



Delta Group CSR Report 2008



Delta built the world's largest solar power system for an outdoor sporting facility



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Letter from the Chairman and Chief Environmental Officer

During the past two years the U.S. sub-prime mortgage crisis has developed into the global financial tsunami. Fortunately, Delta has been able to maintain a sound financial stance with a healthy cash flow, and we are using our plentiful financial resources to make carefully chosen investments in new products. At the same time, we are using this window of opportunity to improve our productivity, hire talented personnel, and upgrade our product and service quality in preparation for the economic recovery. We believe that in these difficult times it is all the more important for businesses to step forward and fulfill their corporate social responsibility.

On the other hand, global warming continues to be a major environmental issue which can only be overcome through a combination of initiatives all working together. Among these, improving energy efficiency has long been considered a key factor by organizations such as the International Energy Agency (IEA). Estimates are that the amount of energy-related carbon dioxide emissions in the world can be reduced by up to 54% by improving energy efficiency¹. This is precisely what Delta's corporate mission of "To provide innovative, clean and efficient energy solutions for a better

tomorrow" seeks to achieve. As a leading international supplier of power supply products and heat dissipation solutions, Delta actively participates in the Climate Savers Computing Initiative (CSCI) by improving the efficiency of our products. Our goal is to support CSCI's objective of reducing global carbon emissions from computer operations by 54 Million tonnes per year in 2010². In the field of solar power applications, apart from continuing to develop more efficient solar cells at DelSolar, a Delta subsidiary, we have also developed a PV inverter with up to 98% conversion efficiency. Integrating this new PV inverter with other in-house products and technologies, Delta installed a 1 MWp solar power system for the main stadium of the 2009 World Games in Kaohsiung. This solar power system, the largest for an outdoor sporting facility in the world, generated over 1.1 M KWH of clean power as of July, 2009 and the amount of electricity generated within the first nine months reached the contracted amount for one year.

By fully supporting innovative research and development into high-efficiency and alternative energy products, Delta is not only helping slow the onset of global warming but we are also laying the groundwork for potential business



Mr. Bruce Cheng presenting at a Climate Savers Computing Initiative (CSCI) activity.



Delta donated toward the reconstruction of elementary schools in the earthquake disaster area.

opportunities stemming from the green policies governments are initiating around the world. LED lighting, e-paper, super-capacitors and electric vehicle components are all pioneering products of great importance in this new century.

Apart from the financial crisis, on May 12, 2008 a massive earthquake measuring 8.0 on the Richter scale struck the Wenchuan region in Sichuan, China, causing massive loss of life and property. Delta quickly responded by donating 10 Million RMB towards the reconstruction of elementary schools in the disaster area. We also acquired the support of green building experts from the Chinese Renewable Energy Society to ensure the safety and sustainability of the new school buildings. Our subsidiary Delta Networks Inc. donated 1 Million RMB for the reconstruction of the Qiaozhuang Town Hospital in Qinchuan County, Guanyuan City, Sichuan. Employees at the Dongguan, Wujiang and Tianjin plants in China launched their own donation drive as well. Tianjin workers even chose to cancel their spring trip and instead, donated the money to the Chinese Red Cross Society to do their part for the disaster victims of Sichuan.

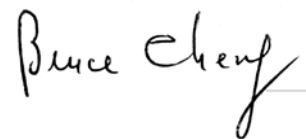
This hot, flat and crowded world of ours poses very tough challenges for business. Not only must proper corporate governance be practiced to ensure that all stakeholders benefit equally but we must also take responsibility for the Earth's environment. In 2008, we came in first for the electronics industry for the seventh consecutive time for Commonwealth

Magazine's Most Admired Companies awards; we were included in the honor roll for Global Views Magazine's CSR awards³; and also named the Best Corporate Citizen for a third time by Commonwealth Magazine. We received awards for best supplier and outstanding performance from customers such as Nokia Siemens Networks, HP and Brocade.

In 2007 and 2008, we were included in Forbes Magazine's "Asia's Fabulous 50" which were chosen from the top 500 global companies that traded publicly in Asia. Being selected for two consecutive years was great recognition for Delta's sound corporate governance. Moreover, Delta was included in CNBC European Business' "The Top 100 Low Carbon Pioneers", and we continue to be certified as Sony's and Canon's green partner.

These honors recognize Delta's efforts and give us the motivation to strive for excellence. We are dedicated to transforming the challenges of our industry and the world into new opportunities and at the same time we continue to strive to become an even better corporate citizen.

Chairman and Chief Environmental Officer of Delta Electronics



Footnotes

1. See the 450 policy scenario in the International Energy Agency's World Energy Outlook 2008. Other methods of reducing energy-related carbon dioxide emissions include the use of renewable energy, bio-fuels, carbon capture & sequestration (CCS) and nuclear energy.
2. CSCI's mission statement is available at www.climatesaverscomputing.org/about/.
3. Delta Electronics has won the Global Views Magazine's CSR Award for three consecutive years and was one of the first companies added to the honor roll in 2008.

Letter from the CEO

Although the financial tsunami means that many enterprises are fighting a battle for survival, the pace of CSR developments has not slowed as stakeholders raise their expectations. In recent years, not only have additional restrictions been introduced for environment-related substances in products⁴ but investors are now paying attention to a corporation's climate change risks, opportunities and strategies (e.g. the CDP questionnaire⁵). The supply chain's performance on environmental protection, human rights, and health and safety are now under the microscope as well. At the same time, leading vendors are increasingly forming alliances, and international standards such as AA1000, PAS 2050, ISO 26000 and ISO 50001⁶ are being drafted and published one after the other.

In response, CSR was formally included in Delta's corporate strategy in 2008. The internal company CSR organization was adjusted as well so CSR issues could become a part of everyday operations. At the same time, we have encouraged the support and participation of employees to give people greater leverage. At the end of 2008 for example, we worked with the Delta Electronics Foundation's (DEF) school network to launch a successful corporate volunteer program within the group. Delta employees visited elementary schools as energy education volunteers, and they not only learned more about saving energy but they also gained a sense of fulfillment from giving their time to support positive change. In this way, they experience for themselves that given the opportunity we can all help the next generation.

Apart from mobilizing Delta employees,

we recognize that Delta's customers and suppliers are not only our partners in business, but they also play an integral role when it comes to issues such as climate change, environment-related substances in products, labor health and safety, and human rights. We have therefore added the supply chain to our existing CSR commitment as well. Take restrictions on environment-related substances in products for example, by setting up Delta's "GPM (Green Product Management)" platform to collate information provided by suppliers, we now have a strict and systematic review process in place for materials. Reports can be generated in accordance with customer requirements to ensure product compliance with all relevant regulations. In addition to the supply chain, we have also joined together with leading Taiwanese enterprises to set up the "Taiwan Corporate Sustainability Forum." Through the continuous sharing of resources and experience between businesses as well as active communication with government departments and international non-profit organizations, we hope to enhance our understanding of social responsibility trends, and in turn, boost everyone's CSR performance.

We have also made excellent progress when it comes to disclosure and stakeholder communication. The investor service provided by the parent company Delta Electronics, for example, was rated A+ for information disclosure again by the Securities & Futures Institute in 2008. The IR Magazine also presented Delta with the Best Investor Meetings award for the Hong Kong and Taiwan regions. For internal employee feedback, apart from



Mr. Yancey Hai with Delta's solar module on the jobsite of Taichung Fire Power Plant.

routine communication with managers during the performance management process, Delta also commissioned professional consultants to conduct employee satisfaction surveys. The results on employee identification with aspects of company operations were used as a basis for further improvements, with the before and after survey results showing better identification among employees. In this CSR report, we used the GRI G3 Guidelines⁷ as reference for the presentation of Delta's CSR activities and performance in 2008. We have also improved the scope and depth of the report as part of our effort towards better international disclosure.

We believe in "Doing well by doing good." Be

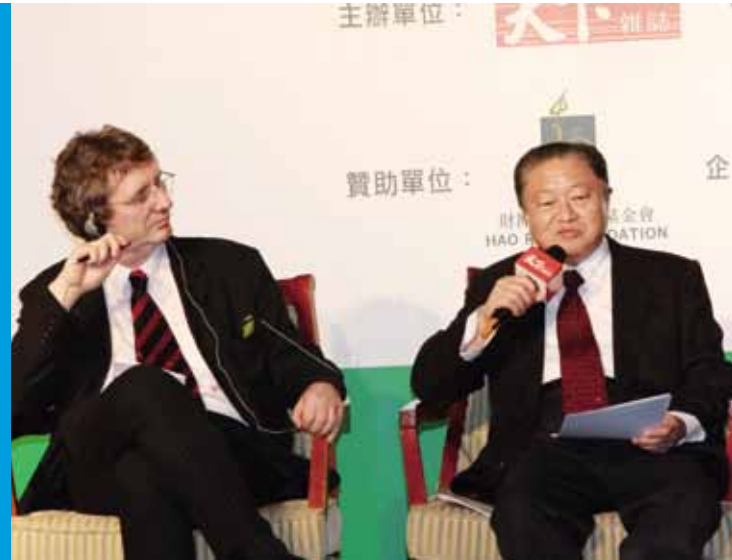
it the pursuit of high standards in corporate governance, protecting shareholder rights, providing an ideal work environment, living up to the corporate mission of "To provide innovative, clean and efficient energy solutions for a better tomorrow" and social participation, Delta's CSR accomplishments will ultimately bring its own rewards for the company, stakeholders and the environment and produce a truly win-win outcome for all. I hope that everyone at Delta can work together and do their part for CSR.

Vice Chairman and CEO
of Delta Electronics

Footnotes

4. Restrictions on hazardous substances such as heavy metals in products.
5. The official website of the Carbon Disclosure Project : www.cdproject.net/en-US/Pages/HomePage.aspx.
6. AA1000 governs the disclosure principles and third-party verification standards for CSR and sustainability reports; PAS 2050 are guidelines for evaluating greenhouse gas emissions throughout the product or service lifecycle; ISO 26000 defines the standard for social responsibility; ISO 50001 is a standard for energy management systems.
7. The GRI G3 Sustainability Reporting Guidelines were defined by the Global Reporting Initiative to provide a guide for reporting on sustainable development. More than 1000 reports around the world adopted the GRI Guidelines in 2008.

Delta's CSR Highlights



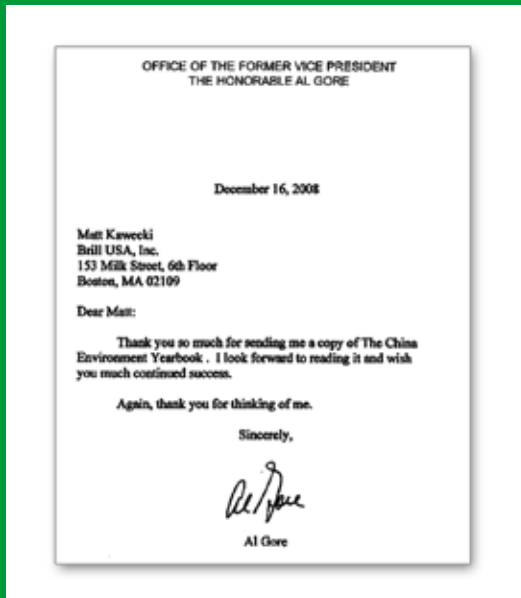
Delta and Fudan University co-hosted the 2008 "**A Green China for a Greener Tomorrow Forum**" to discuss how China can contribute to worldwide efforts against climate change. Dr. Michael Braungart, an "Environmental Hero" as called by Time Magazine, was invited to deliver a keynote speech on the "Circular Economy and Cradle to Cradle Design" and share his view of the opportunities and challenges of creating a green economy in China.



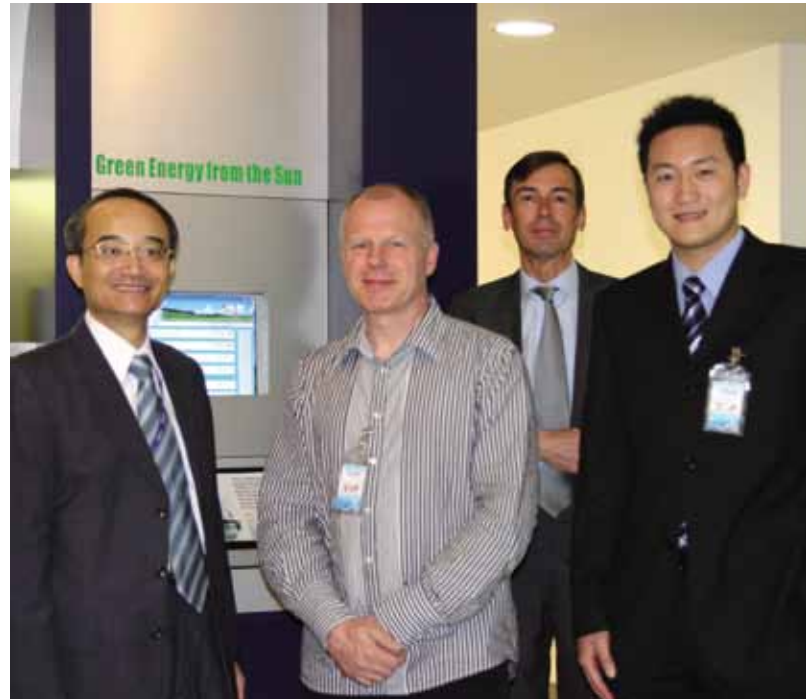
The management and R&D team of Delta and technological experts from the Institute of Optics and Photonics in National Central University got together for involved discussions with each other in connection with a series of research results on new technology.



Delta Products Corporation's Fremont office was certified as a **Green Business** by Alameda County, California, which officially recognized DPC's environmental commitment and practice.



Mr. Al Gore, the former vice president of the USA, wrote a thank-you letter for receiving the China Environment Yearbook.



Mr. Rob van Hattum, the Dutch producer of the well-known documentary "**Waste Equals Food**", visited Delta and showed great interest in Delta's energy saving technology and green achievements.



Delta Electronics' Taipei HQ was honored "**Gold Energy Saving Award**" in the "Industry and Business" category by the Taipei City Government. The award not only represented Delta's continuous efforts of incorporating its concept of environmental protection and energy saving into our colleagues' everyday lives and business operations, but also helped Delta bring this concept to society. Mr. Hao, the mayor of Taipei City, visited Delta's award winning HQ to see Delta's practices in person and encouraged every one to act together to reduce carbon emissions.



