream and downstream suppliers to reduce waste production and increase the resource diversion rate.

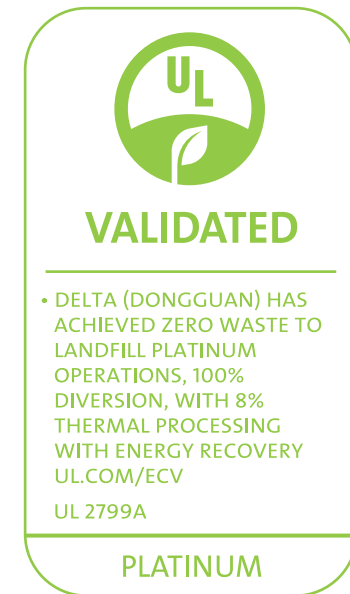
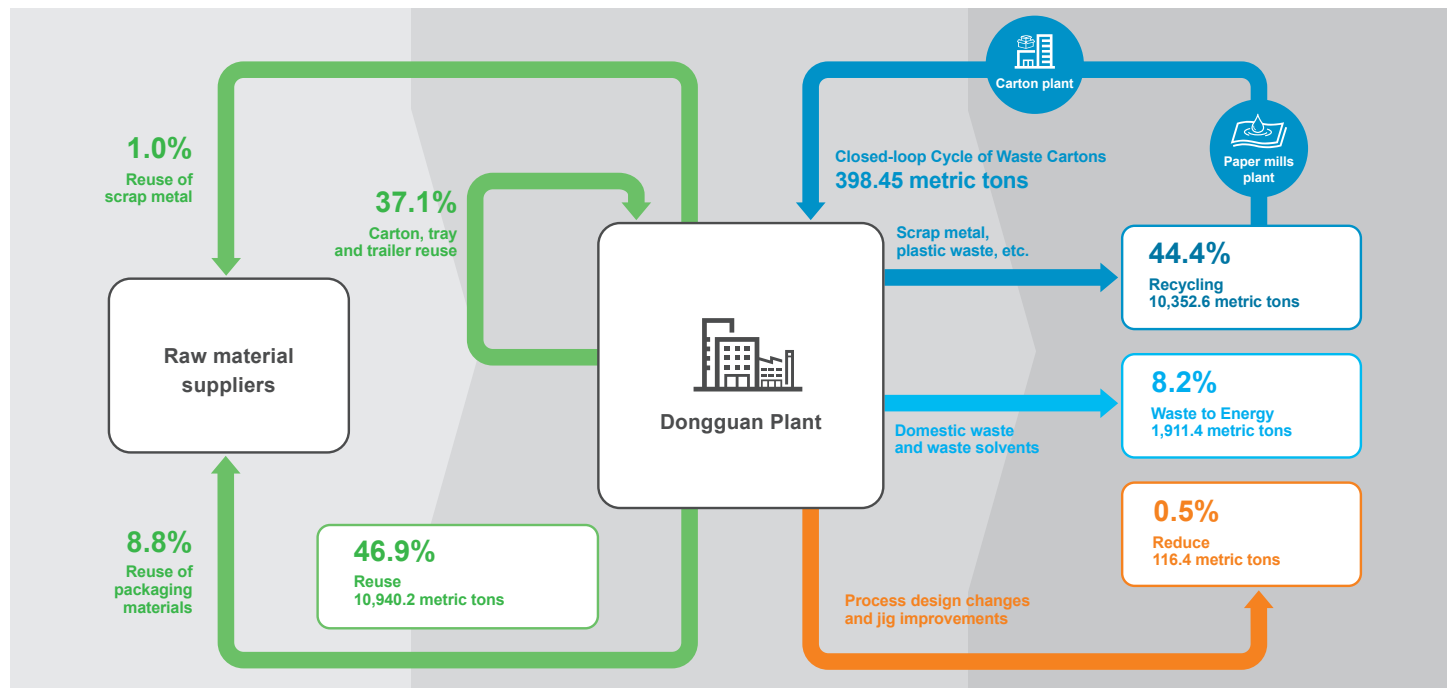
Introduction of International Certification and Methodology

Delta introduced the UL 2799 Zero Waste to Landfill Standards into its Dongguan Plant in 2019. The certification defines how to manage and calculate corporate waste over the entire process from factory to the final disposal site.

It verifies whether a company has maximized the transformation of recyclable waste and avoided using landfill or incineration without energy recovery. The standards significantly increased the waste management and recycling for the plant. Delta will gradually introduce the concept and methodology into plants across the world for waste monitoring and analysis for possible improvements and gradually increase the resource recycling rate.

The Delta Dongguan Plant obtained UL 2799 zero waste to landfill certification with a platinum rating for “100% Diversion, with 8% Thermal Processing with Energy Recovery” in 2019 with 10,940.2 metric tons (46.9%) in overall reuse, 116.4 metric tons (0.5%) in reduction, 10,352.6 metric tons (44.4%) in recycling, and 1,911.4 metric tons (8.2%) for thermal processing with energy recovery.

Dongguan Plant Zero Waste to Landfill Certification



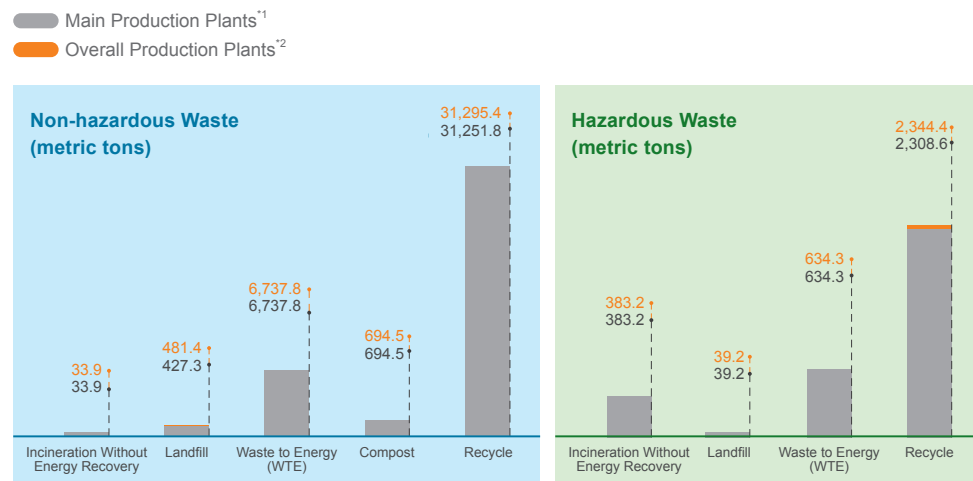
5.5.2 Waste Generation and Performance

Implementation of Waste Management

Delta established the “Water Conservation and Waste Reduction Management Committee” in 2016. In order to achieve sustainable use of resources and ensure proper handling of waste, the Committee analyzed the sources and types of waste output, and identified potential for reuse by combining respective internal and external resources. Delta continued to promote waste reduction measures, and a total of 73 waste reduction projects were implemented in the main production plants in 2019. These projects included supply chain carton and plastic box recycling, production fixture improvement, and a restriction policy on domestic use of plastic. A total of 2,346 metric tons of waste has been saved.

In 2019, the total weight of waste at overall production plants was 42,644.1 metric tons and the total weight of waste generated at the main production plants was 42,510.6 metric tons, of which, non-hazardous waste of the main production plants accounted for 39,145.3 metric tons (92.1%), and hazardous waste accounted for 3,365.3 metric tons (7.9%). The waste diversion rate was 97.9%.

Statistics of Industrial Waste Generation and Disposal Status



Waste Reduction Performance

Main Production Plants

2019 WI was 5.73 metric ton/MUSD for Delta’s main production plants, an increase of 5.0% compared to 2018; an increase of 2.3% compared to 2015.

The main reasons are:

- Added new production sites and production lines
- Added wastewater treatment facilities

Buildings

The WGI for 8 buildings in 2019 was 102.98 kg/capita, a decrease of 19.1% compared to 2018; a decrease of 31.5% compared to 2015.

The main reasons are:

- Prohibited the use of plastic bags and disposable utensils
- Composting of fallen leaves and coffee grounds from the plants
- Stopped providing disposable supplies

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou Plants in China, DET Plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cyntec Hsinchu and Huafeng Plants.

*2 Overall production plants include Delta’s main plants and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India).

5.6 Green Products

Material Topics



Strategic Direction

- All Delta products comply with international safety standards or international environmental regulations (e.g., EU directives including RoHS, WEEE, REACH, and China RoHS).
- We also assist clients' green marketing needs to display environmental certification information such as Taiwan Green and Eco Label, US Energy Star and 80 PLUS on our products as required by our customers.

Commitments

Based on our vision for energy conservation and environmental protection, Delta commits to continue to enhance product energy efficiency and actively develop renewable energy solutions through technical innovations of products. We also mitigate environmental impact by introducing green designs in each phase of the product life cycle to facilitate product responsibility and green consumption.

KPI

✔ Achieved

Product energy savings passed by ISAE 3000 assurance

2019 Target **100% pass rate** ✔

- 10 types of products have been assured by ISAE 3000
- Accomplished assurance of ISAE 3000 product energy conservation for 11 products

2020 Target

- The energy savings of 11 types of products have been assured by ISAE 3000

Medium and Long-Term Targets

- Set product energy saving goals

No breach of legal regulations or standards for product/service provision and related usage

2019 Target **100% pass rate** ✔

- No breach of related legal regulations or standards for product/service provision and usage
- No violations

2020 Target

- No breach of legal regulations or standards for product/service provision and related usage

Medium and Long-Term Targets

- No breach of legal regulations or standards for product/service provision and related usage

Key Initiatives for Alignment with SDGs



Enhance product energy efficiency.



Provide green innovations in products/services.



Actively develop photovoltaic systems and renewable energy solutions.

5.6.1 Green Design

Life Cycle Assessment

Life Cycle Assessment (LCA) is a systematic analysis method for environmental impact caused in each phase from acquisition of raw materials, manufacturing and assembly, sales and transportation, to final disposal. In order to reduce the impact of products on the environment, Delta conducted a full-scale LCA and Screening LCA on respective products according to the international standard ISO 14040/44, and implemented green design in each phase.

Product carbon footprint is the best example of Streamlined LCA (SLCA) in action. Due to Delta's large variety of products, we calculate our carbon footprint in various stages. Delta established a product carbon footprint calculation mechanism as well as international carbon emission factor databases to create a platform of knowledge that will contribute to green product R&D and the selection of low carbon emissions materials. The knowledge and experience involved is transferred abroad for use by Delta's other production plants.

Since 2010, Delta has selected several products to perform product carbon footprint research. We completed the carbon footprint inventory and acquired PAS 2050 certification for products such as notebook external power supply units (Adaptors), DC brushless fans (DC fans) and PV inverters, and we continue to carry out self-inventory of the PocketCell mobile power pack products. Since 2016, ISO 14067-1 carbon footprint verification has been completed for products such as high-efficiency rectifier modules TPS, 3900W and 1200W switch mode power supply units and electric vehicle on-board chargers year by year, going further into green and low carbon design.

The results of several products' LCA shows that the environmental impact from the "use phase" of Delta's core products is most significant during their actual life cycle, and the "acquisition of raw materials" comes in second. Delta has always strived to improve our product's energy efficiency to reduce the environmental impact during the use phase. In 2019, the CSR Committee resolved to continue the integration of the existing international carbon emission factor database into the raw material BOM list, establish the green design rules for low-carbon products, and continue to improve product energy efficiency to reduce users' carbon emissions.

Strategies for Lowering Environmental Impact of Products

We actively employ the following strategies to reduce the potential environmental impact during each stage of the product life cycle.



Raw Materials

Usage Management of Environment-related Substances

Delta implements the Green Product Management (GPM) IT system based on the QC 080000 hazardous substance process management system. Our environmental standards are set based on the GPM system to strictly comply with global regulations, customer needs, and environmental protection trends. In terms of material selection, we only choose materials that are friendly to the environment. Apart from inspecting materials testing reports from suppliers, Delta manages parts/components based on their environment-related substance risk level to ensure the proper control of environment-related substances. Delta plants have also introduced lead-free processes and low-halogen materials to help customers access greener and more eco-friendly products.



Up-stream Transportation

Reduction of Carbon Emissions during Materials Transportation

Local suppliers are given priority when procuring all materials with the exception of critical components. It greatly reduces carbon emissions related to transportation processes. Major global distribution centers cooperate with logistics providers to implement transportation cost optimization, consolidated delivery, milk runs, packaging design, container packaging and selection of optimal delivery routes, and other relevant measures. For Delta Greentech plants, the total carbon emissions from logistics services for delivering products to customers via trucks in China totaled 11,256 metric tons CO₂e in 2019. The carbon intensity for logistics (metric tons CO₂e/MUSD production value) was 2.18, and continuously decreased each year.



Manufacturing

Energy Conservation for Carbon Reduction

Delta has implemented energy conservation projects that carbon reduction measured for manufacturing phase. In 2019, the company put 246 energy conservation projects into practice and saved approximately 32,419 MWh of electricity, equivalent to approximately 20,920 metric tons of CO₂e emissions. As Delta Energy-Saving Technology Team was organized, it was implemented a total of 2,036 energy saving projects from 2011 to 2019 with an estimated 262,464 MWh of electricity saved, equivalent to a reduction of 207,474 metric tons of CO₂e emissions.



Down-stream Transportation

Adoption of Green Packaging Materials

Delta employs green packaging materials for all of our products, using corrugated paper, cardboard, paper, and wooden boxes, all in line with our transportation process needs. Waste materials can be recycled, reused, or repurposed. For example, in 2019, the weight of recyclable materials accounted for approximately **27.3%** of the wooden boxes, pallets, and paper boxes used. The amount of recycled paper used accounted for **84.4%** of paper packaging. Another example is automation motors, which are packaged in wooden boxes with fixed flaps that can be used repeatedly.



Usage

Enhancing Energy Efficiency of Products

The continued improvement of energy efficiency in our products is a concrete example of Delta's enterprise mission: "To provide innovative, clean and energy-efficient solutions for a better tomorrow". Today, Delta's power management products have achieved as much as **90%** energy efficiency. For example, our telecom power supplies have up to **98%** efficiency, PV inverters have a peak conversion efficiency of **99.2%**, and DC-DC converters for vehicles have a **96%** efficiency. In 2016, Delta was awarded the US Energy Star certification for its Breez ventilation fan products that only consume 3.8 watts and is **367%** better than the US Energy Star product performance standards. Delta received its second Energy Star Sustained Excellence Award in 2019. We received the ENERGY STAR Partner of the Year's Outstanding Sustainability Award for four consecutive years due to our products' superior energy efficiency and contribution to the reduction of greenhouse gas emissions.



End-off Life Processing

Ease of Dismantling and Recycling Products

Delta designs its products for easy dismantling and recycling. We actively help B2B customers improve the reuse rate and recycling rate of waste electronics products to conform to the target region's environmental regulations, such as the EU's WEEE directive. For our own brand products, we are working with local recycling organizations to ensure the proper recycling and ultimate disposal of waste products. For instance, our charger and mobile power brand Innergie has registered with local EU authorities and has joined Germany's electronic waste recycling system.

5.6.2 Eco-labels and Eco-declarations

Type I Eco-labels

Type I Eco-labels conform to the specification standards for organizations or governments and have been verified by third parties. Trademarks are easily identified by clients and consumers.

Delta's Type I Eco-labels



Taiwan Green Mark

39 projector products have obtained the Taiwan Green Mark



80 PLUS Certification

342 power supply products certified by 80 PLUS



China Environmental Labelling

88 products certified by China CEC



ENERGY STAR Most Efficient Products

87 energy saving ventilation fan products awarded the ENERGY STAR's Most Efficient Products



Taiwan Energy Label

69 products have obtained the Taiwan Energy Label (including LED flat panel lighting, panel indoor lightings, road lightings, and bathroom exhaust fans)

Type II Environmental Declarations

Data collected from Streamlined Life Cycle Assessments (SLCA) for several of our products shows that the environmental impact from the use phase of Delta's core products is most significant during their actual lifecycle. We, therefore, implement product environmental information disclosure while improving product energy efficiency and integrate this with the ISO 14021 Self-Declared Environmental Claims and the ISO 14025 Environmental Product Declaration (EPD).

Delta launched its "EnergyE" program for telecom power supplies in 2010. We assign different ratings based on product performance in energy efficiency. They include green for 95% to 96%, gold for 96% to 97%, and purple for efficiency higher than 97% to help customers distinguish between products.

EnergyE Product Label

EnergyE

Efficiency > 97%

EnergyE

Efficiency 96%~97%

EnergyE

Efficiency 95%~96%



Delta's technology leading telecom rectifier DPR 3000E EnergyE provides the industrial leading efficiency of 98.0%. With integrated the high efficiency rectifier to provide an energy saving solution for network base stations, wireless applications, fixed line applications and data communications.

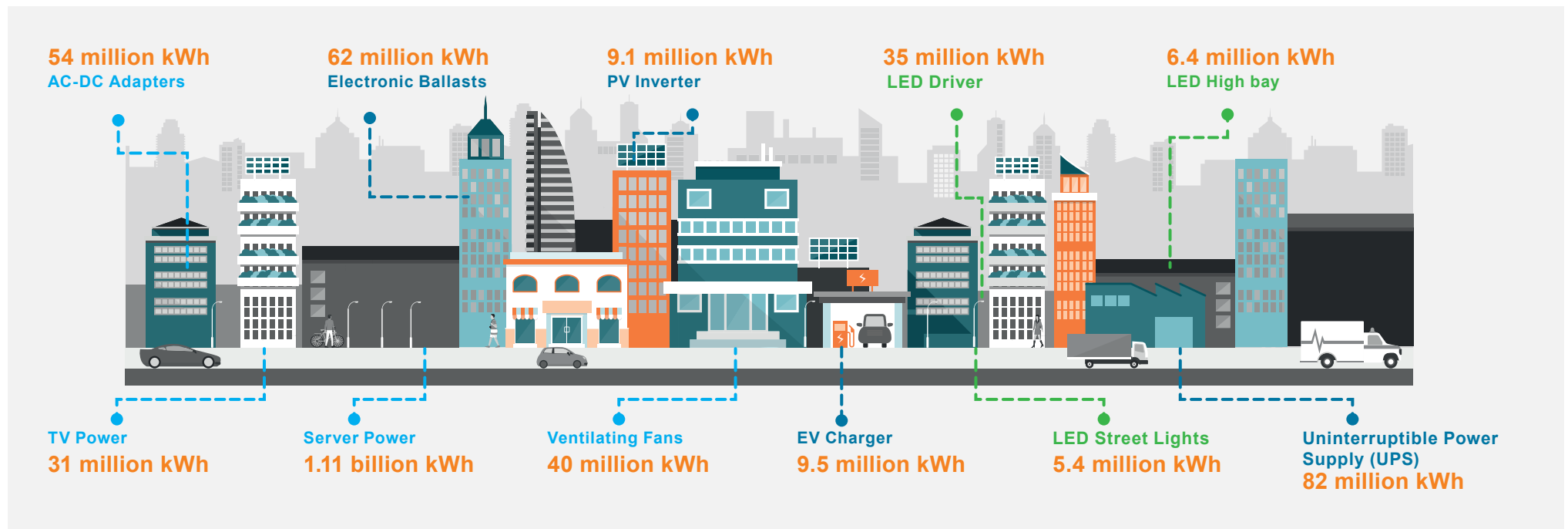
5.6.3 Energy Saving Benefits of Products

Delta continues to enhance product energy efficiency and to develop integrated green energy/energy-saving products and solutions, which helps clients conserve more energy and achieve even higher cost-effective performance. Based on the shipment of power supplies, direct-current fans, uninterruptible power supplies, variable-frequency drives, LED lamps, electrical ballasts, PV inverters, and direct-current EV chargers from China, Taiwan and Thailand between 2010 and 2019, Delta's high efficiency products saved customers an estimated 31.4 billion kWh of electricity and reduced carbon emissions by 16.74 million metric tons CO₂e.

In 2019, Delta products saved customers 3.2 billion kWh of electricity and reduced carbon emissions by 1.69 million metric tons CO₂e. In 2015, Delta was the first in the industry to introduce product energy-saving calculations into ISAE 3000 assurance. Since then, product items have been added each year, including energy-saving assurance of the Uninterruptible Power Supply and TV Power in 2018 and energy-saving assurance of LED drivers in 2019. Delta has achieved assurance by ISAE 3000 product energy conservation for 11 products in 2019. Refer to appendix 7.4 for the Description of Product Energy Saving Calculation.

In 2019, the energy savings of 11 types of products have been assured by ISAE 3000

● Annual Energy Savings ● Power Electronics ● Infrastructure ● Automation



5.7 Environmental Management

5.7.1 Compliance with Environmental Protection Regulations

Delta regards regulatory compliance as the most basic requirement. In 2019, no material environmental law was breached at Delta. Delta’s main plants are all located at industrial parks, science parks, or local industrial development zones. We take further actions to minimize the impact of our daily operations on the local ecosystem and environment. We also ensure that we cause no significant negative effects or impact on biodiversity.