The newly opened Rudrapur factory is **Delta's first green factory in India** and it incorporates energy saving practices and waste management systems. We expect our employees there to enjoy the benefits of an eco-friendly and healthy working environment.



Bruce Cheng, the education-minded Founder and Chairman of Delta Group, personally endowed the **NCKU-Delta Building** to his alma mater National Cheng Kung University (NCKU). As a research center for industry, government and academia, it is expected to become the center of an industrial cluster benefiting NCKU, Delta, and the entire industry.



Delta / NTIO (The Netherlands Trade & Investment Office) **Joint Environmental Scholarship** (the Y.C. Lo Scholarship) supports young scholars who are committed to environment protection. Major issues cover urban planning, new energy technology, forest protection, land management, and territory planning.

Delta's Chairman Mr. Bruce Cheng sponsored the construction of **Delta Hall in National Tsing Hua University**, which was supplemented with government funding. The university named the building after Delta to recognize Delta's outstanding contribution to the technology industry and society in Taiwan, and the Chancellor Mr. Chen pointed out that Delta is not only a role model in business operation, but is also an admired corporate citizen that is devoted to environmental protection and education.





The 3rd **Pan Wen Yuan Prize Award**, a prestigious honor in Taiwan's technology industry, was presented to Delta's Founder and Chairman Mr. Bruce Cheng for his longtime dedication to environmental protection and technology development. Mr. Cheng received the honor from Vice President Mr. Hsiao Wan Chang and shared it with all Delta colleagues before the New Year.



Members of Taiwan's Control Yuan, who are also in charge of a research project on the results of green building promotion in Taiwan, visited Delta's Tainan plant. The visitors were amazed by the plant's green building features and admired Delta's consistent efforts at promoting environmental protection and energy saving.



One summer weekend, hundreds of Delta volunteers got together at a mountain park to clean up the litter in the brushwood or along side the trails, and put into practice Delta's concept of "Care for the environment, energy saving and our green earth".



Mr. Bruce Cheng was invited by Intel to deliver a speech on raising computer power efficiency to slow global warming at the **Climate Savers Computing Initiative's** first recruitment event in Taiwan.

Delta Electronics Foundation successively published two books in 2009, "Good Housing" and "Twenty-Four Lessons for a low Carbon Lifestyle". The former introduces how to renovate existing buildings with energy saving principles while the latter promotes reducing our carbon footprint in daily life. The two books were recommended by the media and had the largest single-day sales for an internet bookstore in art and popular science.





Delta donated a full-color **outdoor LED display** to Taipei Municipal Tianmu Baseball Stadium to help baseball fans get a closer look at on-field action.



Delta Electronics Foundation adopted "Wende Park No.3" and reconstructed it as a model environmentally friendly park – the sidewalks were paved with porous recycled materials so that runoff could be absorbed by the ground; the lights were also replaced with energy-saving lighting facilities. The renovated park realizes Delta's concept of "Care for the environment, energy saving and our green earth".



Delta Electronics Foundation held a school principal forum for a whole school's approach to energy education (referred to as KEEP). The principals from 35 high schools and elementary schools signed the "**Principal Declaration**" and took an oath to create an energy saving, high efficiency, and high quality learning environment.



Mr. Bruce Cheng and Delta Group made a combined donation of NT\$500 Million in total to help survivors from the typhoon Morakot-devastated area. Part of this donation would be used to rebuild three schools. With the help from National Cheng Kung University, **green building** concepts would be integrated into the design and construction of these campuses.



Partnering with the British Trade and Cultural Office, the Global Change Research Center at NTU, and the Epoch Foundation, the Delta Foundation invited Mr. Jonathan Watts, the environmental correspondent for The Guardian; Prof. Stephen H. Schneider from Stanford University; and Prof. Ronald G. Prinn from MIT, to lecture at Delta's headquarters, in the hope that people in Taiwan would become more aware of **climate change issues**.





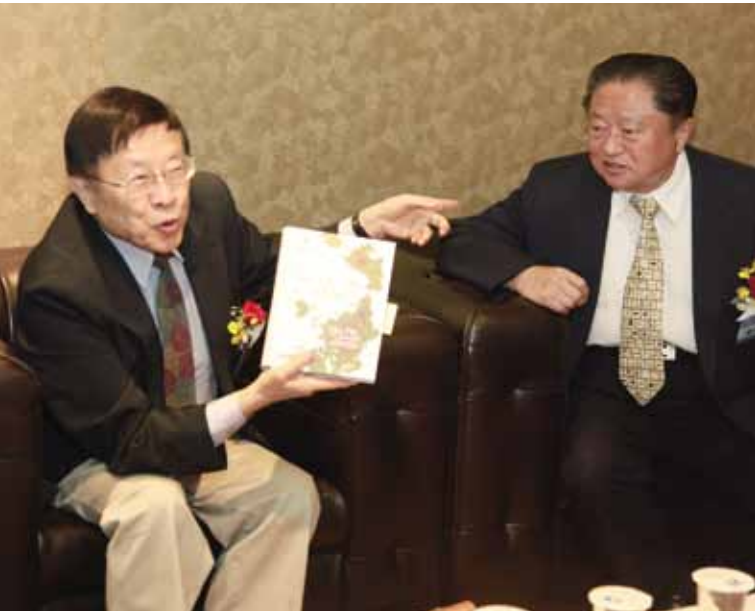
Starting at the end of 2007, Delta Electronics Foundation has sent representatives to take part in the activities of **Climate Change Conferences** for three consecutive years to learn the latest developments on global warming. In 2009, the Foundation was the only private organization from Taiwan to report the pre-Copenhagen conference in Bangkok.



Delta Electronics Foundation held a series of media workshops in 2009 to report the progress of international climate negotiations to the domestic media and environmental bloggers. With the power of the media, more people will care about global warming issues.

Delta Electronics' Vice Chairman and CEO Mr. Yancey Hai attended the "**Symposium for the Commemoration of the 100th Birthday of Senior Advisor Kwoh-Ting Li**" held by National Central University. Mr. Hai gave his impressions of Mr. Li's endeavors in The Executive Yuan back decades ago, and pointed out that the growth of Delta significantly benefited from Mr. Li's integrity and fairness in guiding the economic development of Taiwan.





Mr. Bruce Cheng, Founder and Chairman of Delta Group, was invited to attend the National Central University (NCU) EMBA Green Forum as a keynote speaker. In the forum, Professor Charles Kao highly praised Mr. Bruce Cheng as **the first Chinese chief environmental officer (CEO)** across the strait.



Delta's CTO Mr. R.C. Liang addressed high level representatives from industry, government, and academic circles on Delta's developments in green technologies at the **"Innovations in Green Tech: Challenges and Opportunities"** forum coordinated by the Industrial Technology Research Institute.



Delta Electronics Foundation held a **"Children Love the Earth"** speech competition to find a child who will appeal to people in Taiwan to value the importance of environmental protection. The competition was inspired by Severn Suzuki, who warned environmental ministers from countries all over the world about safeguarding our planet at the World Summit in Rio de Janeiro in 1992. The top three winners will be in a short film for broadcast, to be shown outside the climate conference held in Copenhagen at the end of 2009.

Delta Group Overview

Established: 1971

Worldwide revenues in 2008: US\$5335 Million

The Delta Group is the world's largest provider of switching power supplies and DC brushless fans as well as a major source for power management solutions, visual displays, industrial automation, networking products, and renewable energy solutions. Our products are sold around the world. As we pursue corporate growth, we also pride ourselves on being a corporate citizen. With our corporate mission of "To provide innovative, clean and efficient

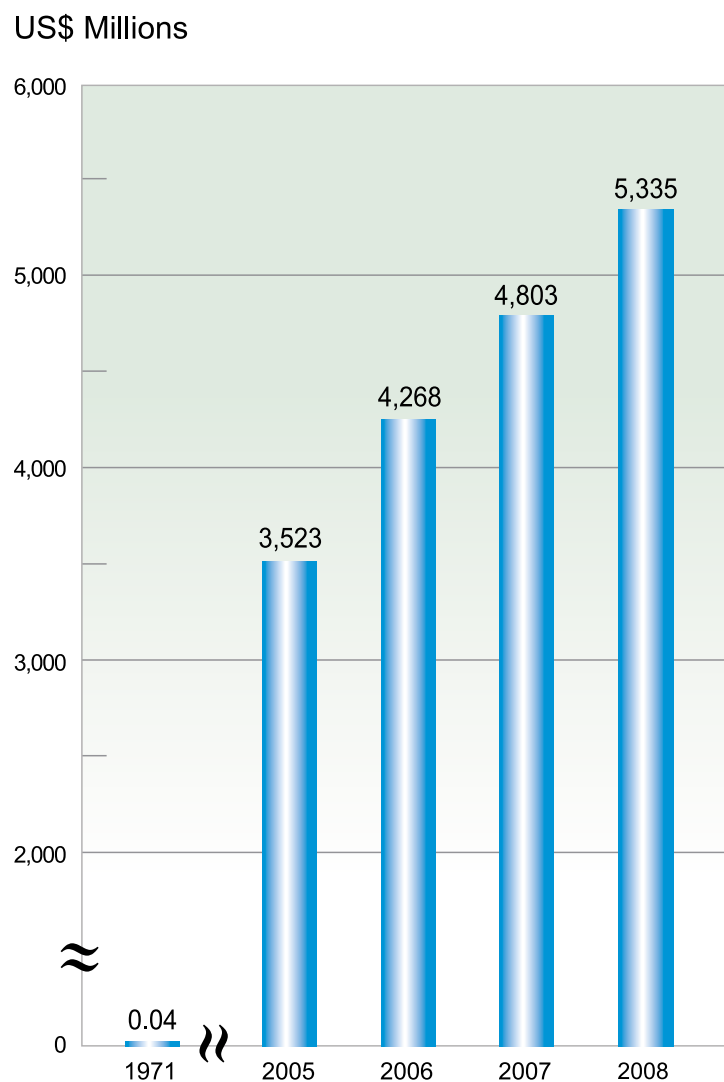
energy solutions for a better tomorrow", we strive to do our utmost to help slow global warming and reduce our environmental impact. We also believe in fulfilling Delta's CSR goals through sound corporate governance, balancing stakeholder interests and social participation.

The Delta Group is headquartered in Taipei, Taiwan, with offices, manufacturing facilities and R&D laboratories throughout Europe, Asia and the Americas. At the end of 2008, there were more than 60,000 Delta employees throughout the world.



World Revenues and Group Organization

Delta's compound annual growth rate (CAGR) since 1971 is 37.57%.



Compound Annual Growth Rate (CAGR):

37.57%

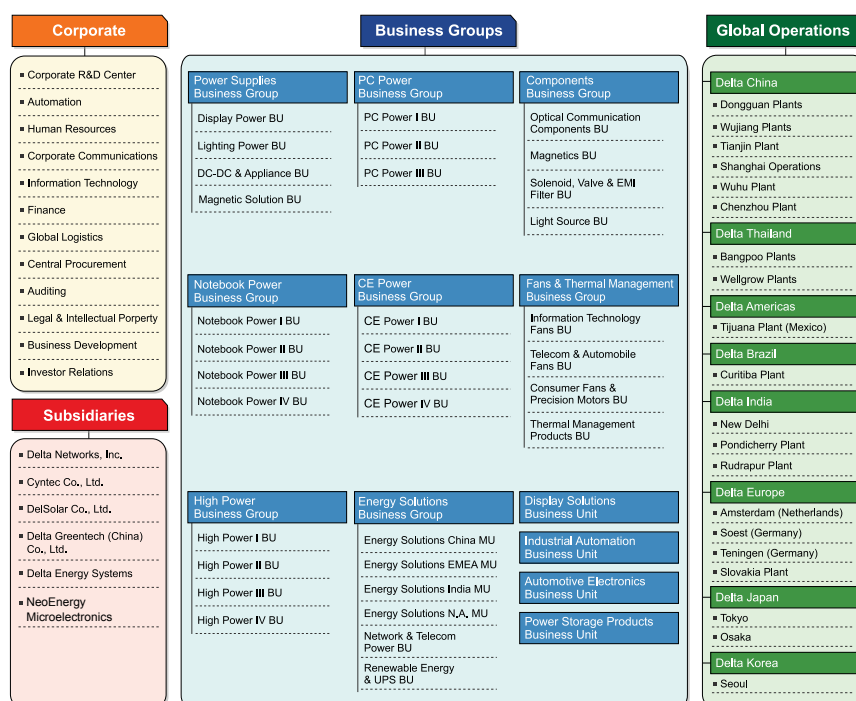
Organization

The Delta organization emphasizes agility in how it responds to a fast moving industry and the way it utilizes manpower. Major organizational changes within Delta in 2008 included the establishment of the Consumer Electronics Business Group (from the Power Supply Business Group) and the Power Storage Product Business Unit.

In light of the global financial tsunami triggered

by the U.S. sub-prime mortgage crisis, we have undertaken a thorough review of our business operations and organization processes in an effort to reduce costs and boost productivity. At the same time, we have re-examined our product portfolios and market development strategies so resources can be dynamically adjusted in response to market trends.

The current Delta Group organization is as follows:



2008 Delta CSR Report

The Delta Group publishes a CSR report every year. The report covers Delta's CSR activities and developments from the preceding year⁸. For each report, the CSR organization secretary identifies the issues stakeholders are

most concerned about and submits a proposal to the CSR Board for approval. The compiled report must then be approved by the CSR Board before publication.

The period and scope of this report are as follows:

Reporting Period January 1, 2008 ~ December 31, 2008

Scope⁹ Delta Electronics, Inc. (Taiwan); Wujiang, Dongguan, Tianjin and Wuhu plants; Delta Electronics Shanghai; Delta Greentech (China); Delta Networks Inc.; Delta Electronics (Thailand); and Delta Energy Systems (Germany, India, Slovakia).

Footnotes

8. 2007 CSR Report was released in September, 2007, covering CSR activities and developments in 2006; to be consistent with the release of Delta's annual report, the 2008 CSR Report is scheduled for release in 2009.

9. New plants that came online in 2007 include the Dongguan plants 6 and 7 and the Wuhu plant in China, the Pondicherry plant in India, and the Slovakia plant; the Rudrapur plant in India began production in 2008. Delta Greentech was included in the Group statistics in 2008.

Delta's CSR Commitment

DELTA 2008 CSR REPORT

CSR is a part of Delta's corporate strategy. It covers sound corporate governance, the balancing of stakeholder interests, the promotion of environmental protection and energy conservation, and social participation. On issues such as climate change, environment-related substance control in products, labor health and safety and human rights, every part of the supply chain must be fully involved to achieve the optimum outcome. This year we have added the supply chain to Delta's CSR commitment.

- Maintain sound corporate governance and strictly abide by commercial and ethical standards
- Comply with laws and regulations
- Provide employees with a safe and healthy work environment where they can live up to their full potential in return for reasonable remuneration and benefits
- Support environmental protection and energy conservation education and encourage employees to take part in community activities
- Create company value and enhance shareholder value
- Promote CSR ideals and practices throughout Delta's supply chain and work together for better performance
- Develop environmentally-friendly, energy-saving products and implement sound practices to reduce our impact on the environment
- Invest in innovation and research, develop intellectual property rights, and devote ourselves to the progress of human culture and technology, the development of society and the economy, as well as the sustainable development of the Earth and its environment

This commitment defines Delta's goals and direction in fulfilling our CSR. Delta integrates this commitment into our organization and training on an everyday basis to expand the scope and depth of our CSR activities, as well as to establish a partnership and good communication channels with our stakeholders. This commitment ensures that we gain the maximum synergy from external and internal resources as we put Delta's CSR into practice.



In 2007 and 2008, Delta Electronics was included in Forbes Magazine's "Asia's Fabulous 50"

Delta's CSR Organization

The expanding scope of CSR means Delta must adjust the structure of our CSR organization to ensure that Delta remains faithful to its CSR commitment.

The top CSR organization within Delta is the CSR Board. The CSR Board is chaired by our Chairman and Chief Environmental Officer Mr. Bruce Cheng, and its membership includes Delta Electronics' Chief Executive Officer, Chief Operations Officer as well as the top executives for China and Thailand. It is the responsibility of the board to define Delta's CSR vision and major stakeholders, review the strategies set by the functional committees and supervise overall performance.

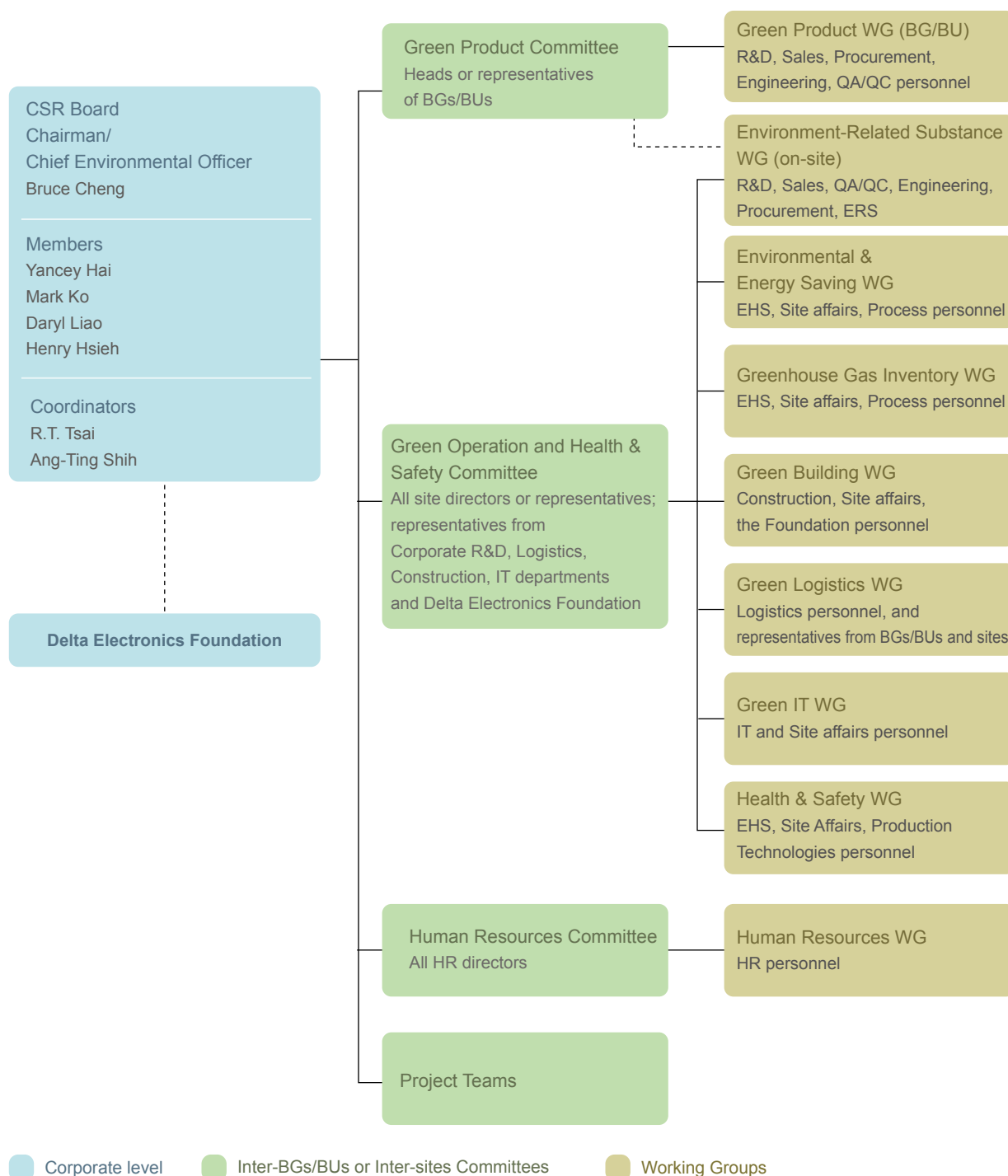
The CSR Board oversees three task-oriented functional committees: "Green Products", "Green Operations and Health & Safety" and "Human Resources". The committee members are made up of the heads of business groups, site directors and the relevant department

directors. Their responsibilities include the defining of Delta policy, benchmarks, selecting the coordinators for their respective working groups, supervising the performance of the working groups and reporting back to the CSR Board. The working groups under each committee are, in turn, made up of personnel from the business divisions, plants or relevant departments to ensure total implementation. The organizational structure is as shown below.

The Delta Electronics Foundation, established and funded by Mr. Cheng, also plays an important role within Delta's CSR organization. Since its establishment in 1990, the mission of the Foundation has been to promote the sustainable development of society through the promotion of environmental protection, technological innovation and education. The Foundation has enjoyed many successes in this area, and continues to work closely with the Delta Group on related issues.



CSR Organization



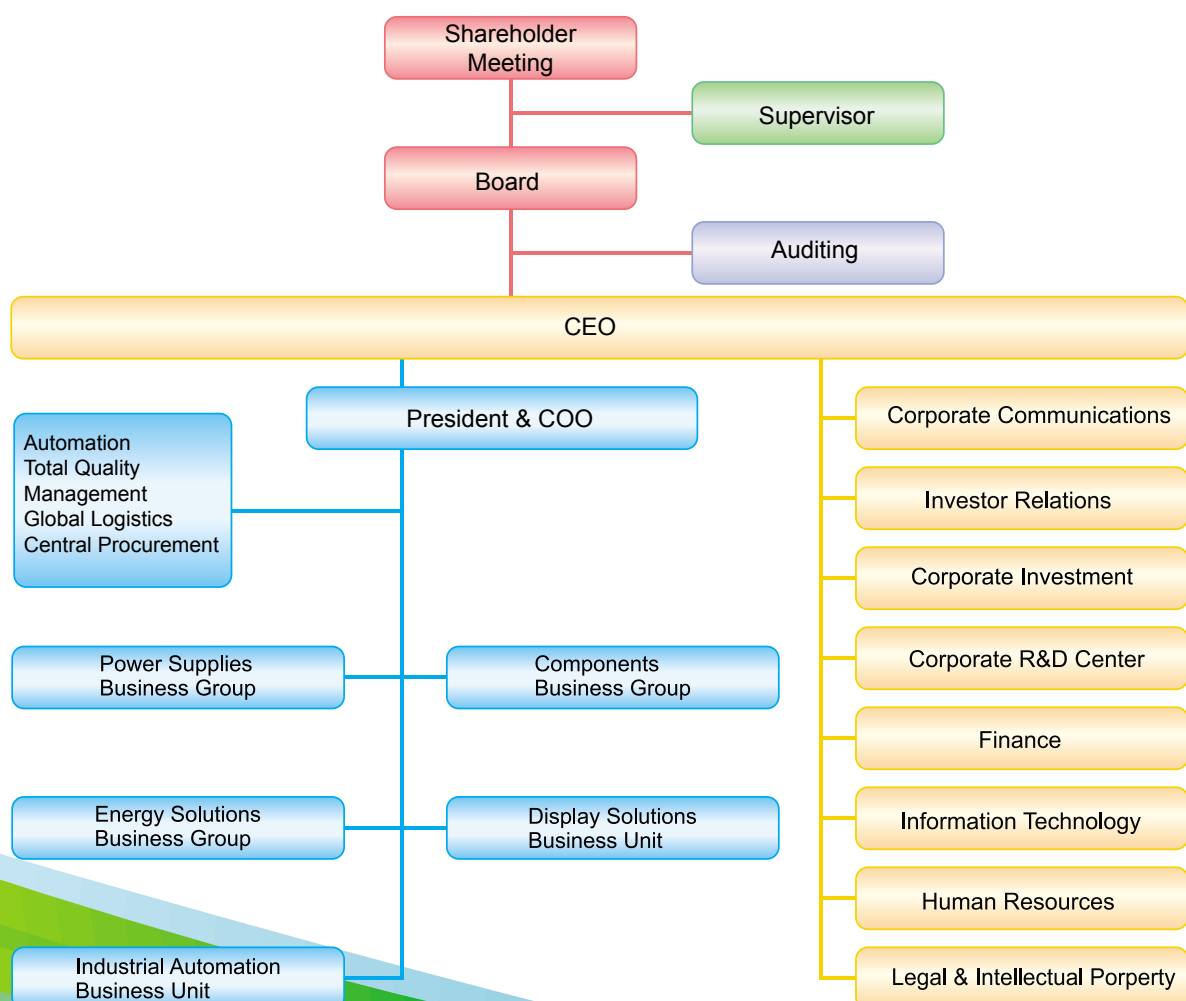
Corporate Governance and Ethics

"Maintain sound corporate governance and strictly abide by commercial and ethical standards" is a core commitment at Delta. We view this as a fundamental requirement for a responsible company, and we are dedicated to realizing this ideal in our everyday operations through comprehensive organizational planning and employee education.

Corporate Governance

Delta believes that high quality corporate governance is the best way to ensure that the company always delivers excellent performance and provides an optimum balance for all stakeholders' interests. Corporate governance is therefore our top priority.

Using the parent company Delta Electronics as an example, the board currently consists of nine directors and two supervisors, including one independent director and one independent supervisor. The board chairman does not hold an administrative position within the company. To enhance the board's responsibility and trust, it convenes at least once quarterly to review the company's performance and discuss important strategic issues (the board convened on seven occasions in 2008, and the overall attendance rate was 87%). Key resolutions passed by the board are published in a timely manner on the Market Observation Post System of the Taiwan Stock Exchange and in the corporate



governance section of the Delta website¹¹. The company charter, board meeting regulations and election rules for the directors/supervisors are also provided online for reference.

Apart from the board meetings, the independent director and supervisor also take part in Delta Electronics' internal strategy meetings to ensure they are familiar with the company's actual activities and can provide appropriate advice when necessary. The compensation for Delta Electronics' top executives must also be reviewed and approved by the independent director as well. In addition, our internal audit team is responsible for planning and conducting risk-oriented internal audits, as well as improving and promoting internal control systems then reporting directly to the Board of Directors to ensure that the company operates in accordance with the board's resolutions.

Delta's efforts in corporate governance continued to win outside recognition in 2008. Apart from winning Commonwealth Magazine's corporate citizen award, being named to Global Views Magazine's CSR honor roll, and listed as one of the top companies in Finance Asia Magazine's "Best Management" category for Taiwan, since 2002 Delta has placed first as Commonwealth Magazine's top electronics company and was named to Forbes Magazine's "Asia's Fabulous 50" for two straight years. Delta Electronics, Thailand (DET), a part of the Delta Group, was also given the best rating by the Annual General Shareholders Meeting, held by the Stock Exchange of Thailand. We will not rest on our laurels and will continue to improve the quality of corporate governance at Delta by strengthening the organization and function of the board to meet the expectations of all stakeholders.

Ethical Standards

The "Delta Code of Conduct" describes Delta's expectations for all employees around the world, regulates employees' conduct and asks all employees to protect Delta's assets, rights and image by committing themselves to engaging in legal and ethical behavior. The Code is taught as a part of each new employee's training, and "integrity" is a core part of the employee Performance Management and Development (PMD) evaluation.

Key provisions in the Delta Code of Conduct include the following :

- Integrity of records shall be maintained
- Misuse or illegal use of Delta assets is strictly prohibited
- Business gifts and entertainment shall be appropriate
- All employees are prohibited to attend any activity that conflicts with Delta's interests
- All employees have the obligation to comply with copyright laws
- All employees shall keep the company's proprietary information confidential
- All employees shall protect the company's intellectual property rights
- Insider trading is prohibited

It is the responsibility of every employee to protect Delta's reputation by maintaining the highest ethical standards. Any behavior that violates the Code shall be considered as misconduct. We require all employees to follow the contents of the Delta Code of Conduct to safeguard the rights of Delta and all stakeholders.