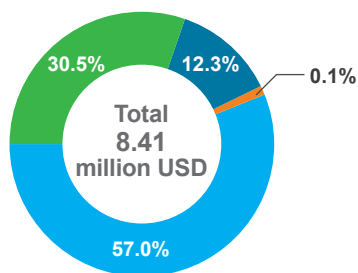
Delta’s Chungli Plant Wins the “National Enterprise Environmental Protection Award”

Delta’s Chungli Plant won the silver award in the non-manufacturing category of the “National Enterprise Environmental Protection Award” sponsored by the Environmental Protection Administration, Executive Yuan, Taiwan, to affirm Delta’s product technology innovation. The plant is committed to continuously improving the energy efficiency of its products, and has introduced green design at all stages of the product life cycle. Its products are certified with environmental protection and energy-saving labels. In addition, 13,000 of Delta’s LED street lights produced at the Chungli plant have been installed to build nearby Taoyuan into a smart city, saving nearly US\$600,000 of electricity costs annually. The plant has long been committed to energy conservation and carbon reduction activities, setting medium- and long-term goals for electricity, water conservation, and waste reduction while implementing specific actions to reduce its impact on the environment and to exercise its responsibility for products and consumption.

5.7.2 Environmental Protection Expenditures

Environmental Protection Expenditures

- Input cost for energy saving
- Input cost for water conservation
- Input cost for waste reduction
- Others^{*1}

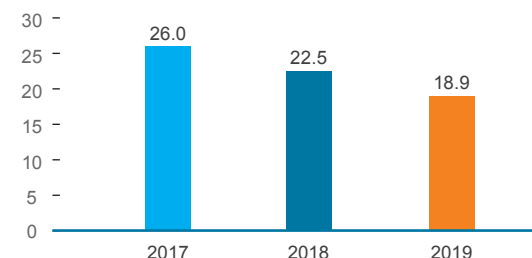


5.7.3 Environmental Profit and Loss

Delta is deeply aware of the importance of environmental capital. We continue to conduct environmental profit and loss (EP&L) assessments to analyze and monetize the environmental impact of Delta’s production activities. The impact pathway was adopted for the impact value assessment of Delta’s four main types of environmental capital, which are: greenhouse gases, air pollution, water consumption, and waste.

Environmental Profit and Loss in Past 3 Years^{*2}

Unit : MUSD



5.7.4 Air Pollution Prevention and Management

All of Delta’s plants have obtained emission permits in compliance with local environmental regulations. They used the best available treatment technologies for each pollutant type to ensure that environmental loads around the plants are minimized; moreover, gas monitoring is regularly scheduled at discharge outfalls of the plants. Currently, air pollutants generated by Delta include: Volatile Organic Compounds (VOCs), Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and particulate matter (PM).

The total VOCs in 2019 were calculated based on data from monitoring reports and operation time. The total emissions amount declared for VOCs at main production plants was 128.2 metric tons. The VOCs mainly came from escaped asphalt (filled in electronic ballast) during the heating process and volatile organic solvents (such as fluxes and isopropyl alcohol) and others. Nitrogen oxides and sulfur oxides came from testing, the emergency use of plants’ generators, or from hot water furnaces in dormitories and kitchens. Both levels were in minute quantities.

^{*1} Including waste, air pollution and waste (sewage) water treatment fees, environmental testing fees, and management system verification costs.

^{*2} In 2019, the air pollution concentration information calculated by the air pollution test report is included in the statistics, and the data adjusted simultaneously.

6

Employee Relations and Social Engagement

- 6.1 Key Performance Indicators
- 6.2 Attracting Talent
- 6.3 Talent Learning Development
- 6.4 Human Rights Protection
- 6.5 Lohas Workplace
- 6.6 Social Engagement
- 6.7 Occupational Safety and Health

6.1 Key Performance Indicators

• Recruitment of Global Talents

Formulated different strategies for the characteristics of different talents and their job-seeking intentions. In addition to promoting campus talent development plans for the talent market in Taiwan, Delta also integrated resources at home and abroad to nurture future talents.

• Talent Cultivation and Retention

Diversified training courses for improving employee professional knowledge and skills required for the future. Implemented long-term motivational plans for employees to encourage talent retention.

• Exerting Social Impact

Popularized green buildings and transportation, promoted science, energy education and climate action, implemented active talent cultivation, and developed DeltaMOOCx online learning platform centered on technical and vocational education.

*1 Cumulative from 2015

*2 Disable injuries x 1,000,000 / total work hours

*3 Total days lost to disabling injuries x 1,000,000 / total work hours

Number of Employee Worldwide

80,545 people

Females in Management
Positions

29.8%

Global Turnover Rate

32.6%

Total Spending on Social
Participation

7.0 MUSD

DeltaMOOCx e-Learning
Video Views*¹

>7 million

Global Average Hours of
Trainings per Person

47

Hours/person

Disabling Frequency
Rate (FR)²

0.59

Disabling Severity
Rate (SR)³

8

Aligning with UN Sustainable Development Goals

SUSTAINABLE DEVELOPMENT GOALS



No Poverty

- Participate in the Hope of Pearl Program to provide talented students in China with education opportunities.
- Support the Northern Thailand Project that offers underprivileged people learning opportunities to increase their incomes.



Good Health And Well-Being

- Implement occupational safety and health management in practice to ensure the safety of the workplace.
- Provide physical and mental consultation and promote physical and mental well-being for employees.



Quality Education

- Developed the DeltaMOOCx Platform to promote fundamental science education.
- Use the Low Carbon Life Blog, energy school, and energy volunteers to promote sustainable development and life-long learning.



Gender Equality

- Promote gender equality measures to prevent sexual violence.
- Participate in women-related programs of the International Labour Organization in order to develop female employees with the abilities to cope with the upcoming era of Industry 4.0.



Affordable and Clean Energy

- Sponsor the Delta Cup International Solar Building Design Competition since 2006 to encourage young designers to incorporate renewable energy in their designs.



Climate Action

- Promote energy and climate education to increase national climate awareness.
- Donate green buildings and use Namasia Minquan Elementary School as a case study for the establishment of a microgrid.



Life Below Water

- Analyze international climate and ocean reports and use the “Water with Life” environmental protection documentary to promote ecological education for hydrosphere and protect biodiversity.



Peace, Justice And Strong Institutions

- Implemented human rights management practices to prohibit forced and child labor.



Partnerships for the Goals

- Participate in international annual climate conference to promote sustainability initiatives and influence energy policies.

6.2 Attracting Talent

• Material Topics



Strategic Direction

- Establish a global talent platform to integrate industrial, government, and academic resources for creating an internship hub and develop international courses for cultivating and attracting top talents.
- Provide competitive salary and benefits based on the core strategy of a Lohas workplace to attract and retain key talents.

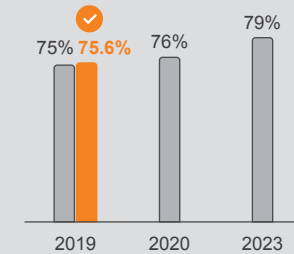
Commitments

Create a high-quality work environment and improve the employer's brand.

KPI

✔ Achieved Performance Target

Offer Letter Acceptance Rate*



Key Initiatives for Alignment with SDGs



Bridge the gaps between theoretical learning and hands-on applications by encouraging students to get an early start in workforce participation through internship programs and collaboration with academia.



Protect equal employment opportunities by launching diversified recruitment channels throughout the world and encourage talent retention by reinforcing long-term incentive measures.

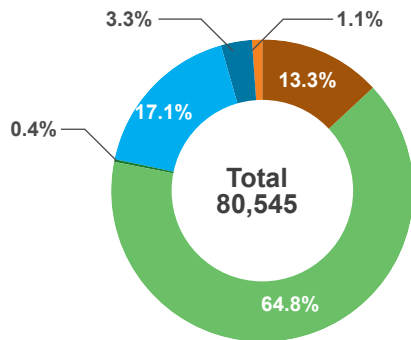
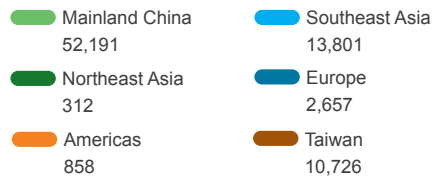
* Offer Letter Acceptance Rate = the number of people who accepted offers / number of issued offers for global management and professional technical personnel openings.

6.2.1 Diversity and Inclusion Recruitment

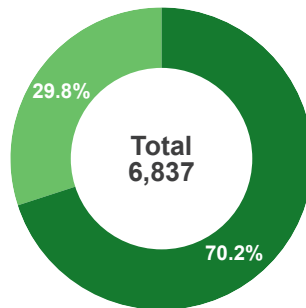
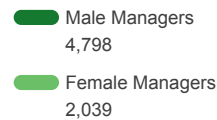
As of year-end 2019, Delta has 80,545 full-time employees worldwide, including 6,837 employees in management positions, 22,302 professional technical personnel, and 51,406 OPs (including production line assistants). Delta also has 518 temporary workers (contracted manpower which is not included in the manpower statistics below). Due to the nature of the technology industry and the employment market, most of Delta's management level and technical personnel are males. Nevertheless, the male to female ratio in our overall global operations is relatively balanced. Males account for 55% of all employees, and females 45%. Delta employees are young in terms of the age structure. The dominant group, which is

under 30 years old accounts for 41.1% of all employees, while 30 to 50-year-olds account for 55.4%, and employees over the age of 50 account for 3.5%. Taiwan is the headquarters for operations and coordinates global strategic development, back-end operations, product R&D, and marketing and sales, and accounts for approximately 13% of all employees. Delta has established overseas branches in the Americas, Europe, Japan, China, Thailand, India, and Singapore. Delta is known for high levels of globalization and diversity, and we have employees from diverse cultural backgrounds at each of our operational regions.

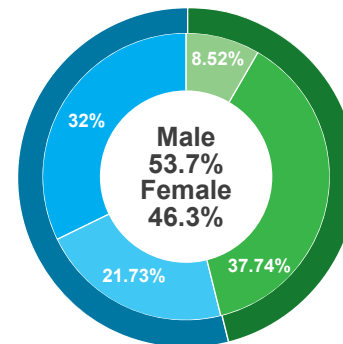
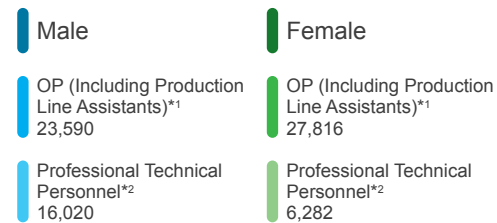
Number of Employees



Management Positions*3 by Gender



Employees in Non-Management Roles



Distribution of Temporary Workers

Region	Male	Female	Subtotal
Taiwan	41	76	117
Northeast Asia	2	0	2
Southeast Asia	314	12	326
Europe	10	0	10
Americas	44	19	63
Total	411	107	518

*1 OPs (including production line assistants) are defined as: Employees directly related to production activities (for example, operator, quality assistant technician, warehouse assistant officer, production technician, and others.).

*2 Definitions of professional technical personnel: Management coordinators or engineers directly related to production activities (for example, quality management specialist, materials management specialist, R&D engineer, sales and marketing specialist, HR specialist, and others.).

*3 Definitions of Management Roles: Responsible for leadership and management of subordinates.

We encourage disadvantaged social groups to dedicate themselves to their work. By the end of 2019, Delta had 576 employees with disabilities, an increase of 182 individuals from the previous year. The Company provides suitable work assistance to ensure that employees with disabilities can work safely at Delta. At the same time, Delta also hired 2,109 employees who are minorities. Taiwan implemented the expansion of recruitment of indigenous peoples in 2019 to promote active recruitment of indigenous employees. The plans included:

- (1) Encourage employees to refer friends and relatives with indigenous backgrounds to apply for jobs and provide referral bonuses.
- (2) Encourage indigenous employees to participate in tribal affairs and provide subsidies and 3 days of annual festival leave (1 day is required by law).
- (3) Delta appointed 30 indigenous people as campus ambassadors and interns to provide diverse employment opportunities.

Delta provides an excellent work environment that includes competitive benefits and compensation and a safe work environment with advancement opportunities so that our employees can feel at ease at Delta. The Company continues to seek enhancements and transitions in its business model. We emphasize that our talent is the foundation of our competitiveness. We regularly conduct employee engagement surveys to understand the activeness and opinions of our employees at work, establish skill improvement plans at each level of the organization, and monitor the progress of improvement. This increases employees' willingness to remain at the Company, to recommend the Company to others, and to build closer partnerships with Delta.

Number of New Hires by Region, Gender, and Age*1*2

Region Statistic Item		TW		Mainland China		SEA		NEA		EMEA		Americas		Total	
Gender	Age	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Female	Under 30	439	4.2%	3,730	6.8%	1,191	8.4%	6	2.0%	32	1.2%	18	2.0%	5,416	6.5%
	30 to 49	503	4.9%	3,090	5.6%	455	3.2%	11	3.7%	58	2.1%	14	1.6%	4,131	4.9%
	Over 50	9	0.1%	1	<0.05%	4	<0.05%	0	0.0%	5	0.2%	2	0.2%	21	<0.05%
Male	Under 30	465	4.5%	8,345	15.2%	335	2.4%	7	2.3%	58	2.1%	50	5.7%	9,260	11.1%
	30 to 49	604	5.8%	4,024	7.3%	249	1.8%	34	11.3%	117	4.3%	21	2.4%	5,049	6.0%
	Over 50	12	0.1%	4	<0.05%	3	<0.05%	4	1.3%	21	0.8%	8	0.9%	52	0.1%
Total		2,032	19.6%	19,194	34.9%	2,237	15.8%	62	20.6%	291	10.7%	113	12.8%	23,929	28.7%

*1 The calculations of global new recruits and turnover does not include non-voluntary employees: employees leaving because of retirement, dismissal by law, rescission of contract or closure of internship, indirect labor who have not stayed with the Company for more than 3 months since they first joined, or direct labor who have not stayed with the Company for more than 1 month since they first joined.

Employee Turnover Numbers for All Employees by Region, Gender, and Age*1*3

Region Statistic Item		TW		Mainland China		SEA		NEA		EMEA		Americas		Total	
Gender	Age	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Female	Under 30	154	1.5%	5,549	10.1%	674	4.8%	3	1.0%	17	0.6%	16	1.8%	6,413	7.7%
	30 to 49	189	1.8%	3,860	7.0%	192	1.4%	9	3.0%	42	1.5%	18	2.0%	4,310	5.2%
	Over 50	6	0.1%	84	0.2%	3	<0.05%	0	0.0%	13	0.5%	3	0.3%	109	0.1%
Male	Under 30	158	1.5%	10,972	20.0%	221	1.6%	1	0.3%	40	1.5%	55	6.2%	11,447	13.7%
	30 to 49	308	3.0%	4,227	7.7%	168	1.2%	11	3.7%	87	3.2%	24	2.7%	4,825	5.8%
	Over 50	12	0.1%	28	0.1%	12	0.1%	0	0.0%	23	0.8%	4	0.5%	79	0.1%
Total		827	8.0%	24,720	45.0%	1,270	9.0%	24	8.0%	222	8.2%	120	13.6%	27,183	32.6%

Employee Turnover Numbers for OPs (Including Production Line Assistants) by Region, Gender, and Age*1*3

Region Statistic Item		TW		Mainland China		SEA		NEA		EMEA		Americas		Total	
Gender	Age	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Female	Under 30	116	5.2%	5,318	12.5%	644	6.2%	0	0.0%	9	1.2%	2	2.0%	6,089	10.9%
	30 to 49	109	4.8%	3,672	8.6%	155	1.5%	0	0.0%	12	1.6%	1	1.0%	3,949	7.1%
	Over 50	3	0.1%	81	0.2%	2	<0.05%	0	0.0%	7	0.9%	0	0.0%	93	0.2%
Male	Under 30	33	1.5%	10,094	23.8%	126	1.2%	0	0.0%	21	2.8%	6	6.0%	10,280	18.4%
	30 to 49	31	1.4%	3,679	8.7%	43	0.4%	0	0.0%	22	2.9%	6	6.0%	3,781	6.8%
	Over 50	0	0.0%	22	0.1%	1	<0.05%	0	0.0%	7	0.9%	2	2.0%	32	0.1%
Total		292	13.0%	22,866	53.8%	971	9.4%	0	0.0%	78	10.4%	17	16.9%	24,224	43.3%

Employee Turnover Numbers for Management and Professional Technical Personnel by Region, Gender, and Age*1*3

Region Statistic Item		TW		Mainland China		SEA		NEA		EMEA		Americas		Total	
Gender	Age	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Female	Under 30	38	0.5%	231	1.9%	30	0.8%	3	1.0%	8	0.4%	14	1.8%	324	1.2%
	30 to 49	80	1.0%	188	1.5%	37	1.0%	9	3.0%	30	1.5%	17	2.2%	361	1.3%
	Over 50	3	<0.05%	3	<0.05%	1	<0.05%	0	0.0%	6	0.3%	3	0.4%	16	0.1%
Male	Under 30	125	1.5%	878	7.1%	95	2.5%	1	0.3%	19	1.0%	49	6.3%	1,167	4.3%
	30 to 49	277	3.4%	548	4.4%	125	3.3%	11	3.7%	65	3.3%	18	2.3%	1,044	3.8%
	Over 50	12	0.1%	6	<0.05%	11	0.3%	0	0.0%	16	0.8%	2	0.3%	47	0.2%
Total		535	6.6%	1,854	14.9%	299	7.9%	24	8.0%	144	7.3%	103	13.1%	2,959	10.8%

*2 New hire ratio = new hires / { (number of employees at the beginning of the period + number of employees at the end of the period) / 2 }.

*3 Turnover = resignations / { (number of employees at the beginning of the period + number of employees at the end of the period) / 2 }.

6.2.2 Global Synergy for Attracting International Talents

Delta formulated different strategies for the characteristics of different talents and their job-seeking intentions. In addition to promoting campus talent development plans for the talent market in Taiwan, Delta integrates resources at home and abroad and promotes the “Delta International Program” through industrial and academic collaboration to nurture future talents. It also continues to use “smart technology to create the future” as the main recruitment target in universities across the world recruiting key talents for electric vehicles, industrial automation, building automation, ICT infrastructure, and energy infrastructure. For MIT and Harvard on the East Coast, we arranged industry trend analysis and recruitment activities for more than 800 students. We also designed practical and eye-catching media materials and use social media marketing to accelerate expansion in Taiwan, United States, and Europe. Social groups have increased their membership by 54% compared to the previous year. We expanded talent cultivation in the United States, Europe, Japan, India, Singapore, and Malaysia in 2019. We organized more than 50 recruitment activities to actively introduce global talents and to create a world-class employer brand.

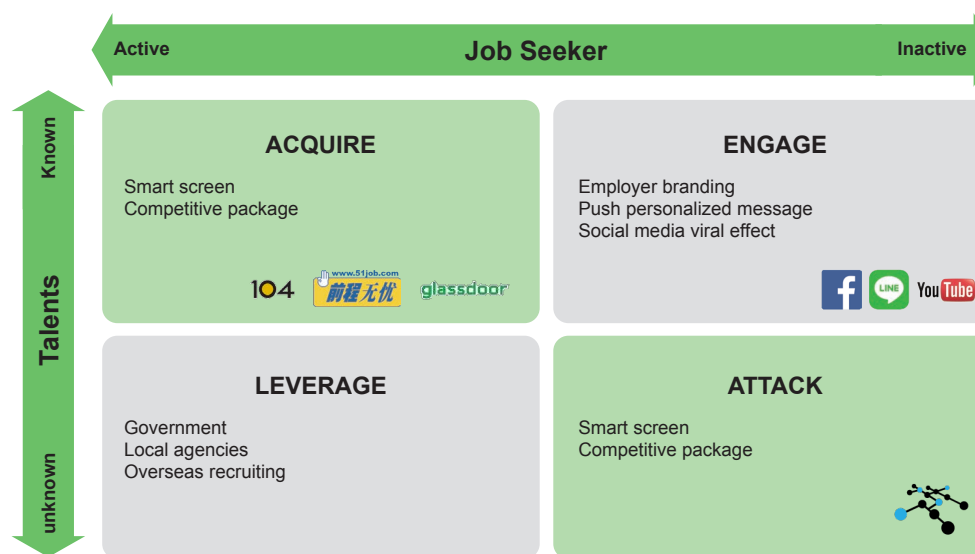
Create Best Employer Experience on Campus

Delta continues to promote employer experience activities and expands them from Taiwan to across the world. We design short, medium, and long-term activities to increase interactions with top talents:

- (1) Engineering Camp: The camp was expanded from Taiwan to Shanghai in 2019, and the total number of participants increased from 35 to 105. In the two- to three-day camp, students learned about Delta’s professional expertise in different fields and Delta’s CSR achievements. They improved their competitiveness in their future careers by gaining workplace experience from their senior mentors.
- (2) Global Internship Program: Delta continues to promote internship programs across the world to support the “Overseas Study Dream Program”. The scope included Taiwan, China, Thailand, and the Netherlands. The internship program in the Netherlands received resources from the Representative Office of the Ministry of Education in the EU and National Chiao Tung University. It was the first sponsorship given to a Taiwanese enterprise and there was a significant increase of participants in 2019 (from 81 to 294 individuals). The program design included the “dual mentor system at workplace” to provide students with both a professional role model at work and a spiritual mentor to help them adapt to a life distinctively different from campus life and to fully improve their ability to adapt to changes.