Footnotes

10. The Board of Directors election was held on June 10th, 2009.

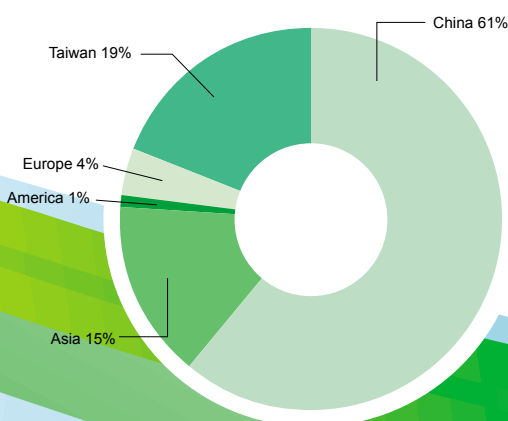
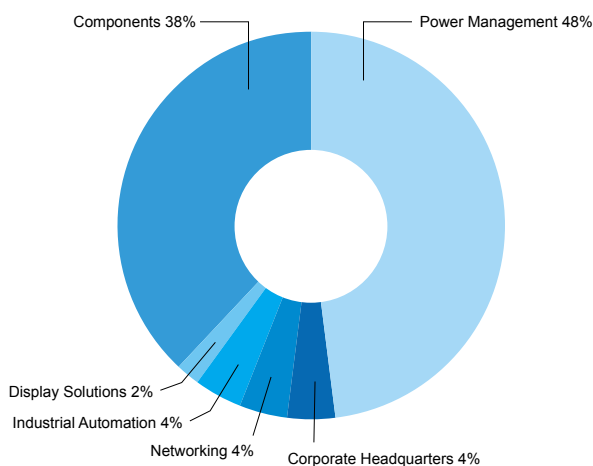
11. See www.delta.com.tw/ir/ir_govern.asp.

Delta and Stakeholders

As a corporate citizen, balancing the rights of stakeholders is important to Delta. This section describes the relationship between Delta and our main stakeholders—employees, community, shareholders, customers and suppliers.

Delta and Employees

At the end of 2008, the Delta Group employed more than 60,000 people around the world and distributed among several business divisions: Power Management, Components, Video Displays, Industrial Electronics and Delta Networks (network communications products). Geographically speaking, most are located in Taiwan, China and Thailand. In 2008, the distribution of employees in the main business divisions as well as indirect employees is shown below.



Employee Policy and Communication Channels

Employees are the company's most valuable assets. We have a sound employee policy in place and strictly abide by the following :

1. The use of forced or child labor is prohibited. Workers are free to leave their employment when reasonable notice is given. Workers under the age of 18 may not perform hazardous tasks.
2. Employees shall be protected against harassment and discrimination. No employee or applicant shall be discriminated against due to race, religion, color, nationality, age, gender, disability or other factors that are unrelated to the legitimate business interests of Delta.
3. Employee compensation shall comply with all applicable wage laws and local practices. This includes those relating to minimum wage and legally mandated benefits.

We evaluate employees' performance through the Performance Management and Development (PMD) system. In principle, the higher an employee's level, the closer his or her compensation is linked to the division's business performance. Managers or executives of health and safety, site affairs, or human resources departments are mainly evaluated by indicators in the above areas, while plant directors receive a relevant evaluation.

When the global financial crisis struck, the nature of the industry in Taiwan meant that many companies chose to cut wages, put personnel on unpaid leave, or eliminate some employee benefits. After studying the potential impact on company operations and core competitiveness however, Delta Electronics (the parent company) opted to maintain employees'

87% of the respondents identified the company's honesty and integrity
80% of the respondents had confidence in the long-term business
success of the company
82% of the respondents were proud to work for the company

wages and benefits at the current levels. This buffered employees against the economic downturn and allowed them to continue focusing on their work.

As for China's Law on Employment Contracts, effective January 1, 2008, the compensation, insurance and benefits of Delta employees in the China region, who account for over 50% of the company's workforce, now comply with the new law in principal. Delta is also more than willing to share the cost dividends from the introduction of "lean manufacturing" with plant employees.

Apart from the basic employee policy, we have always valued our employees' opinions and we wish to give all employees the room to grow and realize their potential. To gain a better understanding of employees' views on their work and management, Delta conducts employee opinion surveys through objective and professional international consultants to ensure the validity and confidentiality of the survey results. This gives employees the opportunity to tell the company their thoughts on management, interaction, the work environment, and personal issues. The feedback is, in turn, used as a reference for future company improvements.

In a 2007 survey for example, Watson Wyatt, a U.S. consulting company, carried out a survey of Delta Electronics' employees in Taiwan. The table below shows the interviewed employees' agreement with each survey item. When compared with the market average for that year

as well as an identical survey conducted at Delta in 2004, we found the following :

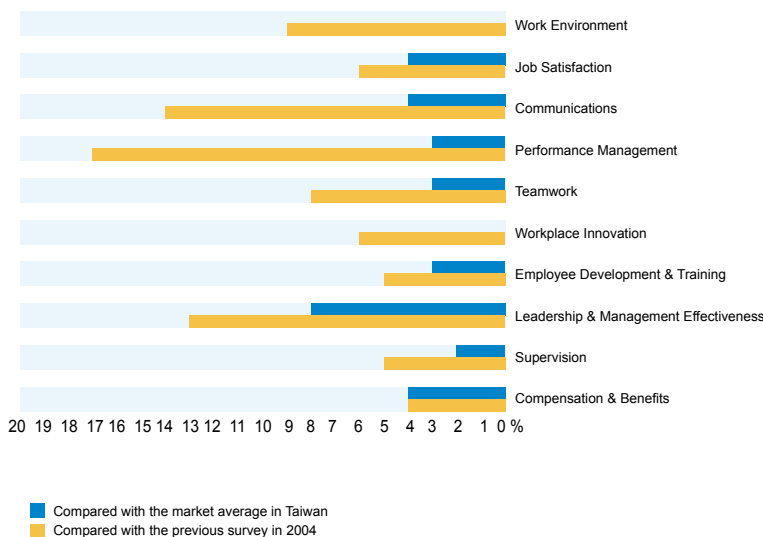
- Delta employees' level of identification with the company was higher than the market average in all areas, and also much higher than the previous Delta survey. The most obvious gains in employee approval and identification were in "performance management", "leadership and management effectiveness" and "communications".
- Item with highest level of identification: "My company conducts its business activities with honesty and integrity."
 - The level of identification was 87%, far exceeding the market average by 12%, and 6% higher than the result from the previous survey.
- Item with the highest lead over market average: "I have confidence in the long-term business success of my company"
 - The level of identification was 80%, far exceeding the market average by 18% and 22% higher than the result from the previous survey.
- Result for the question "I am proud to work for my company":
 - The level of identification was 82%, far exceeding the market average by 11%, and 14% higher than the result from the previous survey.

Generally speaking, the results of the employee survey showed that Delta

possesses the most important asset a business can have – highly committed employees. The Human Resources Department and company management also drew on the survey results to continue improving software and hardware facilities. By creating a work environment where employees can realize their potential and work together to achieve growth and profits, these moves aimed to meet Delta employees' expectations for the company's success. Delta plans to conduct another employee opinion survey in 2009 to provide a reference for further management improvements.

Delta Electronics, Thailand, a part of the Delta Group, has received awards every year from the Thai Ministry of Labor since 2004 for its outstanding performance in labor relations.

Employees' level of identification compared with the market average as well as the previous survey



Occupational Health and Safety (OHS)

1. OHS Management System and Organization

"Provide employees with a safe and healthy work environment" is one of Delta's most fundamental responsibilities as a corporate citizen. For many management issues, environmental protection and OHS in the workplace are often two sides of the same coin. Delta therefore started by consolidating OHS and environmental management at its main production plants. Apart from the Dongguan, Wujiang, Thailand and Gurgaon (India) plants that already have ISO 14001 and OHSAS 18001 certification, Taoyuan plant 2 and the Slovakia plant are now OHSAS 18001 certified as well.

Full-time OHS personnel are stationed at all Delta plants with responsibility for the planning, execution and auditing of the plant's OHS management. To ensure safety in production and employee health, a dedicated labor safety department was established in China, directly overseen by the executive director for the China region. It is responsible for the integration and supervision of the OHS system as well as for defining the OHS standards. System introduction teams have also been set up at the Dongguan and Wujiang plants¹². We hope that this model will encourage all plant units to become involved with the OHS management system. At the same time, internal participation will gradually expand through the "Green Operation and Health & Safety Committee" so that resources and OHS experiences at each plant can be shared with all other Delta plants and offices.



Professional OHS Inspection.

2. Professional OHS Inspection

Apart from internal OHS inspections carried out at each plant in accordance with the law, Delta also retains the services of professional OHS consultants to regularly inspect each plant and ensure the proper implementation of the OHSAS 18001 management system. They also help to identify potential risks so they can be prevented. Targeted accident prevention audits are also implemented at the plants for special or critical equipment. Examples include electrical safety audits

(using thermal imaging to check for potential electrical hazards), the soldering pot, chemical use, SMT equipment, specialist equipment, ventilation equipment, contractors' specialist operations (cranes, fire), EICC-EHS execution, and other specialist checks.

3. OHS Education and Emergency Response Training

To boost employees' OHS knowledge and spread OHS information, each plant develops internal OHS training materials in accordance with regional OHS regulations for use in training new recruits, emergency rescue personnel, the operators of forklifts, high-pressure gas equipment and cranes, as well as managers. Each plant also organizes its own emergency response organization based on the plant environment and processes with the site director acting as the commander-in-chief. Regular fire, evacuation



The set-up of OHS system introduction teams.

Footnotes

12. The regional health & safety meeting in China has convened on a monthly basis since March, 2009, chaired by the executive director for China.

and chemical leak drills are held to ensure personnel safety and minimize damage from industrial accidents.

4. Accident Investigation and Prevention

If traffic accidents outside the plants while commuting to and from work are excluded, the leading cause of accidents on Delta sites in 2008 with at least one day lost was due to improper operation of machinery. The next most common cause was being struck or crushed by objects or other reasons such as falls or cuts. Accidental falls or accidents by plant transportation (including forklifts) produced the highest average number of days lost.

Whenever an OHS accident occurs, not only is the cause of incident analyzed by OHS personnel, we also prioritize process improvements and employee OHS education to ensure the accident does not happen again. For example, to prevent machinery-related injuries, the OHS department uses conclusions reached from accident analysis to carry out regular targeted or total



Evacuation drills.

machinery safety audits to identify and rectify potential safety hazards. To minimize the risks of machinery operation, if a machine is found to be high risk, then "fool-proofing" is incorporated into the design. Measures such as requiring both hands to be on the buttons, photo-electronic sensors, protective shields and micro-switches are used to prevent further injuries.

5. OHS Information Exchange

To boost the exchange of OHS information, the OHS department uses the company intranet and suggestion boxes to convey OHS messages to employees in a timely manner. Employee feedback on OHS issues are also collected and studied. We hope that the creation of a smooth two-way communication channel will help to boost employees' safety awareness and participation, and in turn, help to ensure the safety and health of all employees.

6. Employee Health Promotion

Apart from routine health examinations, Delta also partners with professional medical and health organizations to organize fitness testing, disease screening, flu vaccination and health seminars at Delta plants. The company also encourages and helps employees with setting up clubs and taking part in healthy sports. Employees can therefore not only focus on their work but also remain aware of their current health. Plants continue to promote greening initiatives so employees enjoy "living green" even in their offices. Delta also promises



An example of Delta offices' greening.

to follow the principles of green design in all new buildings to maximize employee productivity by providing a healthy and comfortable environment.

The mental health of employees is also a concern for Delta. We provide a variety of facilities to help employees relax and relieve stress. At our main plants in Dongguan and Wujiang for example, employees not only have access to permanently-staffed medical clinics but also libraries, movie theaters, billiards rooms, canteens, employee service centers and a "Heart-to-Heart Station" for

psychological counseling. These facilities are intended to provide employees with a place to relax outside of work or to further enrich themselves.

The plants also invite well-known personalities in the art & culture community to give speeches to employees. Delta hopes that apart from developing new products and businesses, employees will discover new inspiration by interacting with these personalities. At the end of 2008, the Foundation partnered with the General Affairs Section to organize a "Delta

Artists Competition", artistically-inclined Delta employees and their families were encouraged to submit works for decorating the Taipei office's stairwells and create a Delta art gallery. The event encouraged employees at Delta's Taipei head office to make more use of the stairs, boost work quality, and promote health, and it was a great success.

Employee Training and Development

Delta considers employees to be our most valuable assets and we have always emphasized employee training and development. We offer a variety of programs from individual skills to fostering future leaders to meet the needs of talent in different countries and regions. These include :

- (1) New recruit or manager orientation training
- (2) Professional/competency training
- (3) Middle/High-level management training
- (4) General knowledge training (including the Electronics Industry Code of Conduct (EICC) and introduction to greenhouse gases)
- (5) Direct employee training
- (6) Project-oriented training
- (7) Self-development (language classes, etc.)

Among the above practices, the publishing of the world's first company-wide "Green

Map" that introduces sites, facilities, and accomplishments in terms of environmental friendliness and energy conservation through Delta's e-Learning platform was a pioneering effort in corporate environmental education.

To enhance learning effectiveness, we also provide a variety of learning environments, including :

- (1) Training Management System (TMS) to help managers cultivate their subordinates' abilities and boost productivity. Employees can view available programs online and set up their own flexible learning programs.
- (2) World-class technical symposiums and seminars. These include the annual Technology Advisory Board Meeting and topical seminars that provide a platform for global R&D centers to learn and exchange ideas with each other.
- (3) Subsidies for external training and on-the-job learning



Delta partnered with National Taiwan University to set up a "NTU- Delta Electronics EMBA Program".

Delta's comprehensive personnel development system makes the cultivation of high-level expertise a part of the Delta Group's business strategy

We have also combined the training & development and performance management systems to maximize employees' abilities, realize their potential and help them advance in their careers.

High-quality high-level expertise is a valuable asset in Delta's globalization process. Our comprehensive personnel development system makes the cultivation of high-level expertise a part of the Delta Group's business strategy. Since 2008, the Human Resources Department has organized innovation, strategy

and leadership related management seminars to instill core Delta values from the top down. Since 2006, the head office has also convened all high-level company managers from around the world to take part in the Leadership Competency Development program to cultivate the capability for global expansion and cross-culture communication. To expand managers' international horizons and awareness, and to improve production technology standards, we are now planning a short-term exchange program for managers in China, India and Thailand. The program will instill "Dare to change, and pursue sustainability" throughout the corporate culture.

We have also partnered with National Taiwan University to set up an 18-month "NTU- Delta Electronics EMBA Program". The program combines online courses with actual classes where professors can discuss practical company issues with students. The program proved effective, so in 2009, we plan to partner with NTU to set up an "Exceptional Leadership Program" and an "Advanced Practical Management Program" tailored for the heads of business divisions and departments. This will inject new life into the development of Delta's management teams.