- (3) International Talents Program: Delta entered a partnership with National Taipei University of Technology. We invited 16 talented students from the top ten universities in Thailand including King Mongkut’s University of Technology Thonburi, Chiang Mai University, and Kasetsart University to a four-month internship in Taiwan. The internship provides professional automation studies, Mandarin learning, and hands-on experience. It also provides prioritized employment mechanisms to protect the interns’ employment opportunities.

The entire employer experience event was promoted on the Delta Career Facebook, Instagram fan page, and Delta Electronics’ LinkedIn site, and we received positive feedback for the program design that integrates professional skills and cultural experience. For the example of the Taiwan internship program, the satisfaction rate after graduation was 4.7 points (out of 5) and willingness to join Delta was 4.5 points (out of 5). We signed the [Memorandum of Understanding for Cooperation in Talent Development] with Tsing Hua University and Cheng Kung University in 2019 and we will continue to promote various domestic and foreign workplace experience programs to strengthen young people’s skills and confidence in the workplace. The series of activities captured the attention of print media and resulted in 72 exposures, which was a 90% growth from the previous report year.



International Talent Attraction Strategy

The “Delta Cup Advanced Automation Contest” has been held consecutively for six years and 230 teams from 127 institutions in China, Taiwan, India, Thailand, Vietnam, and the Netherlands participated in 2019. In addition to promoting technology and marketing the Delta brand, we encourage participating students to learn about keys in design, train them to consider layout of the entire product, and to use their creativity under different application scenarios. Students who won the awards can obtain interview qualifications and obtain work opportunities at Delta after they graduate. Delta also actively promotes talent exchange programs with overseas subsidiary companies. In addition to extending the overseas internship program in collaboration with Chiao Tung University, Delta’s India and Thailand teams also recruited talented students to work overseas for the first time. The opportunity for receiving training in Taiwan for overseas development was used to attract students and allow them to challenge themselves on the global stage.

Delta actively promotes employer brand improvement events and we received multiple awards in 2019:

- Delta was selected as one of the “Top 100 Most Desirable Companies Among the Young Generation” organized by “Cheers” Magazine for eight consecutive years. Our ranking jumped from 27 to 13 which is a significant improvement from the previous year.
- Delta received the “Top Graduate Employers China” award. It was Delta’s first such award and we were the only Taiwanese company to have won the award.
- Received the “Technology Industry Happy Enterprise Award” organized by the 1111 Job Bank.

Smarter Recruitment Process

In response to requirements for continuous business expansion, Delta has accelerated the speed of recruitment and increased the precision of resume screening. Delta integrated multiple internal teams and developed an intelligent recruitment system that officially launched in 2019. The system is designed to be intelligent, time-efficient, and easy to use. Since its activation, it has reduced overall process time by 13%. It includes the following smart designs:

(1) Smart Reminder Function

The system automatically reminds departments to increase manpower and the supervisor can also use it to schedule interviews. The system automatically reminds supervisors of the scheduling arrangements.

(2) Smart Resume Recommendations

The system uses algorithms to recommend suitable resumes to supervisors based on the requirements for the position. The calibrated HR system provides resume recommendations with more than 60% accuracy.

(3) Smart Salary Approval and Recruitment

The system provides the recommended salary to the interview supervisor in the interview stage for interviewees to receive immediate feedback. It shortens matchmaking time by 50%, allows interviewees to immediately respond to offers, and enhances communication efficiency. Paperless offer letters are used to replace printing and mailing with online operations. It allows candidates to experience Delta’s high-efficiency in talent recruitment and establish Delta’s practical image for energy conservation and environmental protection.

Number of Interns in Internship Programs

Region	Male	Female	Total Number of Employees	Notes
Taiwan	67	25	92	
Mainland China	160	25	185	
Southeast Asia	8	4	12	Thailand
Europe	2	3	5	Netherlands

6.2.3 Competitive Employee Compensation and Benefits

Delta's overall compensation is higher than the technology industry averages. The Company offers competitive compensation structures to recruit and retain talents. We pay particular attention to designing the connection between the Company's business performance and the reasonableness of employee salaries. Besides fixed monthly wages and salaries, employees in Taiwan are eligible for three major bonuses, including year-end bonuses, performance-based bonuses, and profit sharing. To provide more immediate incentives with the distribution of bonuses, the Company has adjusted its method for distributing "cash remuneration" and a "cash bonus" to employees in 2017. The "cash bonus" is distributed in April of the following year and the "cash remuneration", which is derived from the Company's net profit after tax, is distributed in August. The Company has continuously made investments into new industries and actively recruited R&D and engineering talents in recent years. However, the overall appropriation ratio in 2019 remains lower than previous years. The amount of the bonus is determined by the performance of each business unit and employee. Those with outstanding performance are eligible for higher bonuses than the previous year.



Signed Memorandum of Understanding for talent nurturing with Cheng Kung University

Salaries of Non-Management Full-Time Employees (Scope: Taiwan sites)*1

Item	Statistics
Number of full-time employees who are not in a management position*2	8,768 people
Total salaries for full-time employees who are not in a management position	NTD 12,249,043 (408,573,809 USD)
Average salary of full-time employees who are not in a management position	NTD 1,397 (46,600 USD)
Median salary of full-time employees who are not in a management position	NTD 1,153 (38,471 USD)

Comparisons of Salaries*3 of Operators and Local Minimum Wages in Major Production Sites Across the World

Region	OPs (Including Production Line Assistants)	
	Male	Female
Taiwan	1.23	1.21
Mainland China	1.52	1.53
Thailand	1.21	1.40

Comparisons of Average Total Cash of Professional Technical (incl. Management) for Female and Male in Main Global Operations

Region	Management and Professional Technical Personnel (Including Production Line Assistants)	
	Male	Female
Taiwan	1	0.94
Mainland China	1	0.89
Thailand	1	1.04
USA	1	0.94
Germany	1	0.98
Netherlands	1	0.89
Slovakia	1	0.93

*1 The information is disclosed in accordance with the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" promulgated by the Taiwan Stock Exchange. The information was audited by PwC Taiwan. The definition of non-management here follows the definition of Financial Supervisory Commission R.O.C. (Taiwan) 18 part-time employees and 8 members of our management-position holders and executives in board of directors are regarded as non-management positions and are excluded from the statistics.

*2 Full-time employees who are not in a management position: All employees minus managerial officers, directors who serve concurrently as employees, employees of overseas branches, and employees on reduced hours.

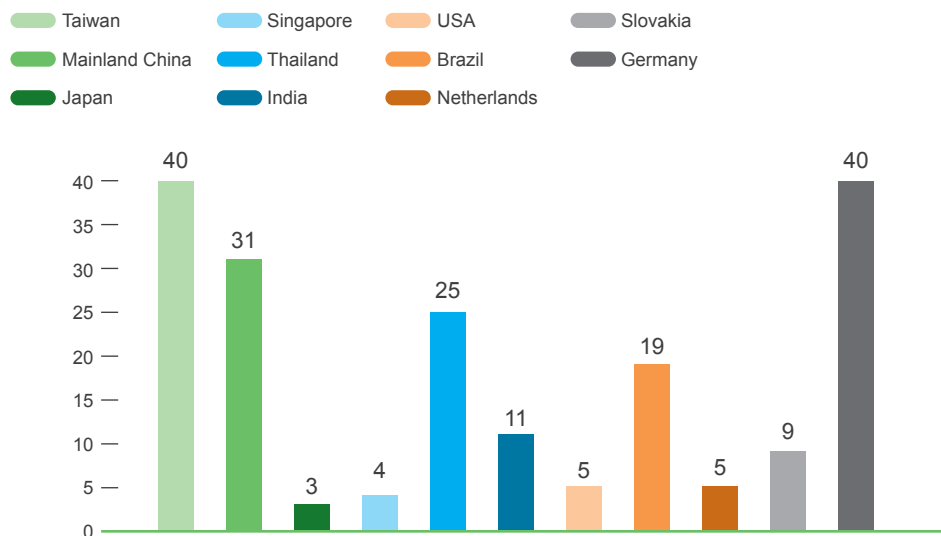
*3 Operators' salaries include the basic monthly salary and all fixed cash remuneration in the year.

*4 Employees' annual salaries include the basic monthly salary, fixed cash remuneration, bonuses, and cash dividends.

Delta uses the annual salary survey to measure salary rates and economic indicators across the world and to implement suitable adjustments. Delta's global salary adjustment budget for 2019 was 3% to 5%. Delta also focuses on the competitiveness of overall salaries for R&D, engineering, high-performance, and key development talents.

Delta's Board of Directors established a Remuneration Committee and its Charter in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Taiwan Stock Exchange or the Taipei Exchange." It appointed the Independent Director Mr. Tai-Sheng Chao to serve as the convener and chair of the Committee. The Charter states that the duty of the Committee is to establish and regularly review the policies, systems, standards and structures of the performance evaluation and remuneration of directors and managers in order to periodically assess and determine their remuneration packages. The Committee must exercise the care of a prudent manager to fulfill the following duties, and offer recommendations for discussion by the Board of Directors:

The Ratio of Highest Compensation to the Median Compensation*1*2*3



The salary structure of senior managers is highly correlated to the Company's performance. The Company determines the managers' salary proposals in accordance with the Company's performance indicators and submits the proposals to the Remuneration Committee for review and to the Board of Directors for resolution. The Company's performance indicators include return on equity, net profit, revenue growth, and key strategic indicators.

Senior Executives Team Performance Measurement

Evaluation Consideration Weight	Description
Company performance indicator (75%)	Annual ROE, annual net interest rate, and annual revenue achievement rate
Annual key strategic target achievement rate (25%)	Original brand manufacturer (OBM) revenue ratio, key strategic business operation target achievement rate, and increase in productivity per capita
Delta values and key competencies (feedback for certain parts are provided through 360-degree perspectives)	<ul style="list-style-type: none"> Integrity, innovation-driven, customer satisfaction, creation of synergy (including diversity and collaboration), and pursuit of quality Entrepreneurial spirit, blueprint planning, leadership reforms, and talent development Legal compliance and fulfillment of corporate sustainability

Senior Executives Team Compensation Ratio**4



*1 The ratio of highest compensation to the median compensation in each country (region) is the ratio of highest compensation to the median compensation in each country (region).

*2 The scope of the statistics does not include employees on reduced hours and Cyntec employees. Statistics for Mainland China include all plants.

*3 The 2019 annual remuneration of the CEO of Delta Electronics, Inc. was USD 1,525,183. CEO compensation divided by the median employee compensation (CEO pay ratio) is 143:1.

*4 This Table contains information for five individuals including Yancey Hai, Mark Ko, Ping Cheng, Simon Chang, and Steven Liu who serve as the Chairman and Vice Chairman of the Strategic Steering Committee, CEO, and Vice Presidents.

Benefit Plans Superior to Legal Requirements

Delta provides a diverse and flexible benefits system for employees to achieve balance between work and life, focus on their work, and stay on the job for long-term development. The operation sites provide mandatory social security required by local laws while operations in regions such as Taiwan, China, and certain parts of Europe also provide group insurance including life insurance, accident insurance, medical insurance, and cancer insurance. The group insurance also includes the employees' family so that employees and their family members can receive better life and security coverage. Employees on business travel and those assigned overseas are also provided with individual insurance packages.

Encouraging Long-term Retention through Long-term Incentive Measures — Delta Encourages Employees to Stay with the Company

To motivate employees to stay and develop, the Company plans diversified long-term retention measures such as public recognition and awards for high-performing employees and veteran employees around our global operations. The Company has built an environment for long-term development. We also identify and track young recruits with potential through our talent management mechanism and pay attention to their development potential within our businesses. Delta also encourages employee participation through the annual Delta Innovation Awards to generate an innovative spirit within the Company. The Company established the Overseas Employee Allowances and Benefits Plan to take care of employees assigned overseas. The appropriateness of the Plan is reviewed each year to ensure that benefits meet market rates. The Plan allows employees assigned overseas to work without worry in foreign countries and provides employees and their family members with comprehensive group insurance and 24-hour international medical assistance services. In addition to providing overseas assignment subsidies and basic subsidies for transportation and accommodations for these employees, we provide education subsidies for their children in certain regions and countries to support their education overseas. To increase employees' willingness to take overseas assignments, we also added hardship allowances for areas with lower living standards.

Stable Pension Provision Plan

At the plants in Taiwan, retirement applications and entitlement standards are handled in accordance with the Labor Standards Act and the Labor Pension Act. The Company entrusts actuaries to issue an actuary's report on labor retirement reserves and deposits pensions as required by the old pension system to an account with the Department of Trust of the Bank of Taiwan in accordance with the laws. After the new labor pension system is implemented, 6% of employee salary is deposited monthly to individual pension accounts as required by the new pension system in accordance with the laws. Employees can also choose to deposit an amount that shall be 6% or less of the salary into their individual pension accounts based on their own wishes. Employees who meet the legal requirements for retirement can apply for retirement. For those who are on the old pension system, the Company will provide them with relevant procedures on how to withdraw the pension from the old system. Those on the new pension system can withdraw their own pension on their own. Pensions for overseas subsidiaries, branches, and affiliates use the defined benefit plan. Social security funds including pension and healthcare are filed each month in accordance with regulations from local governments.

Practices Superior to Legal Requirements

Region	Site	Item	Practices Superior to Legal Requirements
Taiwan	All Sites	Travel leave	There are another seven days of leave each year, four days of which are travel leave with travel allowances.
		Paid sick leave or personal leave	For relevant position grades or higher, there are 30 days of paid sick leave and 14 days of paid personal leave.
		Health examinations	For the general health checkup that is superior to what is stipulated in the Occupational Safety and Health Act, employees at the age of 50 or older can have health checkups once a year while the remaining employees receive checkups once every two years. The cost is covered by the Company. For relevant position grades or higher, an advanced health checkup project is also provided.
		Group insurance	Employees and their spouses and children are provided with comprehensive group insurance paid by the Company.
		Business travel insurance	Business travel insurance for a business trip includes travel safety insurance and travel inconvenience insurance.
		Other benefits	The Company provides birthday and marriage gift money and childbirth and funeral subsidies.
Mainland China	R&D and sales operations	Commercial insurance	The Company provides comprehensive commercial insurance coverage.
		Reimbursement of medical expenses	Employees, their spouses, and their children may apply for reimbursement of certain medical expenses for items that are not reimbursed by medical insurance.
		Employee health examinations	Free regular health examination every two years
		Other benefits	The Company provides travel subsidies, marriage and childbirth gift money, funeral and hospitalization subsidies.
	Manufacturing plants	Overtime pay	OPs on the production line receive more favorable overtime pay calculation than those specified in the Labor Standards Act
		Family reunion leave	Employees assigned overseas have 10 days of paid family reunion leave each year
		Paid annual leave Paid sick leave or personal leave	There is 10 days of paid annual leave for relevant position grades or higher after one year of seniority, plus 14 days of paid sick leave and 14 days of paid personal leave.
		Male employees' paternity leave subsidies	Male employees receive childbirth subsidies under social insurance and salary for paternity leave

6.3 Talent Learning Development

6.3.1 Strategic Talent Development

Delta has actively pursued transformation in recent years and switched from an OEM manufacturer to a brand company and solution provider. To help talents obtain suitable learning and development resources in the expansion, transformation, and technological innovation process, Delta has adopted the “key talent echelon inventory”, “solution business key talent cultivation”, and “key courses on three major strategies” to improve related skills for Delta employees and help the Company succeed in its transformation.



Key Talent Development

Delta continues to pay close attention to the development of key talents in all units in 2019. For the development of key talents and successors, senior managers formed the Leadership Development Committee (LDC). This committee meets once every six months to discuss talent development plans, echelon inventory from the business strategy, and enterprise development perspectives to increase the talent preparedness for key roles. In addition to the occupancy rate and succession preparedness for key roles, the LDC mechanisms also promote horizontal talent shifts for gaining additional experience. The implementation status of overseas assignments of key talents, expansion of roles, and rotations is reviewed by the highest management level in each LDC meeting. In 2019, 34% of Delta’s key talents participated in rotations in the past three years.

Solution Business Key Talent Development

Delta selects dozens of young talents each year in accordance with the Solution Business Transformation Strategy to provide them with related development activities for the solution business transformation. Building upon the success of the Global Leadership Workshop, Delta adopted the solution business as the key topic of the studies to provide both the experience sharing of internal experts and professional practices of external consultants. The Vice Chairman, Mr. Mark Ko, and Chief Executive Officer, Ping Cheng, were invited to explain the importance of the Group’s transformation and outline future plans. Business Group Presidents and regional and HQ senior managers shared information on the resources, capacity, and challenges in the operations of the Delta Solution Business to fully demonstrate the commitment of senior managers for talent cultivation. Delta works with international management consultancy companies to introduce renowned business strategy simulation and logical sales courses for students to engage in a variety of discussions and decision-making in a simulated business environment that promotes brainstorming and communication. It also allows students from different backgrounds to learn more about sales as preparation for their future participation in the Solution Business Team.



The 2019 Global Leadership Workshop helped participants understand the core ideas and actual implementation of the Solution Business.

Key Courses on Three Major Strategies

Delta continues its training strategy based on the Company's 2019 strategies with the development of three major skills for learning including "leadership skills", "technical skills", and "brand power".

In terms of leadership skills, Delta and a renowned global management consultancy company established six main management competencies and 14 mandatory management courses for Delta to promote the management philosophy approved by Delta across the world. We work with external consultants to provide learning resources to managers in Taiwan. We also actively invite high-performing managers from different Business Groups to design exclusive Delta courses with case studies and experience sharing. The customized course model received wide acclaim from attendees as it promotes sharing and exchanging ideas between managers of the same Business Group for resolving actual management difficulties. For senior managers, Delta continued the success of the CEO Workshop world tour in 2019 and invited the CEO, Mr. Ping Cheng, to serve as the lecturer in events in Taiwan and Japan. He shared his management philosophy and expectations with senior managers from around the world. The CEO Workshop emphasizes win-win solutions and allows managers to gather together over the two-day course for extensive learning. They were encouraged to share their ideas on cooperation, establish trust between them, and enhance inter-department cooperation.

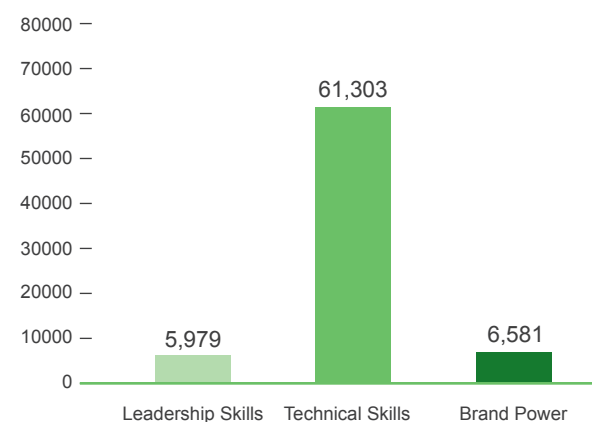
Delta accelerated the improvement of technical skills and specified the skills required for each position. We invited internal experts or professors from reputable institutions to lecture on power and electronics technologies, mechanical design, software and firmware design, and quality management to continue to improve the technical skills of each Business Group. Delta's plants in China have planned a comprehensive training map for related positions in response to the development of automation. They designed beginner, intermediate, and advanced courses to promote the transformation of talents and skills.

In terms of brand power, we adopted a series of marketing, business, contract, and communication courses to promote knowledge and skill transformation. We invited the highest-ranking officer of the Strategic Marketing Department and its team of consultants to lead related courses and pass on their years of experience and marketing strategies for the New Business Development (NBD) for Delta.

Delta encourages employees to grasp various opportunities for learning. As training methods and resources grow increasingly diverse, the "participants" indicator previously used for internal training was replaced with "participants × hours" for related internal and external training. Employees' participation in internal and external training and specific skill improvement training for the Business Group are included to provide the Company with more comprehensive control over employees' training.

Implementation Status of Key Strategic Courses in 2019

Unit : Participants Training Hours

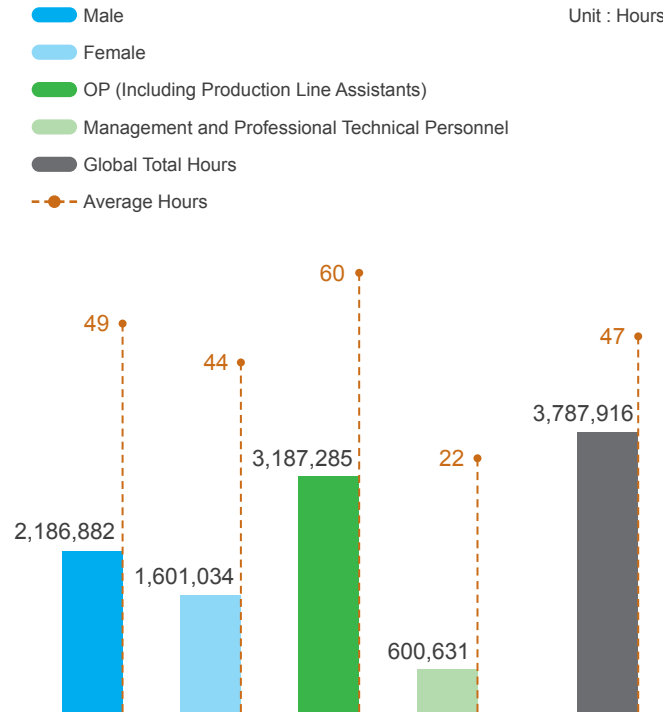


6.3.2 Diverse Education and Career Development

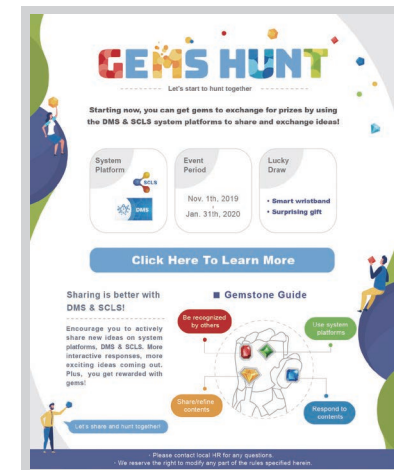
Continuous Learning Development

Delta provides high levels of support and commitment for talent development. Senior managers conduct regular reviews of key talent development, support investment of resources for key talent cultivation, and commit to the promotion of sharing of global resources. Delta provides a comprehensive training map for planning learning programs. As an example, Delta’s Dongguan Plant provided mandatory beginner, intermediate, and advanced courses for 18 job categories. The introduction of automation equipment has increased the demand for talent transformation. Delta conducts diagnosis and evaluation of the fitness of personnel for their positions and provides mentors to regularly review progress. The Company provides online learning, physical courses, actual operation training, automation plant internships, and project execution to increase production efficiency and productivity. Delta’s Wujiang Plant was recognized as a “Suzhou High-Skill Talents Public Training Base” and “Professional Skill Accreditation Pilot Program Enterprise” in 2019. Trainee certificates for completing training in factories have equal validity as official certificates. The Plant provided training for internal technical talents with approximately 2,100 attendances and approximately 500 attendances from external participants. It demonstrated the Company’s dedication to the development of skillful talents in response to smart manufacturing and the local government’s high level of approval for Delta’s training system and professional instructors. The programs also helped enhance the career development and skill improvements for Delta employees. In 2019, Delta’s global training expenditures*1 totaled 10.33 MUSD and 47 hours per employee.

Statistics on Education and Training Hours*2



Delta Academy is a learning platform developed by Delta for employees across the world to learn skills from different regions



The “Gems Hunt” system on Delta’s DMS platform encourages employee participation

*1 Delta’s global training expenditures include costs for learning materials, travel expenditures for training, lecturers’ hourly pay and travel expenditures, and costs of employees training during working hours.

*2 Training hours include those of contracted personnel.

E-School System and Knowledge Sharing Platform

Delta's e-Learning model changed significantly in 2019. The internal R&D unit, Delta Research Center, established the online learning platform Delta Academy with global resource sharing to connect online learning resources from different regions. Employees can take local courses and learn from different regions of the world. More than 800 courses have been provided across the world, and Delta Academy supports message board discussions and smart device reading that facilitate interactions and fragmented learning.

Delta also constructed an internal Delta Management System (DMS) for storing data in the traditional sense and integrating functions for smart search, document management, and expert communities. It greatly increases the internal knowledge management, promotes inter-department information exchanges, and optimizes internal communication channels. The DMS accumulated 166,198 records of knowledge documents in 2019 which is a 103% growth over the previous year. The number of users steadily grew and the number of users in December 2019 increased by 245% from January of the same year. The number of active social groups was 701 which is a 166% increase from the previous year. To encourage employees to use the DMS platform, we organized the "Gems Hunt" event for connecting employees through "use", "question", "sharing", and "approval" gems that reward employees for their use of the DMS platform. We then used the gems to analyze user behavior and promote platform optimization.

Opportunities for Internal Rotation and Career Development

To promote internal talent rotation and development of inter-disciplinary skills, the Company regularly reviews the talent development status and uses the "Leadership Development Committee" mechanisms to facilitate the rotations of mid-level to senior managers. In 2019, 34% of the talent has successfully rotated to other posts. The mechanisms help key talents gain more comprehensive experience and enhance their control after promotion to key roles. We encourage internal rotations for talents to increase their experience. As of 2019, 598 positions across the globe have been filled by internal rotations. Delta also pays close attention to the development of professional skills for female employees. Delta's Thailand Plant worked with the International Labour Organization (ILO) and started the "Female Workforce STEM Training Program". The Program focused on problem solving, time management, walking across culture, and skills training in 2019. It organized activities through case studies to help female employees transition from their current work to future work.



"Female Workforce and Career Development Training Program" at the Thailand Plant

Performance Evaluation and Feedback

Delta's performance management system is used to promote continuous cyclic (beginning, interim, and final) performance management each year. It helps supervisors provide guidance and feedback on employees' work. It also helps maintain consistency between employee actions and organizational goals. Delta incorporated the interactive performance feedback system in response to market trends and the characteristics of next-generation employees. Each employee can use the system at any time to initiate or provide work evaluation to gain the approval and recommendations of others. Supervisors can also implement comprehensive evaluation and management of talents to promote a positive performance-based culture. All performance records serve as an important reference for employees' subsequent training and career development. The Company arranges career development based on the skills and preparedness of employees and strengthens capabilities for control of business operations which in turn improves the overall performance of the organization. Delta uses comprehensive performance management to closely integrate the goals of the organization and individuals with talent development to pursue performance improvements for the Company.

6.3.3 Employee Engagement Survey and Follow-up Action Plans

Business Groups and Regional Offices reviewed the results of the 2018 Global Employee Engagement Survey with senior managers and developed multiple follow-up action plans in 2019 in response to employees' feedback on issues such as salary, management, and organizational culture. Business Groups and Regional Offices also continued to enhance communication with employees and used different activities, courses, and mechanisms to respond to employees' expectations.

In terms of strategy communication, Delta used both e-Learning and physical activities and invited senior managers to explain the Company's strategies and goals. Delta adopted the "TED Talk" approach and produced Delta Talk which incorporated the visions of the Executives and senior managers into e-Learning materials for global delivery. This top-down approach received positive feedback in all regions and inspired Regional Offices to provide more learning resources for employees based on requirements. The Shanghai Team also adopted the Delta Talk approach in 2019 and invited senior managers and experts from different fields to produce six editions of "Expert Talk" with contents focused on management philosophy, market development, and product trends. For physical activities, Delta Americas Team and Europe Team adopted the town hall meeting approach and invited the Regional President and employees to share information on the overall status of businesses, competition status, and future prospects. Delta also used the global digital bi-monthly publication to communicate with all employees through both virtual and physical channels.

The improvement in leadership skills was achieved with the support of Executives and in cooperation with an external consultancy company. We focused on designing 360° evaluations of corresponding competencies for the Company's mid-level to senior-level managers for topics of concern.

We helped managers understand the feedback from others for driving innovation, valuing diversity, collaboration, and leadership skills which serve as important foundations for the development of future leadership skills.

In terms of diverse innovation and learning resources, Delta provides related innovative management courses in collaboration with professional external consultants each year. In 2019, we invited internal expert professors to incorporate design thinking for training 20 seed instructors in Taiwan, China, and Thailand. The seed instructors actively promote design thinking and helped 197 attendees at three locations complete their training within six months to strengthen employees' innovation.

Delta plans a global employee engagement survey every two years. Satisfaction surveys were carried out independently in different regions in 2019. For Delta's East China Plant, we conduct plant satisfaction surveys for eight different scenarios each year and this year the survey recovery rate was 93%. The "One-Stop Employee Service Hall" was set up in the Plant and 10 full-time personnel were assigned to provide employee care services including human resources procedures, consultation for company benefit policies, employee opinion and recommendation collection, club registration, and mutual assistance in times of difficulties. We also provide 24-hour service hotlines and digital information platforms to collect information on employees' needs and help resolve issues.

With full support of the management team, system building, platform construction, and resource sharing, we created synergy and provided employees with diverse and solid learning resources that demonstrate Delta's dedication to talent development. We shall continue to intensify the current learning solutions and continue to comply with the Company's strategic focus to help achieve growth of the organization and individuals.



Delta's East China Plant organized employee and supervisor idea exchange forums to help employees propose ideas and recommendations



Delta Shanghai developed the "Expert Talk" program and invited senior managers and internal experts to share knowledge and professional skills



Europe (EMEA) President Dalip Sharma uses Town Hall Meetings to connect with employees in different places in Europe

6.4 Human Rights Protection

6.4.1 Human Rights Policy and Goals

Delta uses training and the Delta Human Rights Policy and Code of Conduct as well as internal and external audits to review improvements. We are also committed to abiding by laws for all jurisdictions in our global operations, international human rights standards, and dignified treatment and respect for all employees.

Delta established the Delta Group Human Rights and Employment Policy in 2019 to fulfill its corporate social responsibilities and core principles for honesty and integrity. The policy provides guidelines for all employees to commit to and follow in their work and business activities.

We are committed to achieving the following goals:

- Ensure diversity and anti-discrimination in employee composition.
- Prohibit hiring child labor and prevent forced labor.
- Provide a healthy and safe work environment.
- Establish global feedback and reporting channels.

Achievements:

- Delta actively promotes hiring people with disabilities and in 2019, we hired 79 people with disabilities in Taiwan. Delta also worked with the Eden Social Welfare Foundation social work association to create work spaces for people with visual impairments and purchased related equipment to provide them with suitable employment opportunities.
- Delta implemented the indigenous employee referral program and subsidies superior to regulatory requirements in 2019. The Company hired 39 new employees (six employees were hired in the previous year).
- The “Recruitment and Hiring Management Regulations” explicitly prohibits the hiring of child labor and any forced labor to ensure that employees work voluntarily. With reasonable notice in accordance with laws, employees have the right to resign or terminate the labor contract at any time.
- The medical office in the main plant was upgraded to the Taiwan Health Management Center to provide comprehensive healthcare, health promotion, and employee assistance plans. It also works with occupational health and safety units to implement control and related measures for the five major risk factors including chemicals, human factors, and other occupational health and safety risks.
- Delta established a global reporting and management mechanism to provide employees, Delta suppliers, and other external stakeholders with opportunities for reporting illegal conduct, human rights violations, or violations of the Code of Conduct or Ethical Corporate Management Best Practice Principles.
- Delta established the “Code of Conduct”, “Regulations on Prevention of Unlawful Infringement in the Execution of Duties”, and “Management Measures of the Whistleblowing System” to protect employees’ human rights including humane treatment, prohibition of discrimination or sexual harassment, and protection of employee complaints.
- To strengthen “collective bargaining” mechanisms, the election of the labor representatives of the labor management meeting in 2019 was conducted with full-scale voting of all employees.

6.4.2 Employee Rights and Communication

Delta is dedicated to promoting the long-term, friendly management of labor relations and human rights. The Company offers policy-level protection and creates positive bilateral communication mechanisms in policy execution. With a 74% global collective bargaining agreement and union coverage rate, Delta has created a highly engaging work environment for employees to voice their opinions through a diverse range of communication channels including regular labor management meetings, Employee Welfare Committee meetings, employee representative seminars, and the employee opinion mailbox. Complaints and incidents are kept confidential and carefully handled. Every quarter in 2019, labor management meetings and Employee Welfare Committee meetings were organized at each plant. The Company also met with foreign migrant workers in regular seminars to actively listen to employees' opinions and express our care for their issues and feelings through communication and interviews. We collected opinions in 287 cases and promptly took related improvement measures.



Multiple migrant worker forums were organized in Taiwan to learn about their life in Taiwan and issues at work

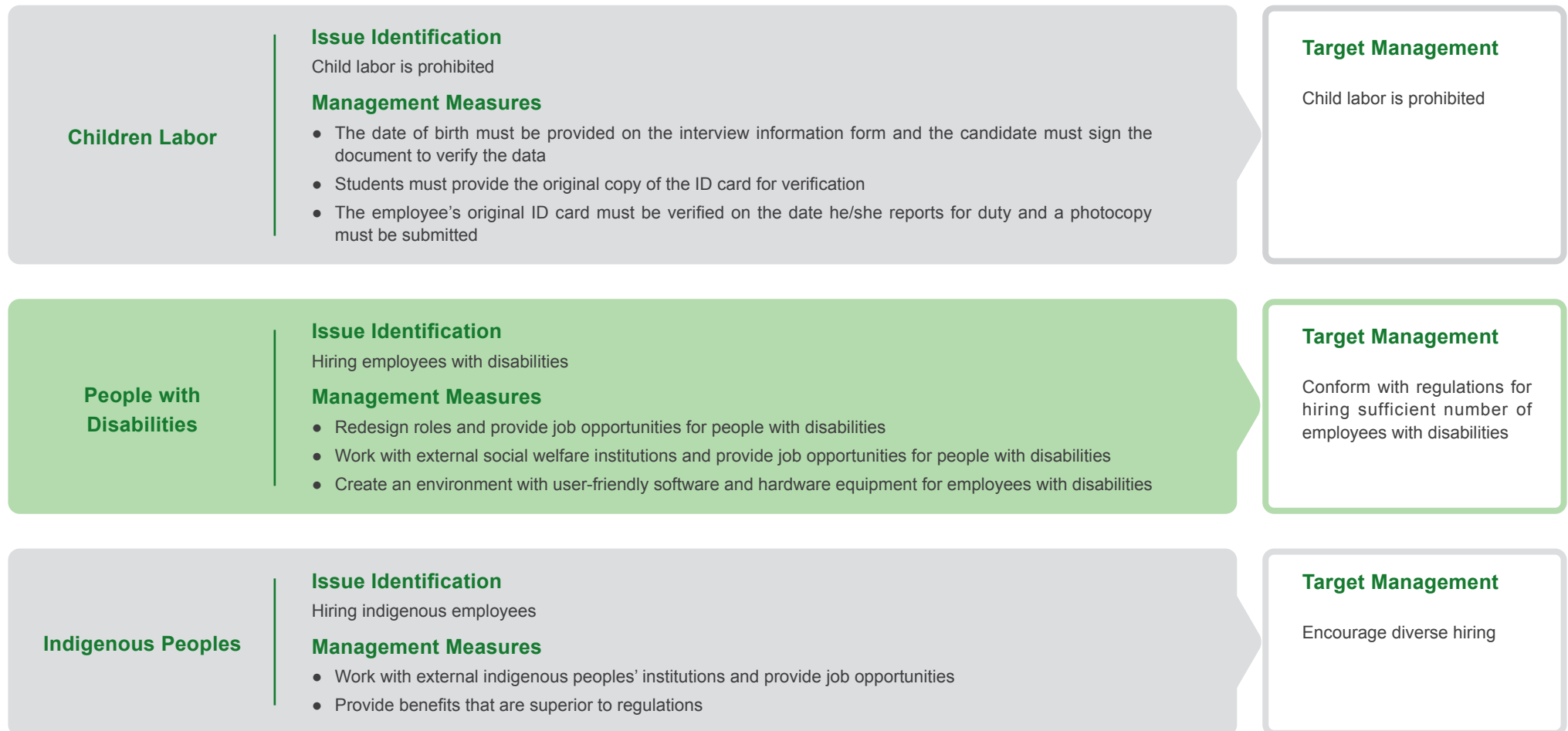
Statistical Data on Employee Feedback in Delta Taiwan in 2019

Communication Channel	Opinion Cases	Processed Cases	Main Improvement Items
Labor-management Meeting	31	31	<ul style="list-style-type: none"> Helping employees with mobility difficulties in purchasing meals
Employee Welfare Committee Meetings	158	158	<ul style="list-style-type: none"> Employee participation in the selection and evaluation of employee meal vendors The vendor was asked to replace the low-quality spoons with environmentally-friendly utensils Issues involving low-quality equipment for vendor meeting rooms and insufficient parking spaces were resolved through the purchase of related equipment and leased parking spaces.
Feedback Mailbox	31	31	<ul style="list-style-type: none"> Certain toilets have poor ventilation; the ventilation system was adjusted Employees needed psychological counseling; the Company has provided EAP consulting resources.
Forums	67	67	<ul style="list-style-type: none"> Meal plans for holidays were too monotonous; the catering company made improvements to provide different types of food

6.4.3 Human Right Risk Identification and Mitigation

Delta conducted human rights risk assessments and reviewed the list of groups and issues that may be affected to ensure the protection of employee rights and benefits and fulfill our corporate social responsibilities. The Company established management measures and goals to meet laws and international standards. Employees across the world filed a total of 39 labor ethics complaints in 2019. All cases have been investigated, resolved, and closed.

Human Rights Due Diligence



All Employees**1 Issue Identification**

Non-discrimination

Management Measures

- Specify anti-discrimination regulations in the Human Rights Policy, Code of Conduct, and Recruitment and Hiring Management Regulations
- Implement public recruitment for job vacancies and allow no discrimination on gender

2 Issue Identification

Sexual harassment prevention

Management Measures

- Comply with regulations in the establishment of management regulations and set up a sexual harassment grievance hotline and mailbox
- Include sexual harassment prevention in onboarding training materials and provide training for all personnel

3 Issue Identification

Unlawful infringement in the workplace

Management Measures

- Establish procedures for processing and investigating unlawful infringement at work in the execution of duties

Target Management

Offer salaries based on the skills and experience of candidates without differences between genders

Target Management

Organize related education and training for prevention of unlawful infringement in the workplace

**Pregnant
Employees****Issue Identification**

Pregnancy and postpartum care

Management Measures

- Establish maternity health protection operating regulations
- Provide pregnancy and postpartum health education information
- Health Management Center provides active care and identification
- Provide accessible parking spaces in the Company's parking lot

Target Management

Comply with protective work regulations for special groups of employees

Conduct risk assessment and management operations for maternity health at the workplace
Regularly organize seminars for maternity or parental health

Human Rights Risks and Mitigation Measures

Retribution Prevention

- Revised the Management Measures of the Whistle-blowing System and provide methods for anonymous reports

Non-discrimination

- Change the gender/date of birth/military service fields in candidates' personal information table to optional fields
- Prohibit discriminatory inspections in the recruitment and interview process

Work Hours

- Require advanced applications for overtime work and set reminder functions in the system
- Train versatile employees to balance overtime work hours and rest
- Establish planned production with customers to avoid overtime work

Salary and Benefits

- Zero payment required for foreign migrant workers in Taiwan starting in 2020*
- New recruit physical examination fee for Mainland China to be paid by the Company
- Calculate the overtime pay for night shift personnel in Mainland China for public holidays
- Adjusted the salary payment calculation for employees leaving their jobs in Mainland China

Delta conducted 13 internal evaluations and accepted 114 external audits to implement internal review mechanisms for labor ethics. The Company also took mitigation measures based on the results of risk assessments for labor, ethical, and management systems and implemented improvements for deficiencies found in internal audits to ensure the Company's operations meet local regulations and international standards. The Company, in 2019, used the Academy learning platform to promote education and training with human rights courses to make sure all employees understand their rights and the Company's Human Rights Policy. We accumulated 70,435 hours of human rights-related education and training courses across the world and provided training to 110,403 individuals (headcount).

The Company complied with local labor laws and relevant regulations. There were no major violations of labor laws. The Company was issued one fine of NTD 20,000 (667 USD) for violations of the working hours' related law in Taiwan: One case was due to an employee's overtime salary was not being processed before the day of a labor inspection. The Company has enhanced the function of auto-reminders for employees with overtime records on Attendance system and training on overtime application and management.

* Foreign migrant workers are not required to pay fees, such as fees incurred for agents, passports, visas, or transportation.

6.5 Lohas Workplace

Delta is committed to facilitate harmonious labor relations and improve the employee experience by establishing a healthy, happy and friendly work environment and providing more balance between work and life. Strategies include using bilateral communication and creative ideas for promoting harmonious labor relations, promoting a healthy workplace, and enhancing employee work and life balance. We shall also lower labor dispute incidents, properly manage and document employee feedback, and work to provide faster and more satisfactory responses.

6.5.1 Comprehensive Health Management and Promotion

The Company is committed to promoting employee health and well-being and incorporated health management and health promotion ideas into the Company's core values. We continue to provide employees with comprehensive care and improved health promotion and activity expenditures. The expenditures in Taiwan increased by 20% in 2019. The core values for workplace health are based on the 4S (Say, Stay, Strive, and Social). We use the results of employee health examinations, requirement surveys, feedback from past activities, and results analysis to revise and adjust the key points of the projects each year in order to integrate health management, health promotion resources, and related measures.