Prof. Ming-Je Tang, the vice president of NTU, gave lessons to Delta's managers.

Delta's Training Management System (TMS) helps managers cultivate their subordinates' abilities



Energy knowledge is delivered to kids in the form of designed games.

Delta Energy Education Volunteers

The "Delta Energy Education Volunteer" program was officially launched in November 2008, with the support of Delta Electronics' Corporate Communications Department and Human Resources Department, the Delta Foundation, and subsidiaries or affiliates such as Delta Networks, Cyntec and DeISolar. The program works with the Foundation's "Energy Education Teachers" to provide volunteers who visit elementary schools near the plants and use the "K-12 Energy Education Program" (KEEP) teaching materials to teach kids proper "energy knowledge". Yancey Hai, the CEO of Delta Electronics and the

Delta Foundation, reminded volunteers that "environmental education" and "community care" are both goals Delta is striving to realize. By volunteering, Delta employees not only learn about energy-related knowledge but also gain a sense of satisfaction from "giving and making a difference". Given the opportunity, everyone can do their part for energy education.

Employees rushed to sign up for the program and a total of 72 people in the first two workshops completed the training and testing and teaching sessions. As the energy education is conducted during children's school hours, the Human Resources Department introduced the "Volunteer Leave" mechanism that allows volunteers to visit schools during business hours. At the end of the 2008 academic year, Delta volunteers had visited 139 classes in 18 schools to teach more than 300 periods of energy knowledge. Judging by how the volunteers took the time to prepare their teaching materials before class, share their teaching insights online after class, and interact with the children, the energy education volunteer program produced a win-win outcome for all involved. In the future, we will not only continue to recruit more volunteers but will also arrange for advanced classes to make the teaching content more lively and practical.



Mr. Yancey Hai with Delta Energy Education Volunteers.

Delta and the Community

As a member of society, Delta not only strives to provide high-quality products and services, but we are also actively involved in serving the community and in various charity endeavors. In recent years, Delta has continued to meet and exceed stakeholders' expectations in areas such as sponsoring academic research, cultivating talent, improving society's overall competitiveness, supporting environmental and energy conservation movements, and responding to major social issues.

Cofounder of the Taiwan Corporate Sustainability Forum

Delta and other leading Taiwanese companies established the Taiwan Corporate Sustainability Forum (TCSF) to promote the concept of

sustainability in business—at this stage environmental protection and energy saving issues are among its major themes. Experience sharing is another aim of TCSF, just as founding member Taiwan Semiconductor Manufacturing Company (TSMC) has mentioned its green factory project has benefited from Delta's green building experience. We would like to see more companies join the forum and share experiences with each other.

Improving Society's Competitiveness

The threat of global warming means that our harmonious coexistence with nature is undoubtedly the greatest challenge facing us in the 21st Century. To realize the ideal of truly sustainable development, there must be a complete paradigm change in everything from



Taiwan Corporate Sustainability Forum (TCSF) was established by Delta and Taiwanese leading companies.

our lifestyles to our industrial models. Helping society develop in a sustainable manner is the goal of Delta's social participation.

In 2007, the Delta Foundation's sustainable energy academic grant program invested over NT\$15 Million in solar cell, fuel cell, as well as electrical and electronics research. The most important investment was our support for NTU's Formosun Advanced Power Research Center which transferred technology and experience from participating in international solar powered race car competitions to the development of next-generation low-energy consumption vehicles. The program not only served to accumulate local R&D expertise but also gave tangible support to academia for studying energy issues. In 2008, the Foundation went on to join the "Center for Information Technology Research in the Interest of Society" (CITRIS). This is a trans-laboratory, trans-department and trans-border research platform led by UC Berkeley, U.S.A. that is dedicated to developing innovative solutions for communications technology, energy efficiency, environmental monitoring and metropolitan transportation.

Delta's environmental scholarships, designed to encourage talented researchers to become involved in studying environmental issues, also expanded its scope in 2007. In addition to the existing Delta/NTIO (The Netherlands Trade & Investment Office) Joint Environmental Scholarship (the Y.C. Lo Scholarship), a new joint environmental scholarship has now been partnered with the British Trade and Culture Office, adding one opportunity for a Taiwanese

student to study in the U.K to the 5~8 places available for traveling to the Netherlands each year. By expanding the students' international horizons, they will one day bring new opportunities for Taiwanese society.

The Delta Foundation has cooperated with the Sun Yun Suan Foundation for ten years to send outstanding civil servants overseas to further their education. In the past 8 years, 36 high-level civil servants have been provided with the opportunity for overseas study, expanding their horizons for national development.

[Devoted to Energy Education and Promoting Environmental Protection](#)

At the same time, the Foundation partnered with Earth Passengers to translate and introduce the U.S. K-12 Energy Education Program (KEEP) so future generations can learn about the importance of energy issues. This has now been gradually developed into the "Whole Approach to Energy Education" with its own unique Taiwanese flavor. The program combines classroom activities with campus initiatives so elementary and junior high school students can "learn and implement when young". Environment and energy related knowledge and skills thus become a part of everyday life, providing students with an understanding of global warming and the confidence to meet this great challenge for the 21st Century. A total of 12 schools participated in the first phase of the "Whole Approach to Energy Education" program. The localized

Environment and energy related knowledge and skills become a part of everyday life, providing students with an understanding of global warming and the confidence to meet this great challenge

KEEP teaching materials have also been promoted in over a hundred elementary and junior high schools through "Energy Education Teachers". In the academic year of 2008, the attending teachers and students reached 3,400 and 11,000 respectively (person-time). The "Energy Education teachers" also helped to train Delta Group employees as volunteers to promote energy education in schools near Delta plants in Taiwan (see "Delta and Employees" for more details).

In 2008, Delta Foundation and Fudan University promoted the concept of "Cradle to Cradle Design" in the greater China area and hosted the 2008 "A Green China for a Greener Tomorrow Forum" to discuss how

China can contribute to worldwide efforts against climate change. Dr. Michael Braungart, the "Environmental Hero" as called by Time Magazine, was invited to deliver a keynote speech on the "Circular Economy and Cradle to Cradle Design" and share his view of the opportunities and challenges of creating a green economy in China.

In today's rapidly changing world, those who can keep up with the constant flow of new knowledge are the ones who can seize the opportunity for change. To introduce new trends in environmental protection and CSR to the general public, in the past two years Delta has sponsored the publication of useful environmental reading materials such as "The Little Green Handbook", "Green to Gold", "Cradle to Cradle" and "Hot, Flat and Crowded". Delta has also given its support to the "CSR Handbook" to encourage more enterprises to get involved with our communities. These books are not only widely read within the company but are also presented to visitors and universities as a gift to spread the message.



Taking Action to Fight Global Warming and Protect the Environment

It has always been the mission of the Delta Foundation to promote feasible environmental solutions so environmentalism is not just a slogan. In 2007, the Foundation hosted the second energy-saving home makeover competition to encourage people to improve their home's energy efficiency in simple ways. In 2008, 25 households that received the Foundation's support published their results. The best result was a 60% reduction in electricity consumption and the average reduction was over 30%.

At the end of 2008, the Delta Foundation collaborated with the Green Comfortable

House Association to publish the Top Ten Problems in Interior Design based on home energy-conservation knowledge and healthy home concepts. This aims to remind the general public that some common interior decoration techniques are harmful to the inhabitants' health, safety and comfort, and will also increase the power bill. The Foundation later collated the relevant knowledge and improvement strategies into the book "Good Housing" that was very well received.

Other Foundation activities included compiling a local green building database based on actual green building projects in Taiwan. The first of these was the Beitou Branch of the Taipei City Library which was visited by more



Delta Electronics Foundation and Taoyuan County government promoted energy saving lighting together.

than 70,000 people in its first month. The Foundation sponsored the monitoring of this library, the first "Diamond-rated" green building in

Taiwan, and scientifically verified that the green building techniques used were effective in Taiwanese conditions. The monitoring results also provided a reference for future design improvements. The Foundation also sponsored the creation of a green building archive at the Beitou Library and produced a green building video for people to view and download online. The Beitou Library was transformed into a green building pilot project to demonstrate the hardware and provide associated software. It also offers Taipei City residents a convenient way to learn about green building concepts.

We found that imagery in the broadcast media leaves a stronger impression on people when it comes to environmental issues. This is an excellent medium for teaching people about the state of the current environment and its challenges. The Foundation collaborated with the Discovery media group to jointly produce the "Building the Future" series, and Delta's chairman Bruce Cheng became the first Chinese entrepreneur to shoot a short promotional video for the Discovery channel asking for people to take the issue of global warming seriously. At the same time, the Foundation sponsored Public Television's shooting of "Natural Formosa", an eco-documentary on Taiwan. Aired in 2008, the

Delta's Chairman Bruce Cheng became the first Chinese entrepreneur to shoot a short promotional video for the Discovery channel

series presented 14 stories from the perspectives of "Birth", "Challenge" and "Harmony" to outline the evolution of the Taiwanese ecology.

The documentary helped to make the audience realize how precious the land is. This film was the first eco-documentary in high-definition format and it aired on Taiwan's digital free-to-air channel.



The Foundation sponsored the shooting of "Natural Formosa", a high definition documentary illustrating the ecological richness of Taiwan.

Besides the broadcast media, the power and reach of the Internet cannot be ignored. The Foundation set up the "Low Carbon Lifestyle Blog" managed by a professional editor with contributions from knowledgeable writers. The blog provides a place to store and popularize content, solutions and adjustments related to global warming. It also provides a place where people can discuss and share the latest information. Through this platform, the Foundation published real-world test results

on topics such as vehicle fuel consumption while idling and the power consumption of LED lighting and elevators. In this way, it took a practical approach to exploring energy consumption and conservation in everyday life. Just eight months after the blog was started, it was nominated for the China Times' "3rd Global Chinese Blog Awards" and recognized with the "Recommended Socially Aware Blog Award". A year later, it improved its standing to win the "Best Socially Aware Blog Award". By presenting real-world examples, solutions and trends in a lively and humorous manner, the blog successfully promoted the concepts of global warming and carbon reduction through energy conservation.

Starting at the end of 2007, the Foundation has dispatched representatives to locations such as Bali (Indonesia) and Poznan (Poland) to take part in the side activities of Climate Change Conferences (COP13 and COP14). The first-hand information was then published through digital media such as the "Low Carbon Lifestyle Blog" so people in Taiwan can remain up to date on the latest international developments as well.

Responding to Major Social Issues

On May 12, 2008, a major earthquake measuring 8.0 on the Richter Scale struck the Wenchuan region in Sichuan, China, killing 69,000 people and injuring more than 300,000.



Congratulations Delta! Our Low Carbon Lifestyle Blog (lowestc.blogspot.com) won 2008 Best Chinese Language Blog Award.

In response to this major crisis, Delta donated 10 Million RMB towards the reconstruction of elementary schools in the disaster area. Experts from the Chinese Renewable Energy Society were also commissioned to set up a green building team to ensure the safety and sustainability of the new school buildings. Our subsidiary Delta Networks Inc. donated 1 Million RMB for the reconstruction of the Qiaozhuang Town Hospital in Qinchuan County, Guanyuan City, Sichuan.

Employees at the Dongguan, Wujiang and Tianjin plants in China launched their own donation drive as well. Tianjin workers even chose to cancel their spring trip and instead, donated the money to the Chinese Red Cross

Society to do what they can for the disaster victims in Sichuan.

Apart from the Sichuan Earthquake, a fire at the start of 2008 destroyed the Cloud Gate Dance Theater's training facilities at Bali, Taiwan. The Foundation donated NT\$1 Million to help this internationally acclaimed Taiwanese performing arts group recover from the disaster.

To commemorate Taiwan's pioneers, the Foundation also sponsored the "100th Anniversary of Mr. Li Kuo-Ting Commemorative Concert". This not only commemorated Mr. Li's important contribution to Taiwan's economy but also offered hope that the example he set for Taiwanese society will continue to live on.



Delta donated toward reconstruction of elementary schools in the disaster area after the massive Wenchuan earthquake.

Delta and Shareholders

Delta places great importance on shareholder rights and interests. By not blindly following the latest trends and investing heavily in non-core technologies, Delta has successfully avoided loss of competitiveness from over-supply. This has helped Delta maintain its sound finances and operating capital. Such a strategy has proven particularly effective in the wake of the global financial tsunami. It not only allowed us to exploit better investment opportunities, but our sound financial indicators means shareholders know that their investments are in safe hands. Nevertheless, in such difficult times, no one at Delta is resting on our laurels. We are ever more careful about our expenses and strive to protect shareholder rights and interests by ensuring the completeness, timeliness, accuracy and transparency of information disclosure.

With Delta Electronics for example, we began submitting the semi-annually consolidated financial reports to accountants for audit and publication even before the relevant requirements became law. Delta Electronics' announcements to the Taiwan Stock Exchange are also updated in real-time. From Delta's

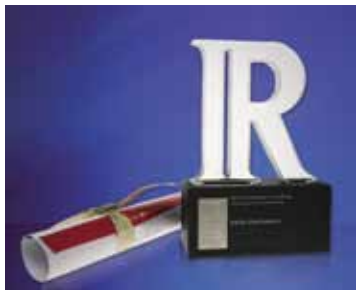
website, the chairman's report to shareholders, financial statements, corporate governance regulations, share price and dividend information, as well as the content of analyst meetings can be downloaded, and most are available in both Chinese and English for the benefit of local and foreign investors.

Additionally, Delta hosts analyst meetings on a regular basis where we announce and explain each quarter's consolidated financial data, business performance and future plans. These meetings are webcast live over the Internet. As foreign investors hold the greater part (60%~70%) of all Delta shares, communicating with foreign investors is especially important to us. We participate in a wide range of investors' forums each year and visit foreign shareholders directly in Asia, Europe and the United States. Apart from providing them with updates on the company's operations, we also welcome constructive feedback on our operations, finances and governance. At the same time, Delta welcomes visits from local and foreign investors.

Individual investors are just as important to us as institutional investors. In addition to having staff dedicated to answering inquiries



Delta Electronics' analyst meeting.



In 2008, Delta Electronics received IR Magazine's "Best Investor Meetings" award for the Hong Kong and Taiwan region.

from individual shareholders in detail, we also actively respond to questions and suggestions raised by shareholders at the annual shareholder meeting to improve Delta's service and fulfill their needs.