Delta has adopted a health checkup system that is superior to regulations. The health checkup participation rate for all employees in Taiwan in 2019 was 97% with 6,958 participating personnel*1. The advanced checkup participation rate was 94% with 1,001 participating employees*2, up 14% from the previous year. Delta implements health risk management and uses the results of employees' health examinations to establish a tiered health management system and provide protection for night shifts and OP employees exposed to special health hazards. We had 3,422 employees receive consultation and protection management and the health checkup participation rate for night shifts and OP employees exposed to special health hazards was 100% with 384 participants. The prevention for occupational illnesses includes the establishment of the "Abnormal Workload-Triggered Diseases Prevention Plan and Regulations" and the "Human Factor Hazard Prevention Operation Recommendations". Delta works with professional specialist doctors to help employees with medium to high risks receive assessments and consultation with any early warning results.



4 "S" Core Values



An employee receiving a health consultation

*1 Employees hired before December 31 of the previous year are eligible for health examinations. The frequency of health examinations is one health examination every year for employees older than 50 (inclusive) and one health examination every two years for employees under 50.

*2 Employees who have worked for more than one year as of December 31 of the previous year. The frequency of health examinations is one health examination every year for employees older than 50 (inclusive) and one health examination every two years for employees over 40 and under 50. Employees under 40 years old are included in normal health checkups.

In 2019, 79,824 employees (headcount) took part in health promotion activities across the world. The Health Management Center organizes health promotion activities for plants in Taiwan to increase employees' health concepts and awareness including related activities for emergency medical aid, disease prevention seminars, diverse sports and nutritional health courses, and comprehensive medical healthcare activities. Delta organized more than 65 annual health promotion activities for 10,869 participants in 2019. Participants lost a total of 485 kilograms in weight and accumulated 16,698 kilometers of health mileage. The Company also organized 111 health workout sessions for all employees. In addition to physical activities, we also use the online DMS social networking platform to promote health activities and health education which resulted in 2,211 interactions with employees. Delta worked with external resources in promoting the "NHI App - My Health Bank" to enhance the implementation of employees' self-health management. A total of 3,046 people used the service. Delta also organized diverse health seminars in China and other overseas plants including sporting events and contests for promoting employee health. We also use health examinations to protect employee health.

List of Welfare Fund and Health Promotion Expenses in Taiwan in 2019

Payment Items	Number of Applicants	Amount (NTD)
Childbirth Subsidies	377	754,000
Marriage Subsidies	200	600,000
Funeral Subsidies	305	4,750,000
Travel Subsidies	12,799	99,607,934
Club Subsidies	-	575,450
EAP Programs	115	734,660
Health Promoting Activities	19,254	403,718
Health Examinations	9,561	24,618,578
Maternity Care	124	42,220
Emergency Aid	22	21,799
Group Activity Costs	-	7,563,210
Total*	42,757	139,671,569

* Approximately 4,658,825 USD



Delta received first prize in "Healthy Diet" at the first "CHR Healthy Corporate Citizen" Awards

Delta's health promotion activities have received recognition in the form of external awards. In 2019, Delta received the first prize in "Healthy Diet" in the first "CHR Corporate Health Responsibility" Awards. Delta promotes the philosophy of "building a good life with safe and healthy food" and incorporated it into health management solutions. Delta's Taipei Plant and Tainan Plant received the "Health Paradigm Award" and "Health Management Award" in the Excellent Healthy Workplace Awards from the Health Promotion Administration of the Ministry of Health and Welfare. Delta was also evaluated as a model enterprise for implementing and promoting a healthy workplace. This fully demonstrates the Company's commitment to building a friendly workplace.

6.5.2 Childbirth Benefits and Care

Delta provides maternal care packages more comprehensive than legal requirements for female employees. We provide health consultation relevant to childbirth for female employees who are planning pregnancy, currently pregnant, and nursing mothers. We established the “Maternity Health Protection Operating Regulations” and used the system and procedures to implement risk management. Doctors conduct risk evaluations for mothers and provide related health consultation for childbirth. A total of 388 individuals have enjoyed this benefit in Taiwan from 2015 to year-end in 2019. The Company also adjusts the contents of their work based on their conditions. The Company works hard to provide more comprehensive maternity projects to create a friendly maternity health workplace. Pregnant employees can enjoy designated parking spots and maternity gift packs, and many other benefits. The Company established the dedicated “maternity care for employees” website and planned childbirth and pregnancy courses. In 2019, we organized 15 courses for 603 participants (headcount). Employees may apply for unpaid parental leave in accordance with laws for childcare and breastfeeding issues. Compared to the previous report year, the proportion of actual applicants among employees eligible for unpaid parental leave increased from 3.9% to 5.6%. In addition, the Company actively communicates with employees to provide care and arrange reinstatement matters before the expiry of the unpaid parental leave. In Taiwan in 2019, 93% of all employees who took unpaid parental leave and returned to work have stayed with the Company for more than one year. This is 11% higher than levels in 2018. In addition, employees in professional and management roles are provided with personal leave and sick leave superior to regulatory standards. When family members require vaccinations, suffer from severe illnesses, or other material incidents that require personal attention, employees can apply for our fully-paid “Family Care Leave” so employees can take care of both work and family without worries.

Statistics for Unpaid Parental Leave in Taiwan in 2019

Statistics	Male	Female	Subtotal
Number of Employees Eligible for Unpaid Parental Leave in 2019*1	901	264	1,165
Number of Employees Applying for Unpaid Parental Leave in 2019	17	50	67
Number of Employees Estimated to Return to Work from Unpaid Parental Leave in 2019 (C)	11	54	65
Number of Employees Returning to Work from Unpaid Parental Leave in 2019 (D)	8	37	45
Number of Employees Returning to Work from Unpaid Parental Leave in 2018 (E)	8	35	43
Number of Employees Returning to Work from Unpaid Parental Leave in 2018 and Working for More than One Year (F)*2	8	32	40
Reinstatement Rate (D/C)	73%	69%	69%
Retention Rate (F/E)	100%	91%	93%

*1 Number of employees who applied for maternity leave and paternity leave in the three years from January 1, 2017 to December 31, 2019.

*2 Number of employees who applied for unpaid parental leave from January 1, 2016 to December 31, 2018 reinstated in 2018 and served for more than one year.

6.5.3 Balancing Life and Work

Delta is committed to both “care for employees” and building a “Lohas Workplace”. We value harmonious employment relations. The Company understands that gentle interactions can alleviate life’s pressure as well as enhance interpersonal relations. Delta promotes a balance between work and personal life through the slogan of “Live Better, Work Smart.” Delta promotes the Employee Assistance Program (EAP) and encourages employees to seek assistance from professional counseling services to maintain their physical and mental balance in life. The EAP counseling service was used 115 times in 2019 which is a 29% increase from the previous year. We also respond to the government’s initiative for encouraging companies to appoint professionals with related expertise in sports to serve as sports instructors to create a healthy and vibrant workplace. We applied for the “employer subsidy for hiring athlete instructors” and received subsidies totaling NTD300,000 (10,000 USD). We also partner with sports centers to encourage employees to develop healthy exercise habits. In addition, we organize a diverse range of creative group activities for more employees to take part in outdoor activities to refresh their minds. In 2019, Delta organized its first exclusive Delta railway trip and organized a series of surprise magic shows and violin music festivities on the train. The satisfaction rate of the event was 4.6 points (out of 5).

Delta Family Day was held at the Butterfly Hall of Taipei Expo Park. We planned a diverse range of activities including large-scale outdoor group riddle contests, diverse charity and employee performances, and an educational family science workshop. The event attracted more than 1500 employees and their family members. The number of participants increased by 7% from the previous year. Delta provides a diverse range of club activities in plants in China to develop employees’ interests. We are committed to creating a corporate culture brand for happiness at home, happiness in life, and happiness at work. The “Zhou Zhou Square Dance” and “Outdoor Yoga for A Thousand” events organized at Delta’s Wujiang Plant in Suzhou received wide acclaim from participating employees. Delta also won prizes and honors in the Suzhou City Employee Art Contest. The annual employee sports day event organized at Delta’s East China Plant and South China Plant demonstrated Delta’s dedication to teamwork and full participation sports ethics.



Railway trip: Delta bought all seats on a train to take employees and family members on a special trip



Delta Baseball Day: Delta took employees and family members to a baseball game



Family Day: Family mobilization and contests



“The Outdoor Yoga for a Thousand” activities encouraged employees to relax their bodies and minds together



Family day: aerobic exercises with the Founder Mr. Bruce Cheng



Thailand Plant volunteer activities encourage employees to participate in energy education

6.5.4 Calling for Employee Social Engagement

Energy Education Volunteer Activities

Delta actively participates in energy education and charity activities. Delta has spread its green business philosophy to different corners of society through our employees' efforts. Delta invites its employees and their families to join the ranks of volunteers and participate of their own accord. Delta has continuously promoted energy education volunteer activities in Taiwan, Thailand, China, and India. The Company also provides "charity leave" to allow employees to make contributions without pressure and to take real action for charitable causes. For instance, in the workplace experience program organized with the Ministry of Labor in Taiwan, Delta invited students from Gongliao Junior High School in New Taipei City to visit Delta's headquarters to design energy education courses to help children learn about industries and connect with the future through happy learning. Employees from Delta's Wujiang Plant participated in tree planting in Beilian Village and caring for children at Wujiang Children's Hospital through volunteer club activities, which received wide acclaim from local communities.

Charitable Events to Give Back to Society

We also actively use charity procurement to support disadvantaged groups in society. The charity procurement amount in Taiwan amounted to more than 1 million NTD (33,356 USD) in 2019 which is an 85% increase from the previous year. Delta also received the second prize in the "Buying Power – New Product and Service of Social Innovation Purchase Reward Program" from the Small and Medium Enterprise Administration, MOEA. In the 2019 Christmas Dream Come True Program, Delta collaborated with Happy Mount Colony for the first time and organized a charity sale event. It also commissioned the social enterprise Victory Kitchen to produce exclusive Delta Christmas cookies as gifts for employees. Delta continued to work with the social enterprise i-Goods in the collection of supplies for charity and invited all employees to jointly support charitable causes. We gathered 4,723 items from all plants which is a significant increase of 56% from the previous year and delivered them to 28 social associations for disadvantaged groups. We hope to bring love to all corners of society that need love and care.

6.6 Social Engagement

Material Topics



Strategic Direction

Delta adopts three key strategies in its execution including “climate communication & education”, “low-carbon building & transport”, and “talent cultivation” to use the Company’s core competencies and resources to increase the environmental protection awareness of the public while improving equality and quality of education.

Commitments

In response to domestic and foreign issues and climate trends, Delta adjusts strategies each year to meet the requirements for knowledge and actions across the world. The Company also continues to invest resources in environmental protection, energy conservation, carbon emissions reduction, and education.

KPI

Achieved
 Performance
 Target

2019
DeltaMOOCx e-Learning Video Views Accumulated

- Over 5 million views
- Over 7 million views

2022
Cumulative DeltaMOOCx views

- 13 million views

2023
Number of people reached via climate education (headcount)

- Accumulate 9 million views on social network media

Key Initiatives for Alignment with SDGs



- Delta actively promotes low-carbon buildings and transportation and encourages the public to start changing their lifestyle to create a healthier, energy-efficient, and comfortable living environment while reducing their carbon footprint in commuting and transportation.
- Delta worked with international organizations in research on how to improve urban climate resilience and exchange ideas on joint efforts for promoting climate change awareness through the spread of knowledge



- Delta created a free online learning platform that focuses on smart manufacturing and core basic subjects such as science, technology, engineering and mathematics (STEM). Delta also provides incentives for talents to study abroad in disciplines related to the environment.
- Delta produced and promoted the 8K ultra-high definition environmental protection documentary based on water resources to increase public awareness for clean water resources and changes in the marine ecology caused by climate change.

In addition to providing quality products and services, Delta actively participates in various activities that benefit society. We have achieved great results in popularizing green buildings and transportation, promoting science, energy education and climate action, and actively cultivating talent.

Delta invested approximately 7.0 MUSD in social engagement in 2019 and talent cultivation accounted for the largest share, which is 72%. Followed by expenditures for popularizing green buildings and transportation, and then promoting science, energy education and climate action, with charitable donations as the smallest proportion.

6.6.1 Popularizing Green Building and Transportation Concepts

First “Residential Green Refurbishment” Course of the Green Collar Architects Training Workshop

Energy conservation in existing residential buildings has become increasingly important in recent years. The Delta Electronics Foundation and Taiwan Green Collar Association have jointly promoted the “Green Collar Architects Training Workshop” for many years. In 2019, the Workshop held the first designer course on “residential green refurbishment” to teach attendees how to design energy-efficient, healthy, and comfortable spaces. The course included actual design and selection of green building materials. Ten attendees registered for all courses and four attendees registered for individual courses in 2019. A total of 457 participants have participated in the training since 2009.

Building a Microclimate Database to Help the Museum of Marine Science and Technology Reduce Electricity Load

Climate information helps architects design energy conservation methods. The Delta Electronics Foundation, International Climate Development Institute, Taiwan Architecture & Building Center, and Central Weather Bureau established the “Green BIM Building Microclimate Database” and completed the construction of 26 monitoring stations in Taiwan in 2019. The National Museum of Marine Science and Technology was used as a test site where microclimate forecasts provided by the Database were introduced to successfully and substantially reduce the air-conditioning activation time which reduces the electricity load during peak hours.

Create Microgrids for Elementary Schools in Remote Areas to Enhance Climate Disaster Prevention

Namasia Minquan Elementary School was rebuilt with donations from Delta in the wake of Typhoon Morakot. It reached net zero energy consumption from 2015 to 2017 and the energy conservation rate was 93%. The Foundation introduced a distributed energy system in 2019 that integrated the renewable energy, energy storage and energy efficiency control system, and energy management. During the day, the school uses solar green power first; at night, the school uses electricity in the energy storage system that was stored during the day. In the event of a disaster, the system will also prioritize the use of green electricity in the energy storage system. The self-sufficient integrated system increases the availability of renewable energy and disaster prevention resilience.



Delta creates microgrids for elementary schools in remote areas to enhance climate disaster prevention

Energy Saving Benefits of Delta's Donated Green Buildings

Delta's Donated Green Buildings	Green Building Certification	Energy Saving Performance*1
The Delta Building at National Cheng Kung University (NCKU) (Inaugurated in 2009)	EEWH (School Category)	<ul style="list-style-type: none"> • 2019 EUI : 73.48 • energy savings : 56%*2
The Y. S. Sun Green Building Research Center at National Cheng Kung University (NCKU) (Inaugurated in 2011)	LEED Platinum Grade, EEWH Diamond Grade	<ul style="list-style-type: none"> • 2019 EUI : 26.30 • energy savings : 84%*2
The Delta Building at National Tsing Hua University (NTHU) (Inaugurated in 2011)	EEWH Bronze Grade	<ul style="list-style-type: none"> • 2019 EUI : 82.17 • energy savings : -5%*4
The Namasia Ming Chuan Elementary School (Inaugurated in 2012)	EEWH Diamond Grade	<ul style="list-style-type: none"> • 2019 EUI : 1.46 • energy savings : 90%*3
The Kuo-Ting Optoelectronics Building at National Central University (NCU) (Inaugurated in 2011)	EEWH Bronze Grade	<ul style="list-style-type: none"> • 2019 EUI : 26.29 • energy savings : 67%*4

Donated Green Buildings

Since 2009, Delta has donated five certified green buildings: the Delta Building and the Y. S. Sun Green Building Research Center at National Cheng Kung University (NCKU), the Delta Building at National Tsing Hua University (NTHU), the Namasia Ming Chuan Elementary School, and the Kuo-Ting Optoelectronic Building at National Central University (NCU). In 2019, Delta's five donated green buildings reduced, in total, 1.74 million kWh of electricity and 929.4 ton CO₂e emissions.

The energy use intensity (EUI) is slightly higher at Delta Building, National Tsing Hua University. Although a Delta energy monitoring system has been introduced to the laboratory, air conditioners need to be on throughout experiments, which leads to increased power consumption and impacts the energy conservation results. In the future, Delta Building plans to introduce full heat exchangers to reduce the power consumption of air conditioners and to effectively manage energy consumption in the building.

Evaluation and Research on the Impact of the Introduction of Electric Vehicles to the Grid (V2G) on Power Supply and Demand

In response to international development trends in the flexibility of the use of electric vehicles and the grid, Delta Electronics Foundation appointed the Industrial Technology Research Institute to collect information on applications and impact of vehicle to grid (V2G) applications across the world and establish forecasts on the number of electric vehicles in Taiwan. It also evaluated the impact of the introduction of V2G applications in Taiwan on the supply, demand, and dispatch of electricity by analyzing a diverse range of scenarios. Delta aims to provide assistance for the government's related policies in the future and to allow society to truly understand V2G concepts.

*1 Delta calculates EUI of each green building in line with the methodologies from the literatures cited on page p.123. EUI = Electricity Consumption (kWh) / Area per year (kWh/m²/year). Annual electricity usage refers to purchased electricity not including self-generated solar power. The following are excluded from EUI calculation: lab electricity (The Delta Building at NTHU and The Kuo-Ting Optoelectronics Building at NCU) and indoor parking area (for applicable buildings).

*2 <Bureau of Energy, Ministry of Economic Affairs, R.O.C (Taiwan) > 2018 Energy Audit Annual Report for Non-Productive Industries (page 24) (published in December 2018): 165.5 kWh/m²/year (office building excluding parking lot).

*3 <Ministry of Economic Affairs and Ministry of Education, National Development Council, R.O.C (Taiwan)> Energy Conservation Action Plan for government agencies and schools (page 19) (revision published in December 2017) : 15 kWh/m²/year (elementary school group 2).

*4 <Bureau of Energy, Ministry of Economic Affairs, R.O.C (Taiwan)> 2018 Energy Audit Annual Report for Non-Productive Industries (page 24) (published in December 2018): 78.5 kWh/m²/year (school-regular universities excluding indoor parking lot area).

6.6.2 Promoting Science, Energy Education and Climate Action

Building Climate Knowledge for Students — Delta Volunteers Use Popular Science Education Materials in Education Programs

Delta Electronics Foundation's long-term goal is to implement climate change education in schools at home and abroad. In 2019, the Foundation developed a new set of education materials on low-carbon transportation equipment and integrated popular science electromagnetism to help students learn about the principles and energy conservation technologies used in electric vehicles. In addition, the Foundation has expanded training to volunteer energy instructors in the United States. Delta had 568 energy volunteers (headcount) in 2019 that served for 10,855 hours and benefited 54,205 students (headcount).



Building climate knowledge for students — Delta volunteers use popular science education materials in education programs

Delta Green Exploration

To celebrate the 48th World Environment Day, Delta planned a series of World Environment Day events for energy education courses. On World Environment Day, 80 students from Gonglu Elementary School in Shanghai visited Delta's Shanghai Headquarters for the "Delta Green Exploration" fun-filled event. Delta pioneered the waste classification policy in Shanghai and launched activities such as "water conservation expert" and "waste classification" in Delta's green buildings to teach students to protect the environment and conserve energy in their daily lives.



Volunteers in Shanghai led students from Gonglu Elementary School to learn the key to waste classification through interactive games

Delta Energy Volunteer

Energy volunteers provided an opportunity for us to understand the lives of children today and the kinds of information and education they receive. We adopted the simplest and most interesting approaches to help children understand, and we hope they will also influence their families. I believe that we have planted a seed in the children and showed them that "technology is fun and caring for the environment is wonderful"

Chia-Yen Wei

Delta Cup International Solar Building Design Competition

To actively promote reusable energy including solar power and green building technology, Delta has sponsored the “Delta Cup International Solar Building Design Competition” since 2006. This competition has had over 90 participating countries, with 7500 teams, and has received 1489 submissions. The five items (sets) of submissions that have been completed are great examples for demonstrating and promoting green buildings with low energy consumption.

The theme of the 2019 Delta Cup was “Sunshine and Tour of Culture” which focused on contests in Xinglong of Hebei Province and Fengxi of Zhejiang Province. After the evaluation, “Harvesting the Stars” and “Song of the Wind and Dance of the Flowers” beat over 200 valid submissions and won first place in the Nighttime Park Starry Sky Station Project in Xinglong of Hebei Province and the Rose Education and Research Center Project in Fengxi of Zhejiang Province. The two winning submissions were outstanding works submitted for the Starry Sky Station Project and the Education and Research Center Project. They reflect the themes in their format of expression. The plans were reasonable and they created great integration with architectural design to achieve balance between energy conservation and comfort in the building.

The author of the “Song of the Wind and Dance of the Flowers” is now working with the project organizer on the completion of the design draft. The project will be constructed onsite in Fengxi, Zhejiang. The “Song of the Wind and Dance of the Flowers” integrates the site, spatial organization, and transportation flows in the layout. The buildings’ functions and format are suitable for the humid and hot climate in the south. It uses technologies such as heat storage and phase changes of solar energy, lighting with a central courtyard, and ventilation chimneys to adjust the indoor environment and effectively increase the indoor thermal comfort in winter and summer.

High-Quality Climate Social Media Incorporate Low-Carbon Goals into Daily Lives

The Delta Electronics Foundation operates the “Low Carbon Life Blog” and the “Climate Battle in Taiwan” radio show on IC Broadcasting. It also established the “Delta Energy and Climate Special Award” for the Tseng Hsu-Pai Journalism Award. The foundation uses in-depth yet simple methods to promote a green and low-carbon approach to life and improve the public’s knowledge of climate and energy conservation issues. In 2019, the blog was visited 4.73 million times and more than 500 radio shows were produced. In addition, 26 high-quality environmental news productions received the “Delta Energy and Climate Special Award”.

8K Ultra-high Definition Environmental Protection Documentary “Water with Life”, an Innovative Climate Communication Model

To promote water risk resource awareness, Delta Foundation and the NHK Enterprises team produced an environmental protection documentary focusing on water resources. “Water with Life” uses high-resolution 8K imagery to communicate global warming, how human activities affect Taiwan, and shows renowned scenic areas related to water. The entire documentary is open-minded and suitable for all ages. It completely overturned the “negative revelation” approach commonly adopted in past climate education. The documentary was shown on NHK BS 8K channel in 2019 and it became the first environmental documentary on the 8K channel. A series of 16 charity tour screenings was organized in Taiwan over the entire year. The screening attracted more than ten thousand viewers including government decision makers, companies, and senior executives of media companies.



“Song of the Wind and Dance of the Flowers” won first place in the Rose Education and Research Center Project contest in Fengxi of Zhejiang Province

Working with Reputable International Think Tanks to Promote Urban Climate Resilience and Energy Policy

In 2019, Delta Electronics Foundation continued its collaboration with the international think tank American Council for an Energy-Efficient Economy (ACEEE) to provide objective data to the government and to maximize its influence on policies. The Foundation adopted qualitative and quantitative approaches for summarizing international urban resilience policies and how clean energy, electric vehicles, and microgrids are used to improve the climate resilience for urban areas. The implementation methods include promotion of strategies for improving transportation efficiency, setting up building standards and energy conservation refurbishment requirements, increasing the number of electric vehicles, and developing microgrids to help plan related domestic policies for the future.

<https://www.aceee.org/sites/default/files/publications/researchreports/u2002.pdf>

Delta Took to the Stage at the United Nations Climate Change Conference to Provide Solutions for Water Environment Deterioration

Delta Electronics Foundation has participated in the United Nations Climate Change Conference for 13 consecutive years. The 2019 Conference focused on the theme of “Blue COP”. The Foundation organized peripheral meetings for the UN official negotiations based on “water” to share water resource education and water conservation actions. The Foundation also invited international water resource experts from the Mexican Center for Environmental Law, South Pole Environmental Services, and Taiwan Ecological Engineering Development Foundation to exchange ideas on water resources with decision makers in education promotion, clean water human rights, financial support, and adaptive technologies.

Organization of Climate Salon Activities for Real-Time Analysis of International Climate and Ocean Reports

The Intergovernmental Panel on Climate Change (IPCC) issued the “Special Report on the Ocean and Cryosphere in a Changing Climate” (SROCC) in 2019. Delta Electronics Foundation translated the Summary for Policymakers in one day and provided summarized contents to the media as reference. The Foundation also invited renowned marine and land water resource experts in Taiwan to a press conference to analyze the impact on Taiwan’s water environment. It helped people quickly understand the latest water resource report from the United Nations and helped create the foundations for future climate and energy legislation in Taiwan.

“Special Report on the Ocean and Cryosphere in a Changing Climate” (SROCC)

As the oceans have absorbed more than 90% of the excess heat caused by global warming, ocean warming has become a direct result of global warming. By the end of the century, the heat absorption is expected to increase by 5-7 times and increase the rise in sea level to more than 1 meter. The global fisheries catch potential will be reduced by one quarter. Once-in-a-century extreme weather conditions will become more frequent and glaciers are projected to lose more than 80% of their current ice mass. SROCC also pointed out that “education” is one of the important methods for resolving the current deterioration of the water environment and it calls to all sectors to actively promote climate education.



Delta took to the stage in the United Nations Climate Change Conference to provide solutions for water environment deterioration



Magnificent 8K video shown at Sun Moon Lake



Organization of climate salon activities for real-time analysis of international climate and ocean reports

6.6.3 Talent Cultivation

DeltaMOOCx Online Learning Platform Continues to Exert an Impact on Education

The DeltaMOOCx online learning platform was designed by the Delta Electronics Foundation to provide free online courses for high schools and technical universities. It focuses on providing high-quality courses for vocational education and develops science courses for high school and vocational high school as well as industrial automation courses combined with industry trends to help students connect with tertiary education. As of 2019, DeltaMOOCx education videos had accumulated over 7 million views. The Foundation evaluated the social return on investment (SROI) of the platform and concluded that every 1 USD of investment can create more than 9 USD of social value and influence.



DeltaMOOCx online learning platform continues to exert an impact on education

Long-Term Cultivation of Outstanding Talents to Contribute to Society

Delta Electronics Foundation uses long-term scholarship sponsorship to cultivate outstanding talents for society. A total of 5,200 students in northern Thailand have benefited from the “Chinese Education in Northern Thailand” program. The Foundation also sponsored the software and hardware construction of Chinese schools in Northern Thailand and established the “Delta Digital Classroom” to provide diverse education and interaction models. The Foundation has cultivated more than one hundred Masters and PhD students and academic talents that specialize in marine law, sustainable energy, environmental science, urban planning, circular economy, and corporate sustainability with the “Delta Environmental Scholarship” and “Delta Corporate Environmental Ethics Grant” programs.



Long-term cultivation of outstanding talents to contribute to society

Delta Donates Recycled Computers to Refugees in Europe to Help Continue Studies

Delta organized the first donation of recycled computers in January 2019. They were donated to refugee camps in Principovac, Sombor, Kikinda, Adasevci, and Obrenovac, and two refugee commissioners were trained as technical personnel. The recycled computers donated by Delta allow refugees, for the first time, to connect to the world. They can communicate with their relatives and friends and provide schoolchildren with remote learning.

Delta Power Electronics Science and Education Development Program and Delta Greentech Scholar Program

Delta has sponsored science and research development and talent cultivation for power and electronics and related colleges in 10 key universities in China for 20 consecutive years. In 2019, Delta sponsored one nationwide seminar, 12 innovative research projects, scholarships for 59 outstanding graduate students, presented the “Delta Greentech Scholar” award to Professor Cai Xu of Shanghai Jiao Tong University, and presented the “Delta Greentech Young Scholar” award to Professor Wang Fei of Shanghai University and Associate Professor Liang Lin. Delta has spared no efforts in promoting the development of power and electronics studies and talent cultivation.

When the projects were first founded, we received support from giants in the industry - support from Professor Cai Xuansan was particularly important. He had given up the life of easy retirement and busied himself at different universities to ensure the smooth progression of the projects. He also insisted upon attending seminars even when he was severely ill. To commemorate his dedication to students, Delta established the Cai Xuansan Scholarship after his death. Students who received the scholarship in the 10 years since have achieved outstanding results. Shi Bochen, a student who had received the scholarship in 2017 stated: “The Cai Xuansan Scholarship was the most important scholarship for me. It connected me with Mr. Cai and became the source of my boundless motivation for research.”

I will always remember the smiles on the refugees' faces. It was something that money can't buy because it came from the heart.

Andreas

Director of Delta's Europe, Middle East, and Africa Information Technology Division

I am using Facebook to communicate with my family. I miss my parents so much and I really want to talk to them.

Parviz Sadat

Who had left home more than five months ago

Americas STEM Programs

As part of its corporate mission to strive for a “better tomorrow”, Delta leverages its deep expertise in innovation, sustainability, and technology to impact the community and youth through various programs and collaborations.

These STEM programs aim to provide accessibility to high quality education for students of all different backgrounds and demographics.

Debuting their new “Learn it Together; Do it Yourself” (LIT/DIY) program in 2019, Delta collaborated with local high schools, non-profits, and community organizations, allowing 95 students to participate in the free workshop. The first LIT/DIY workshops involved students with electricity and induction, and allowed them to create breadboard circuits that would light up LEDs with wireless charging technology. Workshops are generally held on weekends to work with student schedules; however, Delta is working with local schools to have visits become official field trips so that more students have access. Future goals include developing workshops to match local school district curriculums so students are able to build on their foundational education from the school. This allows the programs to potentially become part of the official curriculum, drastically increasing the number of potential participants.

Based on post-workshop survey results, the students rated the classes an average overall score of 4.5 (out of 5), understanding the concepts taught received a 4.1, and an engagement received a score of 4.8. Students state that the programs teach more than just STEM concepts, they encourage students to build a better future for themselves.

In addition to the LIT/DIY workshops, the Americas CSR team debuted a variety of different programs, including Master's and Undergrad senior engineering project collaborations with the University of California, Berkeley, and San Jose State University, respectively, resume and interview workshops at California State University, East Bay, and more. Career days at Delta headquarters have also been initiated, allowing students to see what it takes to succeed at a top-tier global corporation. In total, these collaborations and workshops have impacted well over 1000 students in the local community.

Delta Electronics now sits on the Industry Advisory Board for the Institute of STEM Education for the San Francisco East Bay Area, which covers over 600 students. As part of this, Delta will have an influence on how STEM concepts and its societal benefits are introduced from an early age (middle school) through college.

Learning

It's really nice seeing someone as enthusiastic about STEM as you, and getting hands on experience playing around with materials is usually something we don't get to do in class.

11th grader

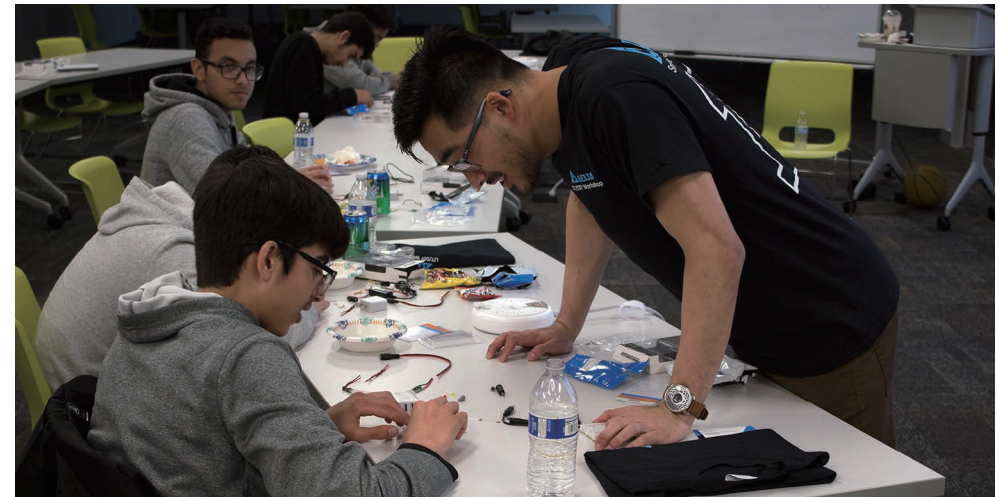
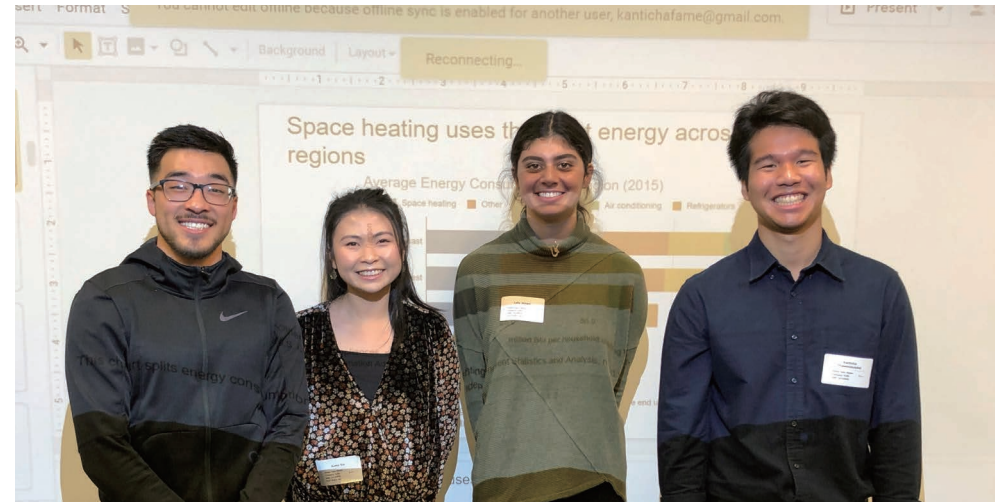
From Irvington High School in Fremont, CA

Feedback

Having other adults around to guide students was great in ensuring that students felt supported through the challenge of figuring things out. Students also really enjoyed hearing about your personal career experiences and advice.

High School Teacher

From Leadership Public Schools in Hayward, CA



Delta Electronics (Americas) Ltd. promotes STEM programs

6.7 Occupational Safety and Health

6.7.1 Management Mechanisms

Occupational Safety and Health Management System

Providing employees with a safe and healthy workplace is one of Delta's most fundamental obligations as a corporate citizen. Delta's major manufacturing plants in Taiwan, China, and Thailand received OHSAS 18001 or ISO 45001 certification. Delta's Taoyuan and Tainan Plants simultaneously received CNS 15506 certification and obtained TOSHMS certification. Plants that received ISO 45001 certification in 2019 included the Taoyuan R&D Center and Zhongli Plant. Delta's Wujiang Plant had previously obtained OHSAS 18001 certification and completed ISO 45001 certification this year. Delta has established industrial safety departments in production-oriented plants in China and Thailand which report directly to the highest-ranking local supervisor. In R&D and administration-oriented units in Taiwan, an occupational safety and health management department reports directly to the Chief Executive Officer. Delta established the Safety and Health Committee in main regions to take charge of reviews, coordination, and recommendations for safety and health management items. Its management units are responsible for planning, implementation, and checking of safety and health management tasks in the plants.

Risk Management and Disaster Prevention

To prevent occupation hazards, we continue to strengthen engineering and occupational management and other preventive mechanisms. We implement pre-purchase safety assessments and increase safety measures for mechanical equipment. We also select low-hazard chemicals to replace high-hazard chemicals and adopt source control measures to ensure personnel and plant safety. We implement regular hazard identification and risk assessment for work procedures and control unacceptable risks. Applications shall be filed for operational with higher risks and levels of hazards, and operations can only be carried out with the approval of related units. To ensure safe operations for electrical equipment and facilities, our manufacturing plants in main regions regularly utilize an infrared thermal imaging camera to perform non-blackout inspections for early detection of any abnormalities.

Key discussions of Delta's regional Safety and Health Management Committees in 2019

Regions	Taiwan	Mainland China	Thailand
Key Discussion Topics	<ol style="list-style-type: none"> 1. Related tasks for the introduction or update of occupational safety and health management systems 2. Enhanced monitoring and control measures for unloading dock 3. Employee commuting safety 	<ol style="list-style-type: none"> 1. Increase employees' safety and health awareness 2. Equipment safety guard and management 3. Accident prevention and improvement 	N/A
Percentage of Labor Representatives	52%	No applicable requirements	47%
Supplementary Description	Number of employee representatives: 100 people Number of committee members: 192 people	Number of committee members: 169 people	Number of employee representatives: 27 people Number of committee members: 58 people

Occupational Health and Safety Assessment

The plants conduct automatic inspections and self-inspections in accordance with government regulations and the Company's operation standards to ensure the safety of employees and plants and prevent injury to personnel and loss of property. Safety and health management department personnel carry out routine occupational safety assessments and inspections, and each department promotes inter-industry health and safety inspection activities. Inspectors include safety and health management department employees, factory work environment safety personnel, and departmental work environment safety promotion employees. Through the observational learning of cross-industry inter-inspector activities, factory personnel safety and health management exchanges and interaction improved as were manufacturing plant audits. Specific main production plants include inspection results for the safety and health evaluation activity. The units with the most improvement receive commendations and bonuses as well as rewards for the implementation personnel to encourage improvements in how employees practice safety and health management in their work.

Workplace Monitoring

Our respective plants, in regards to practical operational hazardous situations and regulatory requirements, regularly appoint monitoring institutions to implement workplace monitoring to control hazardous factors in the workplace. Delta uses the results of these tests to carry out onsite improvements, thereby lowering the occurrence of workplace illnesses. The main chemical hazards in our primary Taiwan and China manufacturing plants are organic solvents. We focus our monitoring on tin oxide, isopropanol, lead, carbon dioxide, and others. Our physical monitoring focuses on noise, light, high temperature, and more. A few personnel in certain plant areas carry out radioactive operations. We work to prevent employee workplace exposure to hazardous elements and their causes according to local statutory regulations. As such, operators that handle hazardous materials undergo special health checks and the results of those health check ratings are used to improve our healthcare management.

6.7.2 Management Performance

Training and Communication

To improve work safety and the health knowledge of employees (including contracted personnel), Delta holds safety and health education training, sends emails, and utilizes bulletin boards to cultivate employees' work safety awareness in the work environment and to train them on necessary safety and health knowledge and concepts for disaster prevention. In 2019, Delta Taiwan, Thailand, and China, as well as Delta's subsidiary Cyntec, all implemented workplace safety and health training, emergency response training, fire drills, and related internal (external) training for new and current employees. We recorded a total of 219,000 participants who registered with more than 922,000 hours of training. The plants also organized a regular safety and health Q&A, hazard forecasts, and occupational safety month events. They use the Company's internal website or mailbox to deliver occupational safety and health information to employees and collect suggestions and feedback from employees to enhance the culture of safety.

Contractor Management Performance

We established the safety, health, and environmental protection regulations for contractors to enhance the safety and management of contractors in plants. We require contractors to abide by occupational health and safety laws and Delta's regulations. Only qualified individuals may enter the plants for operations. In 2019, a total of 27,000 contractor personnel received safety training in Taiwan and China. There were no occupational hazards involving deaths of contractors in main regions. There were also no contractors that suffered disabling injuries or occupational diseases as a result of operations in the plants.

Occupational Safety and Health Management Performance

In 2019, the disabling frequency rate (FR) in Delta's main production sites in Taiwan, China, and Thailand was 0.59; the disabling severity rate (SR) was 8. The disabling injuries consisted mainly of mechanical injuries. Of those injured, 38% were male and 62% were female. To prevent the hazards of such mechanical injuries, plants shall implement equipment source management, install safety guard when purchasing machinery, and list them as routine inspection items. In 2019, no personnel were killed by occupational hazards and there were no cases of occupational diseases.

With regard to internal targets and achievement status, the two main production plants in China established disabling frequency rates and disabling severity rates as management goals. The safety and health management goals for the two major production plants in 2019 were as follows: The target disabling frequency rate (FR) in South China was ≤ 0.24 and the target disabling severity rate (SR) was ≤ 4 . The actual results were 0.33 for the disabling frequency rate (FR) and 4 for the disabling severity rate (SR). The target disabling frequency rate (FR) in East China was ≤ 0.22 and the target disabling severity rate (SR) was ≤ 5 . The actual results were 0.25 for disabling frequency rate (FR) and 5 for disabling severity rate (SR). For items that did not reach targets, the plants shall continue to enhance various safety and health management tasks. Cytotec was fined NTD 40,000 by Taoyuan City Government for violation of the Occupational Safety and Health Act during an onsite inspection by an occupational hazard labor inspection institution. The company adopted corresponding engineering improvements and operation control measures and regularly followed up on the implementation status of the control measures to ensure employees' operation safety.

Related awards received in 2019:

- Taoyuan R&D Center received the "Taoyuan City Active Promotion of Safety and Health Public Welfare Award" from the Department of Labor, Taoyuan City Government
- Delta Electronics, Inc. received the "Health Paradigm Award" for outstanding workplace health from the Health Promotion Administration of the Ministry of Health and Welfare
- Tainan Plant and Cytotec received the "Health Management Award" for outstanding workplace health from the Health Promotion Administration of the Ministry of Health and Welfare
- Shanghai Plant received the "Pudong District Enterprises and Public Security Defense Group" award
- Wuhu Plant received the "Provincial Safety Culture Role Model Enterprise" award from the Emergency Management Office of Anhui Province

Disabling Frequency Rate (FR) and Disabling Severity Rate (SR) in 2019

Region	Disabling Frequency Rate (FR)			Disabling Severity Rate (SR)			Occupational Disease Rate		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Taiwan	0.18	0.15	0.17	13	0	8	0	0	0
Mainland China	0.33	0.19	0.27	5	2	4	0	0	0
Thailand	3.57	1.30	1.69	34	8	12	0	0	0
Cytotec (Including Cytotec China)	1.40	0.20	0.82	25	5	15	0	0	0
Total	0.69	0.49	0.59	12	4	8	0	0	0

* Statistical count includes contracted workers but excludes traffic accidents outside production plants.