Apart from financial disclosure, investment institutions around the world have begun paying more attention to a corporation's climate change strategy, potential risks and opportunities in recent years. This eventually grew into the "Carbon Disclosure Project" (CDP). The CDP provides a standardized

survey and database that requires surveyed enterprises to disclose their climate change related information each year. The information is used by investors to assess investment risks and opportunities, and Delta has been communicating with investment institutions on this issue through this channel¹³.

Our efforts were recognized by an "A+" rating from the Securities and Futures Institute in 2008 for parent company Delta Electronics' information disclosure. IR Magazine also awarded Delta with the Best Investor Meetings award for the Hong Kong and Taiwan region in the same year.

In recent years, the percentage of foreign investors' shareholding in Delta Electronics has remained among the highest for Taiwanese companies (see Fig.1). Despite the impact of the financial tsunami, Delta has managed to deliver a solid performance on dividends and dividend payout ratio (see Fig. 2 ~ 3).

Figure 1 Percentage of Foreign Capital's Shareholding

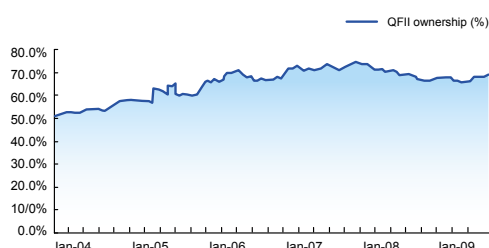


Figure 2 Dividends

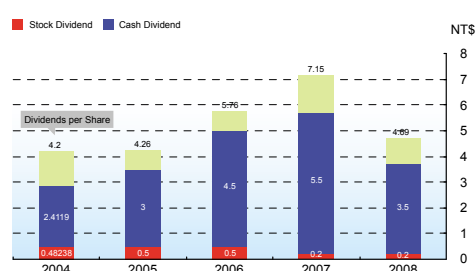


Figure 3 Dividend Payout Ratio

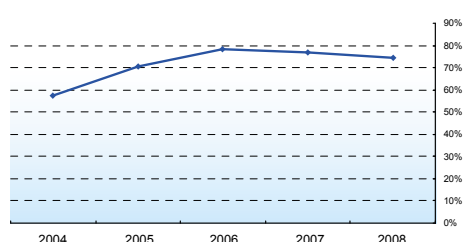
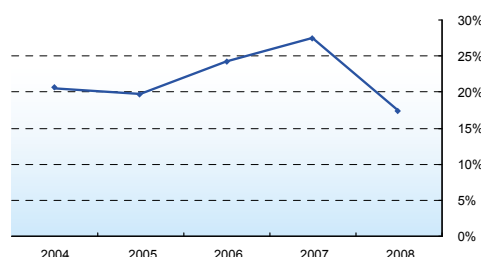


Figure 4 Shareholders' Return on Equity



Footnotes

13. In 2008, 385 investment organizations supported CDP as its signatory investors. These represented up to US\$57 Trillion in managed capital. In 2009 there were 475 CDP signatory investors.

Delta and Customers

Customer Satisfaction and Pursuit of Innovation

In response to the rapidly changing market environment, Delta redefined our corporate culture in 2008. The definition for "customer satisfaction" was upgraded from "Fully understand and fulfill customer needs" to "Anticipate customer needs and exceed expectations". We hope all Delta employees will uphold this ideal during this difficult economy to provide our customers with ever more satisfactory products and services.

Greater emphasis is now placed on the value of "innovation" in our corporate culture. Guided by our corporate mission of "To provide innovative, clean and efficient energy solutions for a better tomorrow", we are not only focusing on improving the efficiency of existing products but also working hard to develop new eco-friendly and energy-saving products. In 2008, Delta's global R&D spending accounted for 4.0% of total revenues in spite of the poor economy. This represents an increase over 2007 spending in both the absolute amount and relative percentage. The

results included PV inverters with a conversion efficiency of up to 98%, high definition home cinema-grade LED projectors and E-paper. To stimulate Delta employees' creativity, we set up the "Da Vinci Innovation Award" within the company to encourage everyone to emulate the example set by Leonardo da Vinci, one of the greatest minds of the Renaissance period¹⁴. By unleashing their creativity and working with world-class customers, Delta employees can quickly create brand new products, services or business models. Delta's chairman Mr. Cheng says that innovation is a key element in the continued growth of Delta and a guiding principle in business management because "if you aren't prepared, you will one day become obsolete". The rise and fall of many large enterprises show how true this is. Only through continued innovation can Delta avoid being swallowed up by the market.

The pursuit of innovation at Delta Electronics was recognized with the "Excellent Innovation Achievement Award" in 2008. This was the highest award in the Ministry of Economic Affairs' (MOEA) Industrial Technology Advancement Awards. Our outstanding R&D capability and patent strategy also resulted in MOEA recognition at the "2008 National Invention and Creation Awards" for outstanding contributions to electrical, measurement, optical and storage devices. These two awards provide proof that Delta has made great progress when it comes to brand performance and technical innovation.



Delta launched the "Da Vinci Innovation Award" within the company in 2008.

Footnotes

14. Leonardo da Vinci was an engineer, mathematician, inventor, architect, anatomist and artist. He has often been described as the archetype of the Renaissance man, a man whose unquenchable curiosity was equaled only by his powers of invention. (Source: <http://en.wikipedia.org>)

Corporate Culture

Dare to change, and pursue sustainability.



Innovation

Effectively create new concepts and take them to success.

Customer Satisfaction

Anticipate customer needs and exceed expectations.

Quality

Deliver consistently superior performance and pursue every possible improvement.

Teamwork

Fully leverage global value networks and collaborate to achieve mutual goals.

Agility

Identify emerging trends and act quickly to capture new opportunities.

Pursuit of Innovation and Reduction of Product Liability Risks

Delta has focused on realizing high quality through Zero Defect and Six Sigma in recent years. In addition to ISO-9001 certification of plants in Taiwan, China, Thailand, India and Slovakia, Delta Electronics' COO has led joint "Quality Diagnosis" initiatives by business groups/units and top regional executives since 2005. This quality initiative has now been held seven times in Taiwan, China and Thailand. Recent topics include best practice in Design Quality Assurance (DQA), innovative energy-saving design and quality assurance systems for commercial challenges. As the organization developed, the focus was shifted from "core competitiveness" to "meeting commercial challenges", which in turn evolved into focusing on "vision/innovation" issues. This has also guided the development of related training programs by the Human Resources Department.



Top executives discussed product design during the quality diagnosis.

Besides the above, our business groups and plant sites have launched initiatives aimed at improving quality standards and achieving customer satisfaction. With the Six Sigma project, for example, the Components Business

Group and the Fans and Thermal Management Business Group have received 11 Black Belts and 5 Green Belts since 2008. Design for Six Sigma (DFSS) and Process for Six Sigma (PFSS) Green Belt training courses continue to run. The main plants also continue to cultivate and track the results of Six Sigma training. The Dongguan plants were among the first to introduce Six Sigma. The plants have now held 4 Black Belt courses and 12 Green Belt courses. The program's benefits are expected to increase in multiples from 2008 onwards¹⁵.

The trend towards globalization means the risks of product liability are now higher for manufacturers. Businesses must now pay more attention to risk management in this area to ensure safe and sustainable development. At the start of 2008, Delta Electronics obtained "Product Liability Insurance AAA Certification" from ACE, the world's most trusted audit certification system. This made Delta not only the first Taiwanese enterprise to obtain this certification in five years, but full marks obtained in all 11 criteria meant that Delta had now achieved the highest international standard in risk management areas such as product design & manufacture, product safety, self auditing and management responsibility. For customers, this provides the best possible assurance on product liability¹⁶.

Control of Environment-Related Substances in Products

In recent years, climate change, the control of environment-related substances in products, as well as OHS and human rights issues have become key issues in CSR. Internationally leading companies believe that these issues must be dealt with at every step of the supply chain to realize the maximum benefits. Delta

has made this a key component of our CSR efforts as well. With the control of environment-related substances in products for example, recent European Union directives, international regulatory or customer requirements such as RoHS, REACH (Registration, Evaluation, Authorization and Restriction of Chemical Substances), HF (Halogen-Free), PFOs (Pefluorooctanesulfonic Acid) and PAHs (Polycyclic Aromatic Hydrocarbons), are now on the increase, resulting in an explosion of control items and information management requirements. Apart from revising our internal management standards, we also actively check on customer requirements then pass the information on to the Environment-Related Substance (ERS) team of each business group/unit and plant for implementation through the QC080000 hazardous substance management system. We have also examined and established our internal information

management platform and risk management process so suppliers can upload and update their information in a timely manner. The information is then reviewed by Delta to ensure that we can provide customers with the most accurate and detailed report (see "Delta and Suppliers" for more information).

Social and Environmental Responsibility

Besides substance regulations such as RoHS, there is the Electronic Industry Citizenship Coalition (EICC) set up by major electronics companies such as Dell, IBM and HP. The EICC Code of Conduct they promote has now become the general standard for the electronics industry supply chain for social and environmental responsibility. Delta has embraced the EICC Code of Conduct and has compiled online teaching materials to promote standards for labor rights, health and safety,



Delta's Tainan plant, a diamond-rated green building, installed Delta's LED lighting products for all of its outdoor lighting.

Footnotes

15. Starting in 2009, Dongguan merged Six Sigma with Lean Production to become "Lean Six Sigma".
16. The eleven AAA survey categories are: 1) Management Responsibility, 2) Documentation and Procedures, 3) Product Design and Manufacture, 4) Product Instructions Labeling Warnings and Warranties, 5) External Document Control (Marketing and Reseller Documentation Control), 6) Product Traceability, Identification and Recall, 7) Self Auditing, 8) Product Liability Training, 9) Product Safety Evaluation and Testing, 10) Contractual Risk Transfer, 11) Data Collection and Analysis.

and the environment. The goal is to improve the performance of Delta plants and suppliers in social and environmental responsibility.

At the same time, the Carbon Disclosure Project (CDP) allied with 11 leading companies in their respective industries including HP, Dell, P&G, and Unilever to set up the "CDP Supply Chain Program" in October 2007. The program surveyed suppliers on the risks and opportunities associated with climate change as well as their corporate strategy to determine the potential impact on the business itself. Delta believes communication with customers on this issue is equally important.

All of the social and environmental responsibility issues above are handled by dedicated staff or trans-department project teams to ensure that deficiencies are acted upon to customers' satisfaction. Be it control of environment-related substances or EICC guidelines, the success or failure of these initiatives depend not only on Delta's own organization and operations but also on the cooperation of Delta's suppliers. Delta's supplier management is covered in more detail below in "Delta and Suppliers".

All of the social and environmental responsibility issues are handled by trans-department project teams

Customer Recognition

Our innovation, quality and responsive service over the years has won our customers' satisfaction and affirmation. This is the main reason why Delta's market share and business has continued to grow. We also receive outstanding supplier awards from our customers every year. In 2008, our customer awards included the Preferred Supplier Award from Fujitsu Siemens Computers, the Outstanding Performance Award from Nokia Siemens Networks, the Outstanding Supplier Award from HP and the Customer Focus Award from Brocade. We share these honors with all Delta employees and continue to enhance the quality of our products and services to ensure our customers' satisfaction.



2008
Fujitsu Siemens Computers
Preferred Supplier Award



2008
Nokia Siemens Networks
Outstanding Performance Award



2008
HP Appreciation Award



2008
Brocade "Customer Focus" Award

Delta and Suppliers

Thousands of suppliers around the world are Delta's business partners, who also play a critical role in Delta's efforts in the control of environment-related substances, climate change, labor health and safety and human rights. Supply chain engagement in this regard is included in Delta's CSR commitment and we must use our influence to promote CSR concepts and practices into the upstream supply chain. Our interactions with suppliers include the following :

Provide Assistance to Suppliers

Delta considers our suppliers as partners who should grow and prosper together with Delta. For example, our lean production at the Dongguan plant is not only implemented on Delta's production line, but we also work with consultants to assist around ten selected suppliers in lean production each year. This program has been held six times. Assistance focus is shifting from lean production to the quality-quantity system and quality control techniques. Our target for assistance is also shifting from main suppliers to vendors with potential but need further improvement in quality control.

In addition to the above, Delta's business units (such as the power management business groups) actively check on suppliers' financial status to ensure that Delta suppliers continue to operate normally through the global financial crisis. If a supplier has any requests regarding payment methods, Delta is willing to discuss flexible payment terms to help them through the financial crisis.

Purchase and Supporting Agreement - Declaration of Ethics

At Delta, ethical behavior is the foundation of our business. We therefore wish to establish a professional relationship with our suppliers to ensure a long-term partnership.

For suppliers or contractors delivering or providing services to Delta plants in Taiwan, China and Thailand, they are required to sign a "Declaration of Ethics". The declaration not only requires vendors to carry out all transactions in good faith to avoid damage to Delta's interests or image, but it also insists that vendors must not allow Delta employees or their relatives to receive improper benefits, or provide them with any non-business related loans, rentals or investments. The declaration includes a Delta hotline and mailing address where vendors can report Delta employee that violate purchasing rules. This ensures that vendors' rights and interests are protected as well.

Management of Environment-Related Substances

In response to requirements from EU directives, international standards or customers, such as RoHS, REACH, HF, PFOs and PAHs, the materials, quality control and purchasing departments in Delta's various business groups/units have established "Green Product Working Groups" responsible for establishing the management system and regulations. These combined with the "Environment-Related Substances Working Group" at each production facility ensure the proper implementation of the QC080000 hazardous substance management system.



Delta's operations encompass tens of thousands of parts, even as the number of substances subject to regulation continues to expand. This requires managing massive amounts of information. Due to the sheer number of suppliers, a significant amount of time and manpower must be spent on communication and the transmitting of information. To boost operational efficiency and information accuracy, to promote resource integration and sharing within Delta, and to facilitate the real-time upload and update of information from thousands of suppliers, representatives from Delta's various business groups/units met to develop a materials approval process. Meanwhile, internal PLM and SAP systems are connected with a newly set up platform and database (the Delta GPM

system) for use by internal staff and suppliers to optimize the management of environment-related substances. This system not only serves the stated purpose but it can also be modularly expanded or upgraded to provide information required by relevant directives (e.g. EuP, WEEE, REACH or the revised RoHS). The GPM system can automatically output data in the reporting format specified by customers.