7

Appendix

- 7.1** Screening Criteria of Reporting Boundaries
- 7.2** Environmental Data
- 7.3** Social Data
- 7.4** Description of Product Energy Saving Calculation
- 7.5** Index of GRI Standard Indicators
- 7.6** Summary of Information Assured (ISAE 3000)
- 7.7** External Assurance Statement and Report

7.1 Screening Criteria of Reporting Boundaries

Considering the realities of fact disclosure and actual managerial requirements, the boundaries of this report are not entirely consistent with the consolidated financial report of the company. Operations, R&D and production sites stated in the report are fully listed as follows:

Operations Sites and R&D Center

Taiwan

- Delta Electronics Inc. (Taipei HQ, Taoyuan R&D Center, Chungli Plant 1 & R&D Building & Plant 2, Pingzhen, Tainan Branch)
- Cytotec Co., Ltd.
- Vivotek Inc.
- Unicom System Eng. Corp.

Mainland China

- Delta Electronics (Shanghai) Co., Ltd.
- Delta Greentech (China) Co., Ltd.

Other overseas regions

- Delta Electronics (Netherlands) B.V.
- Delta Electronics (Japan), Inc.
- Delta Electronics Int'l (Singapore) Pte. Ltd.
- Delta Electronics (Americas) Ltd.
- Eltek AS

Major Production Sites

Taiwan

- Delta Electronics Inc. (Taoyuan Plant 1 and Plant 2)
- Cytotec Co., Ltd.

Mainland China

Dongguan

- Delta Electronics (Dongguan) Inc.
- Delta Electronics Power Supply (Dongguan) Inc.
- Delta Networks (Dongguan) Inc.

Wuhu

- Delta Greentech (Wuhu) Co., Ltd.

Chenzhou

- Delta Electronics (Chenzhou) Inc.

Wujiang

- Delta Greentech (Jiang Su) Co., Ltd.
- Delta Greentech Components (Wujiang) Co., Ltd.
- Zhongda Photoelectric Industrial (Wujiang) Co., Ltd.
- Zhongda Video (Wujiang) Co., Ltd.
- Wu Jiang Huafeng; Electronic Technology Co., Ltd.
- Huateng Electronic Technology (Suzhou) Co., Ltd.
- Suzhou Erda Medical Equipment Co., Ltd.
- Jinzhun Optical Co., Ltd.

Thailand

- Delta Electronics (Thailand) Public Co., Ltd.

7.2 Environmental Data

Attribute	Category	Item	Main Production Plant ¹				Overall Production Plant ²		
			2016	2017	2018	2019	2017	2018	2019
Input	Energy	Purchased Electricity (MWh)	461,909	492,237	486,614	494,728	494,789	489,345	497,246
		Self-generated Solar Power (MWh)	6,900	14,368	20,321	23,231	14,368	20,321	23,231
		Natural Gas (GJ)	79,812	85,455	97,527	88,816	85,495	97,531	89,329
		Diesel (GJ)	18,040	13,112	11,540	8,031	8,653	11,665	8,162
		Gasoline (GJ)	10,785	10,212	8,877	3,371	10,614	9,304	3,371
		Liquid Petroleum Gas (GJ)	190,462	177,603	174,427	154,092	177,603	174,427	154,092
	Water Resources	Tap Water (Megaliter)	4,572.7	4,757.2	4,202.5	3,749.1	4,760.7	4,206.9	3,753.2
		Rainwater (Megaliter)	0.0	8.1	24.2	37.1	8.1	24.2	37.1
		Total Water Withdrawal (Megaliter)	4,572.7	4,765.3	4,226.7	3,786.2	4,768.8	4,231.1	3,790.3
		Water Productivity Intensity (Metric ton/MUSD)	667	639	537	505	635	535	499
		Total Water Recycled (Megaliter)	135.8	173.0	159.6	430.9	173.0	159.6	430.9
		Recycled Water Usage Rate (%)	2.9%	3.5%	3.7%	10.3%	3.5%	3.7%	10.3%
Output	GHG Emissions	Scope 1 (Metric ton-CO ₂ e)	19,900	25,219	25,661	18,554	25,254	25,670	18,598
		Scope 2 (Metric ton-CO ₂ e) Market-based	350,974	367,152	296,698	238,380	368,436	298,159	239,522
		Scope 1 + Scope2 (Metric ton-CO ₂ e) Market-based	370,874	392,371	322,359	256,934	393,690	323,828	258,120
		Scope 2 (Metric ton-CO ₂ e) Location-based	350,974	367,152	369,535	377,507	368,436	298,159	378,648
		Scope 1 + Scope 2 (Metric ton-CO ₂ e) Location-based	370,874	392,371	395,196	396,061	393,690	323,828	397,246
		Carbon Intensity (Metric ton-CO ₂ e/MUSD)	54.1	52.7	41.2	34.6	52.5	41.2	34.3

Attribute	Category	Item	Main Production Plant* ¹				Overall Production Plant* ²		
			2016	2017	2018	2019	2017	2018	2019
Output	Water Discharge	Domestic Sewage (Megaliter)	3,202.3	3,259.6	3,210.7	2,467.3	3,262.4	3,214.2	2,470.6
		Process Wastewater (Megaliter)	257.6	564.9	213.7	186.7	564.9	213.7	186.7
		Total Water Discharge (Megaliter)	3,459.9	3,824.5	3,424.4	2,654.0	3,827.3	3,427.9	2,657.3
	Water Consumption	Water Consumption (Megaliter)	1,112.8	940.8	802.3	1,132.2	941.5	803.2	1,133.0
	Non-hazardous Waste	Incineration Without Energy Recovery (Metric ton)	60.5	36.4	21.8	33.9	36.4	21.8	33.9
		Landfill (Metric ton)	1,773.9	2,132.1	2,963.9	427.3	2,215.8	3,003.4	481.4
		Waste to Energy (Metric ton)	7,668.7	7,827.2	6,075.6	6,737.8	7,827.2	6,075.6	6,737.8
		Compost (Metric ton)	427.6	451.7	457.8	694.5	451.7	457.8	694.5
		Recycling (Metric ton)	29,451.6	30,422.9	29,910.8	31,251.8	30,457.0	29,944.0	31,295.4
		Subtotal (Metric ton)	39,382.3	40,870.3	39,429.9	39,145.3	40,988.1	39,502.6	39,243.0
	Hazardous Waste	Incineration Without Energy Recovery (Metric ton)	217.4	252.9	258.6	383.2	252.9	258.6	383.2
		Landfill (Metric ton)	70.7	20.3	134.3	39.2	20.3	134.3	39.2
		Waste to Energy (Metric ton)	1,224.0	1,401.4	1,295.9	634.3	1,401.4	1,295.9	634.3
		Recycling (Metric ton)	1,728.8	1,786.5	1,547.3	2,308.6	1,794.5	1,555.3	2,344.4
		Subtotal (Metric ton)	3,240.9	3,461.1	3,236.1	3,365.3	3,469.1	3,244.1	3,401.1
	Waste	Total Waste Volume (Metric ton)	42,623.2	44,331.4	42,666.0	42,510.6	44,457.2	42,746.7	42,644.1
		Waste Intensity (Metric ton/MUSD)	6.21	5.95	5.46	5.73	5.93	5.44	5.67
		Waste Diversion Rate (%)	95.0%	94.5%	92.1%	97.9%	94.3%	92.0%	97.8%
	Waste Gas Emissions	Volatile Organic Compounds (Metric ton)	62.5	108.8	110.5	128.2	108.8	110.5	128.2

*1 Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou plants in China, DET plant 1, 5, and 6, and Taoyuan Plant 1 and 2 in Taiwan, Cyntec Hsinchu and Huafeng plants are within the scope of the SBT commitment.

*2 Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek acquired after 2015 (plants in the United States and India). The organization of the original Eltek Brazil Plant was changed. To maintain data consistency, data from 2017 was adjusted to remove the original Eltek Brazil Plant.

7.3 Social Data

Category	Item	2016	2017	2018	2019
Human Capital Development	Average Hours of Training per Person	29	48	48	47
	Number of Energy Volunteers	250	407	383	568
Occupational Health and Safety	Disabling Severity Rate (SR)	6	8	8	8
	Disabling Frequency Rate (FR)	0.45	0.37	0.65	0.59
Diversity and Inclusion	Female share of total workforce (%)	-	-	45.14	44.87
	Females in all management positions (%)	-	-	32.12	29.82
	Females in junior management positions (%)	-	-	44.61	50.53
	Females in top management positions (%)	-	-	12.14	12.18
	Females in management positions in revenue-generating functions (e.g. sales) as a % of all such managers (%)	-	-	21.25	18.66
	Percentages of employees with disabilities (%)	-	-	0.46	0.72
	Percentages of employees from ethnics minority (%)	-	-	2.69	2.62

7.4 Description of Product Energy Saving Calculation

Serial No.	Product name	Explanation for calculation of energy savings	Assurance start year
1	Electronic Ballasts	Assuming that end-users replace existing Magnetic Ballasts with Electronic Ballasts, for shipments of Delta Electronic Ballast for Fluorescent Lamps to 8 major customers in 2019.	2015
2	Server Power	By comparing the efficiency of Delta Server Power to that of 80 Plus Bronze requirements, for the shipments to 16 major customers in 2019.	2016
3	Ventilating Fans	By comparing the efficiency of Delta ventilating fans to that of USA Energy Star or Taiwan Energy Label requirements, for shipments of products that have been certified by the USA Energy Star or Taiwan Energy Label in 2019.	2016
4	LED Street Lights	Assuming that end-users installed Delta LED street lights to replace mercury street lights, for the shipments of LED street lights to Taiwan in 2019.	2016
5	AC-DC Adapters	By comparing the efficiency of Delta AC-DC adapters to that of Code of Conduct External Power Supplies (EC No. 278/2009 stage 2), for shipments of the 20 main AC-DC Adapter models ¹ in 2019.	2016
6	PV Inverter	By comparing the efficiency of Delta PV Inverter (PVI) to the minimum average efficiency 97.5% ² of the ENERGY STAR Market and Industry Scoping Report, for the shipments of PVI to North America and Europe ³ in 2019.	2017
7	EV Charger	By comparing the efficiency of Delta EV DC Charger to the minimum efficiency 90% regulated by CHAdeMo, for the shipments of EV DC Charger in 2019.	2017
8	LED High Bay	Assuming that end-users installed Delta LED high bays to replace Metal Halide high bays, and by comparing the efficiency of Delta LED high bays to the minimum efficiency requirements for the procurement of Metal Halide high bays (Distribution: Direct, LER: Closed) issued by the United States Department of Energy, for the shipments of LED high bays in 2019.	2017
9	Uninterruptible Power Supply (UPS)	By comparing the efficiency of Delta uninterruptible power supply (UPS) to that of EU Code of Code on Energy Efficiency and Quality of AC Uninterruptible power supply systems (EU UPS CoC rev.2).	2018
10	TV Power	By comparing the efficiency of Delta Open frame TV power to that of the minimum energy efficiency required by customer's specifications, for shipments of the 12 main Open frame TV power models ⁴ in 2019.	2018
11	LED Driver	By comparing the efficiency of Delta LED driver to that of EU eco-design requirements ⁵ for light sources and separate control gears, for the shipments of the Delta OBM and 1 EU major customer in 2019.	2019

*1 Main product models and series are ADP-39CB, ADP-45AG, ADP-45BG, ADP-45DG, ADP-45EG, ADP-45FE, ADP-65AE, ADP-65DE, ADP-65HB, ADP-65XD, ADP-65YD, ADP-90DE, ADP-90LD, ADP-90WH, ADP-120MH, ADP-120RH, ADP-120WH, ADP-180MB, ADP-180TB, ADP-240CB.

*2 ENERGY STAR Market and Industry Scoping Report.

*3 Countries of shipments to Europe are Germany, France, Spain, Netherlands, Luxembourg, Poland, Portugal.

*4 Main product models and series are APDP-209A2 A, AP-P348AM A, AP-P448AM A, AP-P469AM A, AP-P96AM A, AP-P242AM B, AP-P288AM B, AP-P340AM A, AP-P412AM A, AP-P396AM A, AP-P397AM A, AP-P125AM A. The minimum energy efficiency requirement of customer specifications for the first eleven models mentioned above is 80%, and the minimum energy efficiency requirement for the last model is 85%.

*5 laying down eco-design requirements for light sources and separate control gears pursuant to Directive 2009/125/EC of the European Parliament and of the Council and repealing Commission Regulations (EC) No 244/2009, (EC) No 245/2009 and (EU) No 1194/2012.

7.5 Index of GRI Standard Indicators

The structure of this report follows the Global Reporting Initiative's (GRI) "GRI Sustainability Reporting Standards (2016)" (GRI Standards), GRI 303 (2018), GRI 403(2018), and GRI 207(2019).

• Core Indicators

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
General Disclosures	102-1	Name of the organization	1 Overview	10-16	
General Disclosures	102-2	Activities, brands, products, and services	1 Overview	10-16	
General Disclosures	102-3	Location of headquarters	1 Overview	10-16	
General Disclosures	102-4	Location of operations	1 Overview	10-16	
General Disclosures	102-5	Ownership and legal form	1 Overview	10-16	
General Disclosures	102-6	Markets served	1 Overview	10-16	
General Disclosures	102-7	Scale of the organization	1 Overview	10-16	
General Disclosures	102-8	Information on employees and other workers	1 Overview, 6.2 Attracting Talent	10-16, 97-99	
General Disclosures	102-9	Supply Chain	4.5.1 Localized Management	47-50	
General Disclosures	102-10	Precautionary Principle or approach	-		The number of suppliers was reviewed due to the inclusion of Delta Electronics (Thailand) Public Co., Ltd.
General Disclosures	102-11	External initiatives	4.7 Risk Management	59	
General Disclosures	102-12	Membership of associations	2.3 Responding to Global Sustainable Development	26	
General Disclosures	102-13	Statement from senior decision-maker	1 Overview, 2.3.3 Participation in Associations	11-16, 26	
General Disclosures	102-14	Values, principles, standards, and norms of behavior	A Word from the Management	4-7	
General Disclosures	102-16	Governance structure	2.2.1 CSR Policy and Mission, 6.4 Human Rights Protection	21, 111-115	

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
General Disclosures	102-18	List of stakeholder groups	1.1 Delta Electronics Organizational Structure	11	
General Disclosures	102-40	Collective bargaining agreements	3 Communication with Stakeholders	27-34	
General Disclosures	102-41	Identifying and selecting stakeholders	6.4 Human Rights Protection	111-115	
General Disclosures	102-42	Approach to stakeholder engagement	3 Communication with Stakeholders	28-34	
General Disclosures	102-43	Key topics and concerns raised	3.1 Stakeholder Communication and Response	28-29	
General Disclosures	102-44	Entities included in the consolidated financial statements	3.1 Stakeholder Communication and Response	28-29	
General Disclosures	102-45	Defining report content and topic Boundaries	7.1 Screening Criteria of Reporting Boundaries	134	
General Disclosures	102-46	List of material topics	About the CSR Report	2-3	
General Disclosures	102-47	Restatements of information	About the CSR Report	2-3	
General Disclosures	102-48	Changes in reporting	-		No significant change in 2019
General Disclosures	102-49	Reporting period	-		No significant change in 2019
General Disclosures	102-50	Date of most recent report	About the CSR Report	2-3	
General Disclosures	102-51	Reporting cycle	About the CSR Report	2-3	
General Disclosures	102-52	Contact point for questions regarding the report	About the CSR Report	2-3	
General Disclosures	102-53	Claims of reporting in accordance with the GRI Standards	About the CSR Report	2-3	
General Disclosures	102-54	GRI content index	About the CSR Report	2-3	
General Disclosures	102-55	External assurance	7.5 Index of GRI Standard Indicators	139-146	
General Disclosures	102-56	Name of the organization	About the CSR Report	2-3	

- General Indicators (non-core)

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
General Disclosures	102-15	Key impacts, risks, and opportunities	3.2 Materiality Assessment	30-34	
General Disclosures	102-17	Mechanisms for advice and concerns about ethics	6.4 Human Rights Protection	111-115	
General Disclosures	102-19	Delegating authority	2.2.2 Sustainable Promotion of Organizations	22	
General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	2.2.2 Sustainable Promotion of Organizations	22	
General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	3.1 Stakeholder Communication and Response	28-29	
General Disclosures	102-23	Chair of the highest governance body	4.2 Enhancing the Board of Directors' Functions	38-39	
General Disclosures	102-24	Nominating and selecting the highest governance body	4.2 Enhancing the Board of Directors' Functions	38-39	
General Disclosures	102-25	Conflicts of interest	4.2 Enhancing the Board of Directors' Functions	38-39	
General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	4.2 Enhancing the Board of Directors' Functions	38-39	
General Disclosures	102-27	Collective knowledge of highest governance body	4.2 Enhancing the Board of Directors' Functions	38-39	

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
General Disclosures	102-28	Evaluating the highest governance body's performance	4.2 Enhancing the Board of Directors' Functions	38-39	
General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	3.2 Materiality Assessment	30-34	
General Disclosures	102-30	Effectiveness of risk management processes	3.2 Materiality Assessment	30-34	
General Disclosures	102-31	Review of economic, environmental, and social topics	3.2 Materiality Assessment	30-34	
General Disclosures	102-32	Highest governance body's role in sustainability reporting	2.2.2 Sustainable Promotion of Organizations	22	
General Disclosures	102-33	Communicating critical concerns	3.2 Materiality Assessment	30-34	
General Disclosures	102-34	Nature and total number of critical concerns	3.2 Materiality Assessment	30-34	
General Disclosures	102-35	Remuneration policies	6.2.3 Competitive Employee Compensation and Benefits	102-105	
General Disclosures	102-36	Process for determining remuneration	4.2 Enhancing the Board of Directors' Functions	38-39	
General Disclosures	102-38	Annual total compensation ratio	6.2.3 Competitive Employee Compensation and Benefits	102-105	

• Specific Disclosures

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
Economic Performance	201-1	Direct economic value generated and distributed	-		Refer to page 3 of the 2019 Delta Electronics, Inc. (DEI) Annual Report
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	5.2.1 Climate-Related Financial Information Disclosure	65-66	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	6.6 Social Engagement	121-129	
Procurement Practices	204-1	Proportion of spending on local suppliers	4.5.1 Localized Management	48-50	
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	6.4 Human Rights Protection	111-115	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.5.1 Localized Management, 4.7 Risk Management	48-50, 59	Delta was not involved in legal actions for anti-competitive behavior, anti-trust, and monopoly practices in 2019.
Tax	207-1	Approach to tax	4.8 Comprehensive Information Disclosure and Shareholder Communication	60	
Materials	301-1	Materials used by weight or volume	4.5.1 Localized Management	48-50	
Materials	301-3	Reclaimed products and their packaging materials	4.5.1 Localized Management	48-50	
Energy	302-1	Energy consumption within the organization	5.3.1 Energy Consumption	72	
Energy	302-2	Energy consumption outside of the organization	5.6.3 Energy Saving Benefits of Products	91	
Energy	302-3	Energy intensity	5.3 Energy management	71-79	

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
Energy	302-4	Reduction of energy consumption	5.3 Energy management, 5.6.3 Energy Saving Benefits of Products	71-79, 91	
Energy	302-5	Reductions in energy requirements of products and services	5.6.3 Energy Saving Benefits of Products	91	
Water	303-1	Interactions with water as a shared resource	5.4.1 Identification of Water Risks and Response Measures	80-81	
Water	303-2	Management of water discharge-related impacts	5.4.2 Consumption and Effectiveness of Water Resources	82-83	
Water	303-3	Water withdrawal	5.4.2 Consumption and Effectiveness of Water Resources	82-83	
Water	303-4	Water discharge	5.4.2 Consumption and Effectiveness of Water Resources	82-83	
Water	303-5	Water consumption	5.4.2 Consumption and Effectiveness of Water Resources	82-83	
Emissions	305-1	Direct (Scope 1) GHG emissions	5.2.3 Greenhouse Gas Inventory and Management	69-70	
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	5.2.3 Greenhouse Gas Inventory and Management	69-70	
Emissions	305-3	Other indirect (Scope 3) GHG emissions	5.2.3 Greenhouse Gas Inventory and Management	69-70	
Emissions	305-4	GHG emissions intensity	5.2.3 Greenhouse Gas Inventory and Management	69-70	
Emissions	305-5	Reduction of GHG emissions	5.2.3 Greenhouse Gas Inventory and Management	69-70	
Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	5.7.4 Air Pollution Prevention and Management	92	