Delta plants currently use a two-dimensional approach to risk assessment based on "risk level for supplier" and "risk level for material" to decide inbound sampling frequency (e.g. take a sample every batch or every 30 batches)¹⁷.

Material risk assessment however involves more than just the two above factors and it is a dynamic process as well. We are now studying the feasibility of integrating factors such as the supplier's management system self-evaluation, part risk assessment, Delta's existing Alert System, the results of regular supplier audits and the number of non-inspect inbound materials into the GPM system to calculate the risks in a dynamic manner. In the future we will use this for the plants' daily management and material purchasing.



Delta began to introduce lead free solder in 2001.

Social and Environmental Responsibility

As previously noted, the cooperation and participation of the entire supply chain is needed to achieve the optimum performance in CSR issues. Since 2007, Delta has drawn on the EICC Code of Conduct to design courses tailored to Delta's main suppliers that teach the Code's contents and implications. We also conduct questionnaire surveys or carry out on-site surveys to learn about and improve the suppliers' performance in labor rights, health and safety, and the environment.

At the Thailand plant, for example, over one hundred suppliers attended the EICC courses held by Delta Electronics, Thailand in 2008. On-site audits were also conducted at more than 60 suppliers. The results of the audits showed that the main deficiencies were in environmental, safety and health. Suppliers

have promised to make improvements and we will continue tracking their efforts in this area.

Another example is the CDP's Corporate Supply Chain Program. This questionnaire surveys suppliers' greenhouse gas emissions and control and allows us to determine if these issues pose a potential impact to the business. Greenhouse gas emissions in the supply chain involve many complex issues. Besides working closely with customers and tracking the latest international developments, Delta is evaluating the best time to collect relevant information from suppliers. In this way, Delta hopes to increase supplier awareness about greenhouse gases and ultimately work together with them to reduce the carbon footprint of Delta products throughout their lifecycle.



An EICC relevant course at Delta Thailand.

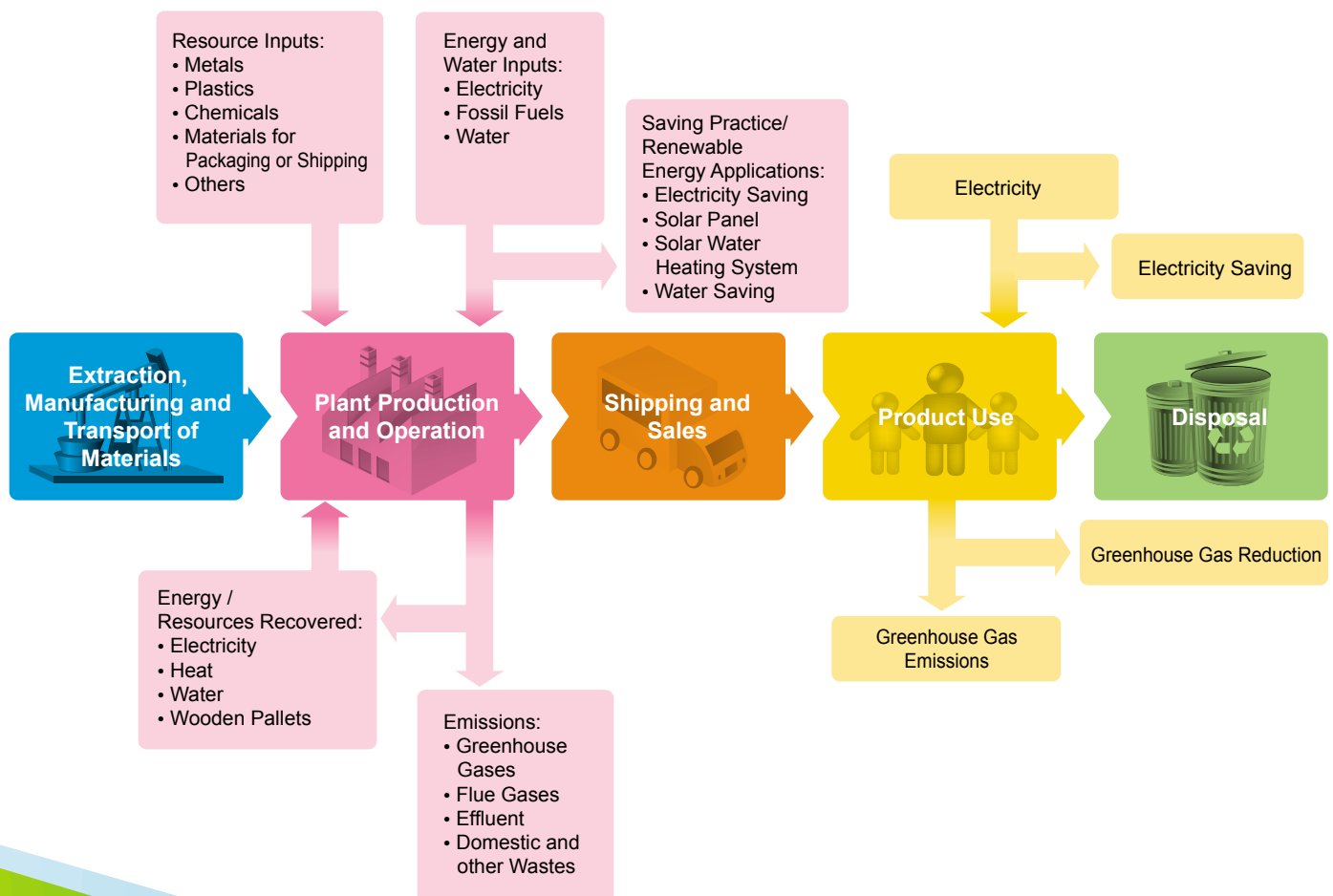
Footnotes

17. See p.29 of the 2007 Delta CSR Report at: [www.delta.com.tw/csr/download/2007/2007 CSR English.pdf](http://www.delta.com.tw/csr/download/2007/2007%20CSR%20English.pdf).

Delta and the Environment

"To provide innovative, clean and efficient energy solutions for a better tomorrow" is Delta's corporate mission. Delta is committed to protecting the Earth's environment by developing eco-friendly and energy-saving products, adopting environmentally friendly practices and reducing our impact on the environment. From a product life cycle perspective, Delta's energy and resource consumption or activities that produce emissions can be divided into five main phases: 1. Extraction, manufacturing and transport of materials; 2. Plant production and operation; 3. Shipping and sales; 4. Product use; 5. Disposal.

These are shown below. We currently focus on tracking the statistics for phase 2 and phase 4 since Delta directly controls plant operations and our product design determines a product's environmental performance during usage. By studying the statistics on energy and resource purchasing/consumption, greenhouse gas emissions and waste volume, and comparing intensity indicators such as electricity, water and greenhouse gas emissions, we can compare Delta's environmental performance in recent years and demonstrate the results and environmental benefits of our green product R&D efforts.



Extraction, Manufacturing and Transport of Materials

Delta's suppliers, contractors and upstream vendors generally conduct the activities in this phase. With no direct control over these activities Delta is limited to making suggestions or recommendations. Nevertheless, when it comes to the cost and time needed for transporting materials and parts, Delta has its most influence negotiating the transportation method with suppliers. Due to the scope of these activities, we currently focus on major activities and qualitative analysis.

For the environmental impact of activities in this phase, we closely monitor international environmental trends and refer to the latest guidelines to understand and calculate the environmental impact associated with Delta. We will further use this information and work together with suppliers and contractors to help Delta reduce its ecological footprint.

Plant Production and Operation

The main energy and resource inputs, conservation measures and recycling results from Delta's 2008 production and operations, as well as the volume of waste produced¹⁸ are described below :

Resource Input

Delta's resource inputs are mainly used in products. These are divided into five categories: metals, plastics, chemicals, materials for packaging/transportation, and others.

(1) Metals

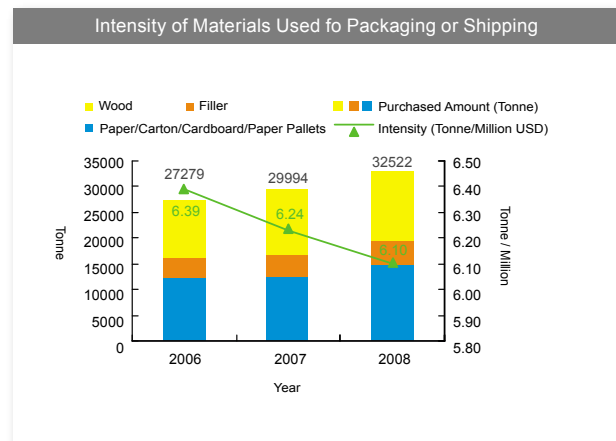
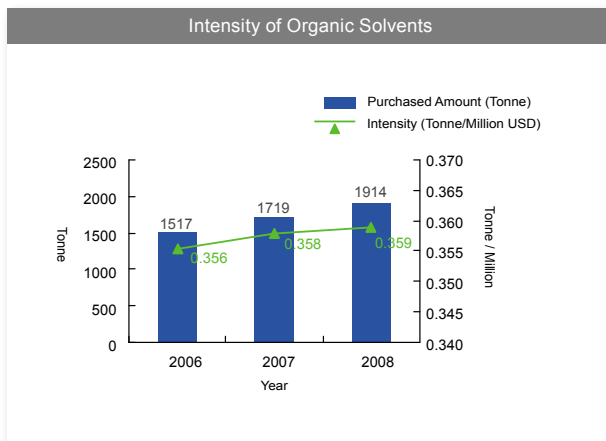
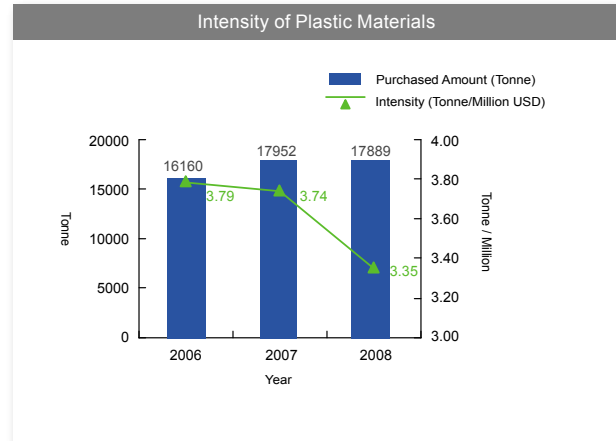
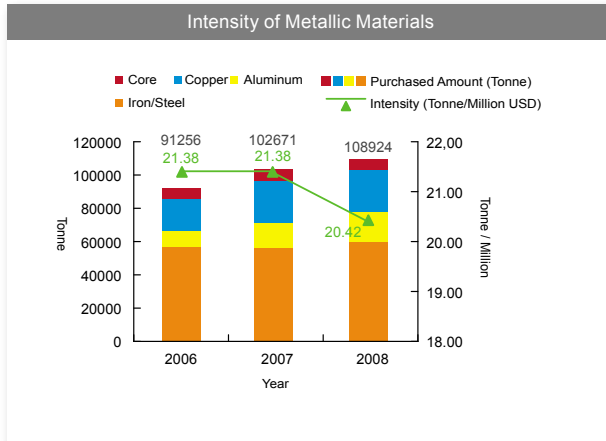
We collect statistics for metals that include: iron/steel, aluminum, copper and core. These metals are used by almost all business divisions. Using the amount of purchased materials containing those metals as a rough guide, the amount of metals purchased by Delta has increased every year since 2006. A total of 108,900 tonnes was purchased in 2008, about a 6.1% increase over 2007. Iron/steel accounted for more than half of all metals purchased, with copper in second place.

To determine if we have improved our efficiency in the use of metals, we factored the group revenues into the calculations to work out the weight of metal used per million USD of production output (intensity) between 2006 and 2008. As shown in the graph below, in 2006 and 2007 the intensity of metals remained almost even and then decreased in 2008 to 20.42 tonnes per million USD.

All business divisions also use solder wire, bar and paste in welding as well. Total usage increased from around 1,500 tonnes in 2006 to 2,100 tonnes in 2008. Mercury is also used by the Component Business Group in manufacturing CCFL tubes. As fewer CCFL tubes were produced in 2008 compared to 2007, mercury usage dropped from around 0.41 tonnes in 2007 to 0.38 tonnes in 2008. At the same time, improvements in CCFL yield rate and reductions in the amount of mercury used per tube have also continued to reduce the demand for mercury.

Footnotes

18. The statistics from Delta Energy Systems are based on the data from the Teningen and Soest plants in Germany, the India plants (3 plants) and the Slovakia plant.



(2) Plastics

All of Delta's business divisions use plastics, mainly for cases, insulators and sockets. In 2008, Delta purchased a total of 17,900 tonnes of plastics. This was slightly lower than the 18,000 tonnes purchased in 2007. By estimating intensity we can determine if Delta is using plastics more efficiently. The graph below shows that the intensity of plastics has

progressively decreased since 2006 and in 2008 it was approximately 3.35 tonnes per million USD.

(3) Chemicals

All business divisions use organic solvents, which account for most of the chemicals used at Delta, including thinners, cleaners

and flux. Delta has increased its purchase of organic solvents since 2006, with 1,900 tonnes purchased in 2008. In terms of intensity, chemical use has increased slightly from 0.356 tonnes per million USD to 0.359 tonnes per million USD.

Fluorescent powder is needed to produce CCFL tubes. As CCFL tubes used for televisions increased in 2008, use of fluorescent powder increased from around 44 tonnes in 2007 to 51 tonnes in 2008.

(4) Materials for Packaging/ Transportation

Materials for packaging or transportation include paper products (paper/carton/cardboard /paper pallets), filler as well as wood. These materials are used by almost all business divisions. Delta has increased the purchase of materials for packaging or transportation since 2006, with about 32,500 tonnes purchased in 2008. This was an increase of around 8.4% over 2007 with paper and wood products as the main categories. Intensity however has shown a downward trend, decreasing from 6.39 tonnes per million USD in 2006 to 6.10 tonnes per million USD in 2008.

(5) Others

Other major materials used by Delta include epoxy resin and asphalt. The former is mainly used by the Power Supply related business

groups and the Component Business Group as electronic component adhesive or insulation, while the latter is used as filler in electronic ballasts. Epoxy resin usage in 2008 was approximately 1,300 tonnes, a decrease of 26% compared to 2007. The main reason for this drop is the replacement of epoxy resin with silicone in some product applications. The amount of resin used may have decreased as well. There has been little change in the amount of asphalt used in recent years. In 2008, total usage was about 2,500 tonnes.