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
Effluents and Waste	306-2	Waste by type and disposal method	5.5.2 Waste Generation and Performance	86	
Effluents and Waste	306-3	Significant spills	5.7.1 Compliance with Environmental Protection Regulations	92	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	5.7.1 Compliance with Environmental Protection Regulations	92	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4.5.1 Localized Management	48-50	
Supplier Environmental Assessment	308-2	Negative environmental impacts in the CPC and actions taken	4.6.2 Establishment of the Information Security Policy and Processing Procedures	58	
Employment	401-1	New employee hires and employee turnover	6.2.1 Diversity and Inclusion Recruitment	97-99	
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2.3 Competitive Employee Compensation and Benefits	102-105	
Employment	401-3	Parental leave	6.5.2 Childbirth Benefits and Care	118	
Occupational Health and Safety	403-1	Occupational health and safety management system	6.7 Occupational Safety and Health	130-132	
Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	6.7 Occupational Safety and Health	130-132	
Occupational Health and Safety	403-3	Occupational health services	6.5.1 Comprehensive Health Management and Promotion	115-117	
Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	6.7 Occupational Safety and Health	130-132	
Occupational Health and Safety	403-5	Worker training on occupational health and safety	6.7 Occupational Safety and Health	130-132	
Occupational Health and Safety	403-6	Promotion of worker health	6.5.2 Childbirth Benefits and Care, 6.7 Occupational Safety and Health	118, 130-132	

GRI Standard Title	Disclosure Number	Disclosure Title	Chapter Name	Page No.	Explanation
Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	6.7 Occupational Safety and Health	130-132	
Occupational Health and Safety	403-9	Work-related injuries	6.7 Occupational Safety and Health	130-132	
Occupational Health and Safety	403-10	Work-related ill health	6.7 Occupational Safety and Health	130-132	
Training and Education	404-1	Average hours of training per year per employee	6.3.2 Diverse Education and Career Development	108	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	6.2.1 Diversity and Inclusion Recruitment	97	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-		No discrimination occurred
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.4 Human Rights Protection	111-115	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	4.6.2 Establishment of the Information Security Policy and Processing Procedures	58	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.6.2 Establishment of the Information Security Policy and Processing Procedures	58	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	4.5.1 Localized Management, 6.4 Human Rights Protection	48-50, 111-115	
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	6.4.3 Human Right Risk Identification and Mitigation	113-115	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	4.5.1 Localized Management	48-50	
Public Policy	415-1	Political contributions	-		No political donations
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	6.4.3 Human Right Risk Identification and Mitigation	113-115	

7.6 Summary of Information Assured (ISAE 3000)

Serial No.	Item	Information Assured	Page No.	Reporting Criteria
1	Electronic ballasts annual energy savings in 2019	Assuming that end-users replace existing Magnetic Ballasts with Electronic Ballasts, for shipments of Delta Electronic Ballast for Fluorescent Lamps to 8 major customers in 2019, annual energy savings for end-users was 62 million kWh.	91, 138	Annual Energy Savings (kWh) = $[\sum(A \times B) \times C] \div 1000 \times 8 \text{ (hr)} \times 365 \text{ (day)}$. A: Maximum input voltage (W) of different models of Electronic Ballast installed in the compatible Fluorescent Lamp based on the data from customer's product brochure. B: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019. C: Energy Savings=10%.
2	Server power annual energy savings in 2019	By comparing the efficiency of Delta Server Power to that of 80 Plus Bronze requirements, for the shipments of 16 major customers in 2019, annual energy savings was 1.11 billion kWh.	91, 138	Annual Energy Savings (kWh) = $[\sum(A \times B \times C) \times D] \div 1000 \times 24 \text{ (hr)} \times 365 \text{ (day)}$. A: Rated output power (W) of each Delta server power model. B: At the 50% load condition, power loss (W) difference between Delta server power and 80 Plus Bronze requirements. C: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019. D: Percentage of load=50%.
3	Ventilating fans annual energy savings in 2019	By comparing the efficiency of Delta ventilating fans to that of USA Energy Star or Taiwan Energy Label requirements, for shipments of products that have been certified by the USA Energy Star or Taiwan Energy Label in 2019, annual energy savings was 40 million kWh.	91, 138	Annual Energy Savings (kWh) = $\sum(A \times B \times C) \div 1000 \times 1671 \text{ (hour/Year)}^{*1}$. A: Rated output power (W) of each Delta ventilating fan model B: Energy saving rate (the difference of efficiency between Delta ventilating fan and USA Energy Star/Taiwan Energy Label requirements divided by that of USA Energy Star/Taiwan Energy Label requirements). C: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019. *1: Usage time of 1671 hours/year refers to Japanese Industrial Standards (JIS C 9921-2).
4	LED street lights annual energy savings in 2019	Assuming that end-users installed Delta LED street lights to replace mercury street lights, for the shipments of LED street lights to Taiwan in 2019, annual energy savings was 5.4 million kWh.	91, 138	Annual Energy Savings (kWh) = $\sum(A \times B) \times 12 \text{ (hr)} \times 365 \text{ (day)}$. A: Power consumption (W) difference between LED street lights and theoretical replaced mercury street lights. B: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019.

Serial No.	Item	Information Assured	Page No.	Reporting Criteria
5	AC-DC adapters annual energy savings in 2019	<p>By comparing the efficiency of Delta AC-DC adapters to that of Code of Conduct External Power Supplies (EC No. 278/2009 stage 2), for shipments of the 20 main AC-DC Adapter models*1 in 2019, annual energy savings was 54 million kWh.</p> <p>*1: Main product models and series are ADP-39CB, ADP-45AG, ADP-45BG, ADP-45DG, ADP-45EG, ADP-45FE, ADP-65AE, ADP-65DE, ADP-65HB, ADP-65XD, ADP-65YD, ADP-90DE, ADP-90LD, ADP-90WH, ADP-120MH, ADP-120RH, ADP-120WH, ADP-180MB, ADP-180TB, ADP-240CB.</p>	91, 138	<p>Annual Energy Savings (kWh) = $\{[\sum(A \times B) \times C \times 39.9 \text{ (hr/week)} \times 52 \text{ (week)}] + [\sum(D \times B) \times 56.05 \text{ (hr/week)} \times 52 \text{ (week)}] \} \div 1000$</p> <p>A: On charge mode, power loss (W) difference between Delta product and EU requirements at corresponding average efficiency.</p> <p>B: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019.</p> <p>C: Percentage of load=56% (Refer to (EC) No 278/2009 analysis report *2).</p> <p>D: On no load mode, power loss (W) difference between Delta product and EU requirements.</p> <p>* 1: Usage time refers to Page 22, Additional assessment in the frame of the review study on commission regulation (EC) No. 278/2009 External Power Supplies.</p> <p>* 2: Percent loading of 56% refers to Page 21, Additional assessment in the frame of the review study on commission regulation (EC) No. 278/2009 External Power Supplies.</p>
6	PV inverter annual energy savings in 2019	<p>By comparing the efficiency of Delta PV Inverter (PVI) to the minimum average efficiency 97.5%*1 of the ENERGY STAR Market and Industry Scoping Report, for the shipments of PVI to North America and Europe*2 in 2019, annual energy savings was 9.1 million kWh.</p> <p>*1: ENERGY STAR Market and Industry Scoping Report</p> <p>*2: Countries of shipments to Europe are Germany, France, Spain, Netherlands, Luxembourg, Poland, Portugal.</p>	91, 138	<p>Annual Energy Savings (kWh) = $\sum(A \times B \times C \times D \times T) \times 365 \text{ (day)} \div 1000$</p> <p>A: Rated output power (W) of each Delta PVI model.</p> <p>B: Power loss (W) difference between Delta PVI and the ENERGY STAR market investigation.</p> <p>C: Percentage of load=100%.</p> <p>D: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019.</p> <p>T: Usage time of various hours/day refers to NASA Daily solar radiation of the Delta PVI's shipping destination.</p>
7	EV charger annual energy savings in 2019	<p>By comparing the efficiency of Delta EV DC Charger to the minimum efficiency 90% regulated by CHAdeMo, for the shipments of EV DC Charger in 2019, annual energy savings was 9.5 million kWh.</p>	91, 138	<p>Annual Energy Savings (kWh) = $\sum(A \times B \times C) \times D \times 8 \text{ (hr)} \times 365 \text{ (day)} \div 1000$</p> <p>A: Rated output power (W) of each Delta EV DC Charger model.</p> <p>B: Power loss (W) difference between Delta EV DC Charger and CHAdeMo requirements.</p> <p>C: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019.</p> <p>D: Percentage of load=100%.</p>

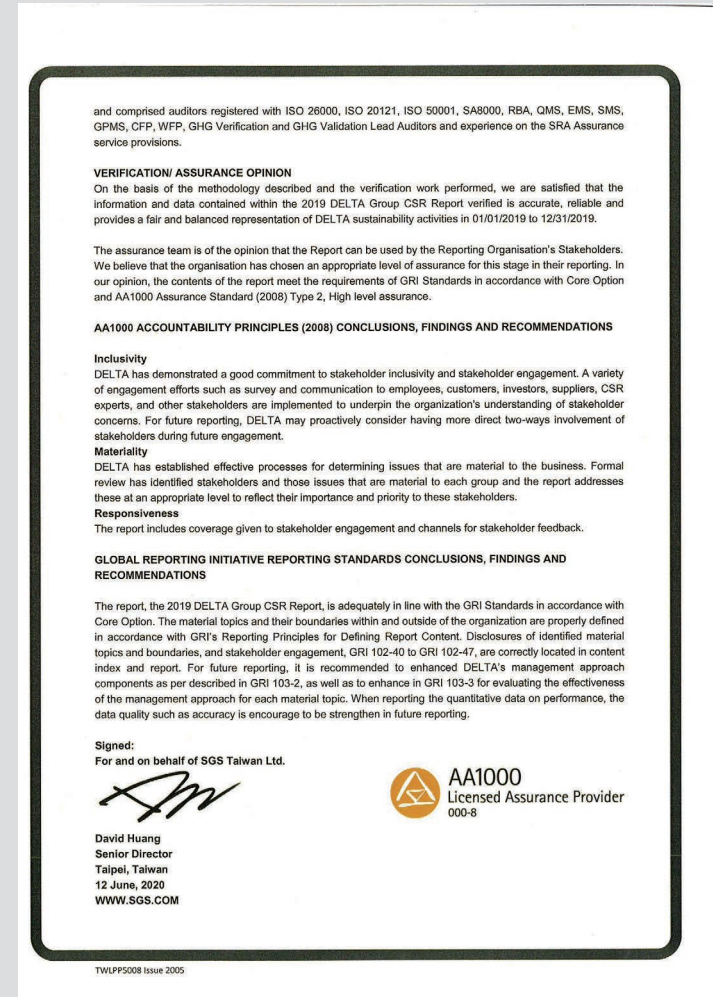
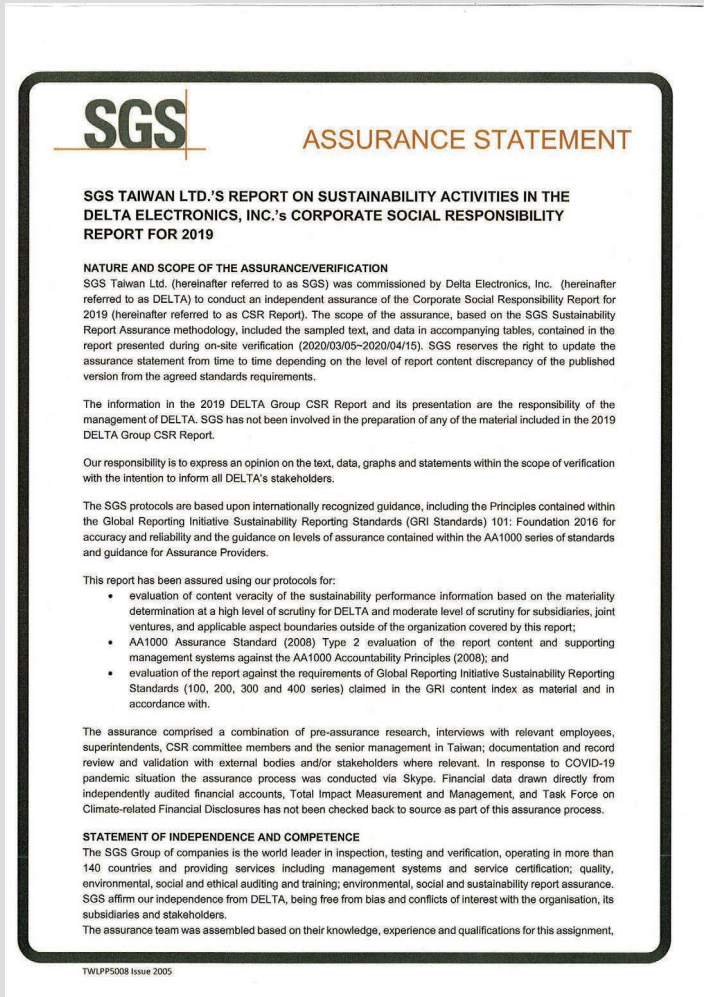
Serial No.	Item	Information Assured	Page No.	Reporting Criteria
8	LED high bay annual energy savings in 2019	Assuming that end-users installed Delta LED high bays to replace Metal Halide high bays, and by comparing the efficiency of Delta LED high bays to the minimum efficiency requirements for the procurement of Metal Halide high bays (Distribution: Direct, LER: Closed) issued by the United States Department of Energy, for the shipments of LED high bays in 2019, annual energy savings was 6.4 million kWh.	91, 138	<p>Annual Energy Savings (kWh) = $\Sigma[(A+B) \times C] \times 12 \text{ (hr)} \times 260 \text{ (day)} \div 1000$ A: Rated output power (W) of each Delta LED high bay model. B: The difference of efficiency between Delta LED high bay and United States Department of Energy's HID high bay requirements. C: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019.</p>
9	Uninterruptible power supply system (UPS) annual energy savings in 2019	By comparing the efficiency of Delta uninterruptible power supply (UPS) to that of EU Code of Code on Energy Efficiency and Quality of AC Uninterruptible power supply systems (EU UPS CoC rev.2), UPS models in 2019, annual energy savings was 82 million kWh.	91, 138	<p>Annual Energy Savings (kWh) = $\Sigma[(A \times B) \times C] \times 24 \text{ (hr)} \times 365 \text{ (day)} \div 1000$ A: Rated output power (W) of each Delta UPS model. B: On charge mode, time-weighted average power loss (W) difference between Delta UPS product and EU CoC requirements at corresponding efficiency on different load mode. C: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019.</p>
10	TV power supply (TVP) annual energy savings in 2019	<p>By comparing the efficiency of Delta Open frame TV power to that of the minimum energy efficiency required by customer's specifications, for shipments of the 12 main Open frame TV power models*1 in 2019, annual energy savings was 31 million kWh.</p> <p>*1: Main product models and series are APDP-209A2 A, AP-P348AM A, AP-P448AM A, AP-P469AM A, AP-P96AM A, AP-P242AM B, AP-P288AM B, AP-P340AM A, AP-P412AM A, AP-P396AM A, AP-P397AM A, AP-P125AM A. The minimum energy efficiency requirement of customer specifications for the first eleven models mentioned above is 80%, and the minimum energy efficiency requirement for the last model is 85%.</p>	91, 138	<p>Annual Energy Savings (kWh) = $\{[\Sigma(A \times B) \times C \times 2.8 \text{ (hr)}] + [\Sigma(D \times B) \times 21.2 \text{ (hr)}]\} \times 1 \times 365 \text{ (day)} \div 1000$ A: On charge mode, power loss (W) difference between Delta product and the customers' minimum efficiency specifications. B: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019. C: Load = load required for the customer's specifications for performance. D: On no load mode, power loss (W) difference between Delta product and the customer's minimum efficiency specifications. * 1: Usage time refers to the result of AMERICAN TIME USE SURVEY.</p>

Serial No.	Item	Information Assured	Page No.	Reporting Criteria
11	LED driver annual energy savings in 2019	<p>By comparing the efficiency of Delta LED driver to that of EU eco-design requirements for light sources and separate control gears*1, for the shipments of the Delta OBM and 1 EU major customer in 2019, annual energy savings was 35 million kWh.</p> <p>*1: laying down eco-design requirements for light sources and separate control gears pursuant to Directive 2009/125/EC of the European Parliament and of the Council and repealing Commission Regulations (EC) No 244/2009, (EC) No 245/2009 and (EU) No 1194/2012</p>	91, 138	<p>Annual Energy Savings (kWh)= $\Sigma(A \times B \times C) \times D \times 8(\text{hr}) \times 365(\text{day}) \div 1000$ A: Rated output power (W) of each Delta LED driver model B: Power loss (W) difference between Delta LED driver and the EU requirements. C: Quantities of products of each model are exported from SAP shipment record from 1/1/2019 to 12/31/2019 D: Percentage of load=100%.</p>
12	Electricity intensity in 2019	2019 EI was 66,653 kWh/MUSD for Delta's main production plants.	74	<p>Main production plants include China (Dongguan, Wujiang, Wuhu, Chenzhou and Cyntec in Huafeng), Taiwan(Taoyuan Plant 1, Taoyuan Plant 2, Cyntec in Hsinchu) and DET (Plant 1, 5 & 6).</p> <p>Electricity intensity = [Annual electricity usage (kWh)-electricity usage (kWh)] of excluded areas/Production value (million USD).</p>
13	Data center power usage effectiveness in 2019 (Power Usage Effectiveness, PUE)	The PUE was 1.34 for Delta's 4 data centers in 2019	74	<p>Global average= average PUE of four Delta data centers (Taiwan Headquarters, Wujiang, DET Plant 5 and Americas Headquarters) PUE is calculated with methodology provided by The Green Grid as follows:</p> <p>PUE= Total Data Center Energy (kWh) /IT Equipment Energy (kWh)</p> <p>IT equipment energy includes the energy associated with all of the IT equipment (e.g., compute, storage, and network equipment) along with supplemental equipment (e.g., KVM switches, monitors, and workstations/laptops used to monitor or otherwise control the data center).</p> <p>Total data center energy includes all IT equipment energy as described above plus everything that supports the IT equipment using energy, such as: A: Power delivery components, including UPS systems, switchgear, generators, power distribution units (PDUs), batteries, and distribution losses external to the IT equipment B: Cooling system components, such as chillers, cooling towers, pumps, computer room air handling units (CRAHs), computer room air conditioning units (CRACs), and direct expansion air handler (DX) units C: Other miscellaneous component loads, such as data center lighting</p>

Serial No.	Item	Information Assured	Page No.	Reporting Criteria
14	Electricity savings of green plants and buildings in 2019	In 2019, Delta's global certified green plants and buildings collectively saved, in total, 19.73 million kWh of electricity.	75	<p>The fifteen green factory/office buildings are the following: Taiwan Headquarters, Taoyuan Technology Center, Tainan Plant 2, Tainan Plant 1, India Rudrapur Plant, India Gurgaon Plant, Shanghai R&D Center, Americas Headquarters, Taoyuan Plant 5, Beijing Office, India Mumbai Office, DET Plant 5, EMEA Headquarters, Chungli R&D Center and Japan Ako Energy Park.</p> <p>Electricity savings (kWh) = (EUI in literature cited – Actual EUI of green buildings) * Floor area of green buildings EUI = Annual Electricity usage (kWh)/Floor area (m²). Note: Refer to footnotes*1 to *9 on page 76 and 77 for "EUI in literature cited" and footnote* on page 75 for "Actual EUI of green buildings"</p>
15	Electricity savings of donated green buildings in 2019	In 2019, Delta Group's five donated green buildings reduced, in total, 1.74 million kWh of electricity.	123	<p>The five donated green buildings are the following: the Delta Building and the Y. S. Sun Green Building Research Center at National Cheng Kung University (NCKU), the Kuo-Ting Optoelectronic Building at National Central University (NCU), the Delta Building at National Tsing Hua University (NTHU), as well as the Namasia Ming Chuan Elementary School.</p> <p>Electricity savings (kWh) = (EUI in literature cited – Actual EUI of green buildings) * Floor area of green buildings EUI = Annual Electricity usage (kWh)/Floor area (m²). Note: Refer to footnote *1 on page 123 for "Actual EUI of green buildings" and footnotes *2 to *4 on page 123 for "EUI in literature cited"</p>
16	Water productivity intensity (WPI) in 2019	2019 Water productivity intensity (WPI) was 505 metric ton/MUSD for Delta's main production plants..	83	<p>Main production plants include China (Dongguan, Wujiang, Wuhu, Chenzhou and Cyntec in Huafeng), Taiwan (Taoyuan Plant 1, Taoyuan Plant 2, Cyntec in Hsinchu) and DET Plants 1, 5 & 6. Statistics are exported from tap water bills.</p> <p>Water productivity intensity = [purchased water usage (metric ton)/Production value (million USD)</p>

7.7 External Assurance Statement and Report

SGS Assurance Statement – GRI Standards & AA1000



ISAE 3000 Limited Assurance Report



Independent Limited Assurance Report

PWCM20002219

To Delta Electronics, Inc.

We have been engaged by Delta Electronics, Inc. ("the Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2019 Delta Group CSR Report (hereinafter referred to as the "CSR Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 147-151 of the CSR Report.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the CSR Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the CSR Report in accordance with International Standard on Assurance Engagements 3000, issued by the International Auditing and Assurance Standards Board, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems (if any), and the relevant internal controls relating to the preparation of the

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- aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

We do not provide any assurance on the CSR Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria."

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

Li, Yi-Huah

Partner

July 28, 2020