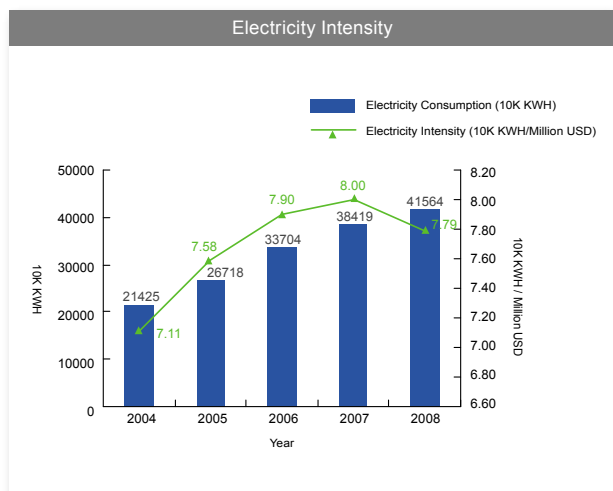
From a perspective of conserving the Earth's resources, Delta continues to reduce the intensity and further decrease the actual amount of materials used without affecting quality, which also reduces costs.

Energy and Water Inputs

Energy used by Delta's offices and production plants include externally purchased electricity and various types of fossil fuels. Each plant varies in the types of fuel it uses. The related statistics for 2008 are as follows :

1. Externally Purchased Electricity

In 2008, Delta purchased nearly 416 Million KWH of electricity in total, an increase of 8.2% over 2007. Electricity intensity gradually increased from 71,100 KWH per million USD in 2004 to 80,000 KWH per million USD in

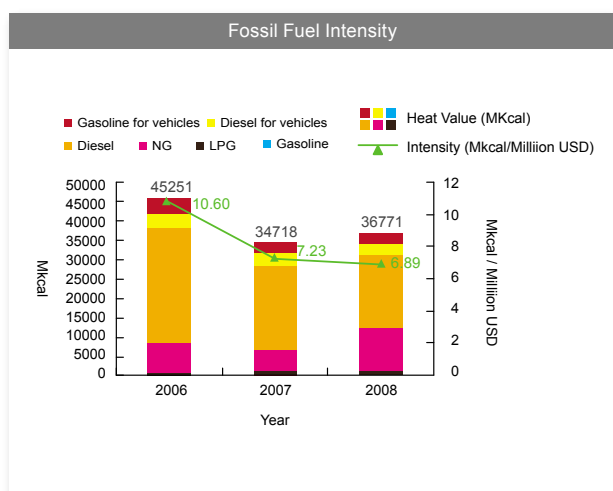


2007, then dropped in 2008 to levels below 2006. This shows that Delta is using electricity more efficiently though there is still room for improvement.

While we have increased our efficiency in using electricity, we are also looking at ways to reduce our total electricity consumption. Only then will we reduce our actual greenhouse gas emissions and reduce operating costs.

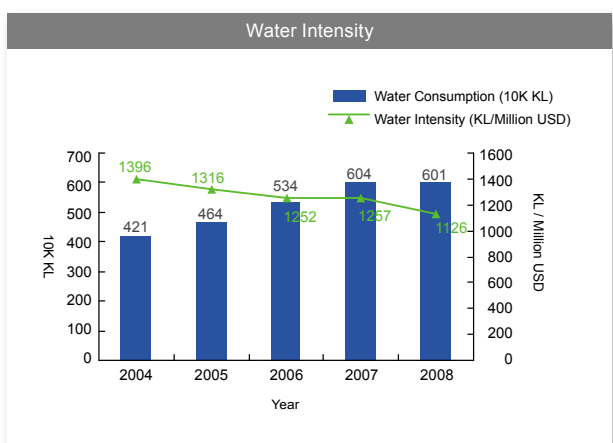
2. Fossil Fuels

Fossil fuels used at Delta include liquefied petroleum gas (LPG), natural gas (NG), diesel and gasoline. These are used by the power generators, boilers, forklifts and company vehicles¹⁹. If Delta's fossil fuel consumption of recent years is converted into heat value, the main input was diesel though this is gradually decreasing²⁰. Overall, energy input reached its peak in 2006 with intensity gradually decreasing each year.



3. Water

Delta's total water consumption reached its peak in 2007 before dropping slightly to 6,010,000 KL in 2008, a decrease of 0.5% compared to 2007. Looking at water consumption intensity between 2004 and 2008, the amount of water consumed per million USD of output dropped from 1396 KL to 1126 KL. Apart from a slight increase in 2007, water consumption has generally declined over the years, showing more efficient water use at Delta plants.



The amount of heat value generated from solar application was equivalent to around **15%** of that provided by fossil fuels

Solar applications helped reduce greenhouse gas emissions by **1,800** tonnes CO₂^e

Since the completion of Delta's green plant in Tainan, new Delta plants and offices around the world, including Slovakia, Pudrapur (India), the Shanghai R&D Center and the Wuhu plant, have all incorporated green building design concepts. By increasing natural lighting, natural ventilation, insulation and using energy or water-saving equipment throughout the buildings, comfort is maintained while realizing the goal of environmental protection. As for existing offices and plants, we have worked to reduce their energy / resource consumption and environmental impact through energy-saving and water-saving initiatives as well as increasing the use of renewable energy. These initiatives included:

1. Electricity-Saving Initiatives

Electricity-saving initiatives include improvements to air-conditioning and lighting, installation of timers and converters, and other measures. Based on measures implemented at Delta plants in 2008, a savings of about 5,420,000 KWH of electricity per year was projected - this meant

about 4,200 tonnes of CO₂^e avoided release into the atmosphere.

Electricity-saving measures have long been implemented at Delta plants and the results are significant. To ensure that existing measures are comprehensive, we plan to introduce the spirit of energy management systems such as ISO 50001 at major sites to use energy more efficiently in a systematic manner.

2. Solar Power Application

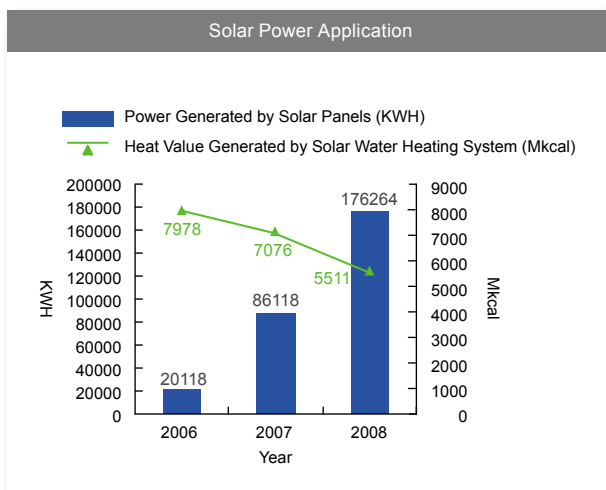
Delta has installed solar panels and solar water heating systems in our plants. This is the main type of renewable energy currently in use at Delta. Solar panels are installed at the Taipei headquarters, Taoyuan plant 2, the Tainan plant, the Thailand plant, the Tainingen plant (Germany), the Rudrapur plant (India) as well as Delta offices in California and North Carolina in the U.S. Solar water heating systems are installed at Taoyuan plant 2 and the Tainan plant in Taiwan as well as the Dongguan and Tianjin plants in China. Generally speaking, the

Footnotes

19 Fuels used by employee cafeterias or leased vehicles paid by contractors are not counted in Delta's fuel consumption.

20 Heat values are based on the China Energy Statistical Yearbook 2007 and other sources.

power generated by solar panels provides only a limited amount of electricity compared to what Delta purchases externally – only more than 170,000 KWH²¹ in 2008, while solar water heating systems contribute a significant amount of heat value that serves to replace the use of fossil fuels. In 2008, for example, the amount of heat value generated was 5,500 Mkal, equivalent to around 15% of that provided by fossil fuels. Together with power generated by solar panels it helped reduce greenhouse gas emissions by 1,800 tonnes CO₂^e.



3. Water Saving Measures

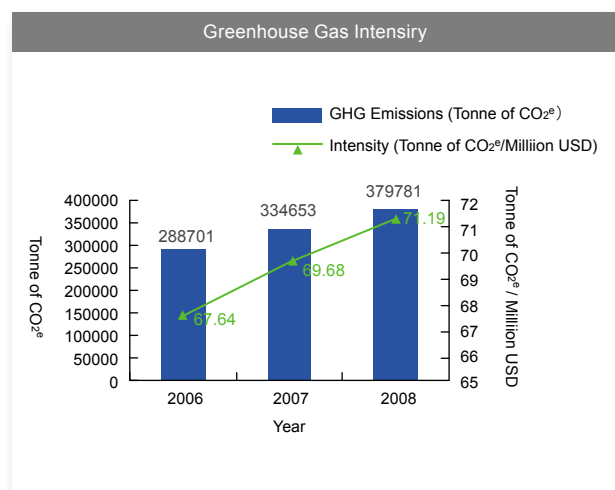
Water management at Delta's dormitories was the primary water saving measure in 2008. Total water saved by all measures was projected to be about 188,000 KL for one year.

Emissions

Emissions produced by Delta offices and production line operations in 2008 consisted mainly of greenhouse gases, flue gases, waste water, domestic and other wastes. These are described below :

1. Greenhouse Gases (GHG)

CO₂ emissions associated with externally purchased electricity are the main source of GHG emissions from Delta. At the Dongguan plants for example, third party verified GHG emissions in 2008 showed that 95% of CO₂ emissions were associated with externally purchased electricity. If CO₂ emissions from fossil fuel use were included then the total was over 97%²². For other plants that had not undergone GHG emission verification, we used the consumption of fossil fuel and externally purchased electricity to estimate GHG emissions.



Footnotes

²¹ The electricity generated by the solar panels at Delta's offices in California and North Carolina, U.S.A was included in the graph.

The GHG emission and intensity trend for Delta between 2006 ~ 2008 is shown in the graph. GHG emissions continue to increase, with Delta's total emissions in 2008 around 380,000 tonnes of CO₂^e²³. The amount of GHG emissions per million USD of output has also grown from 67.64 tonnes of CO₂^e in 2006 to 71.19 tonnes of CO₂^e in 2008, though the rate of increase has now slowed.

When compared to the trends of electricity consumption and intensity mentioned previously, total GHG emissions correspond directly with total electricity consumption. With electricity intensity on the decrease, GHG emission intensity continues to increase, which may be attributed to the continued increase of electricity emission factors for China in recent years. With the China plants' power consumption accounting for about 70% of all Delta power consumption, it has the effect of cancelling out any gains from improving the efficiency of electricity usage.

2. Flue Gases

Delta plants do not emit flue gases in any significant amount. Taoyuan plant 2 in Taiwan, the Wujiang, Dongguan and Tianjing plants in China, Delta Electronics (Shanghai), and the India and Slovakia plants all conduct monitoring of plant flues in accordance with

the law to ensure that they meet emission standards. Monitoring covers different items including particles, nitrogen-oxide compounds (NO_x), sulfur oxide compounds (SO_x), volatile organic compounds (VOC), hydrochloric acid, total organic compounds (TOC) and lead.

3. Effluent

The estimate for Delta's total effluent in 2008 was around 4,680,000 KL. This was generally the same as 2007 and consists mainly of domestic sewage discharged into sewer systems or sent to industrial park treatment plants. As required by law, most plants in Taiwan, China and India conduct regular sampling of the effluent to ensure that it meets emission standards. The items tested include biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended particles, pH value, chromium, fluoride, nickel and sulfur compounds.

4. Domestic Waste

In 2008, Delta generated a total of 6,900 tonnes of domestic waste. Around 80% were disposed of through landfill (mainly generated by the Dongguan and Wujiang plants in China).

Footnotes

22 The Dongguan plants accounted for about 42% of all Delta's emissions.

23 A. The electricity emission factors published by the Bureau of Energy, Ministry of Economic Affairs, were adopted for the plants/offices in Taiwan; regional electricity emission factors (OM) published by the National Development Reform Commission between 2006 and 2008 were adopted for the plants/offices in China. As for plants in other regions, the International Energy Agency's 2006 emission factors, cited by GHG Protocol's calculating tools, were used.

B. The calculation of GHG emissions from fossil fuels used the IPCC 2006 data and the China Energy Statistical Yearbook 2007 for reference.

C. Due to adjustments or changes of electricity emission factors, the total amount of Delta's 2006 GHG emissions is inconsistent with the number in the 2007 CSR Report.

D. The values of Global Warming Potential (GWP) referred to IPCC 2001 and 2007 data, etc.

5. Other Wastes

Other wastes included electronics, metals, plastics, waste solvents, waste paper/cardboard and waste wooden pallets/planks/pieces. These are generated by virtually all production lines and are registered and disposed of by contractors in accordance with the law. In 2008, the total amount of these wastes was 23,800 tonnes, with metals and waste paper/cardboard accounting for the top two categories.

The amount of domestic waste and other waste generated by Delta in 2008 increased slightly compared to 2007, but the intensity dropped from 6.10 tonnes per million USD to 5.75 tonnes per million USD.

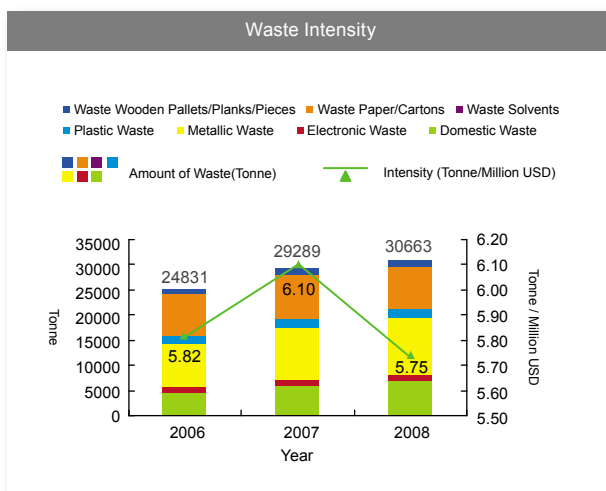
Waste glass tubes are produced by CCFL production at Taoyuan plant 2 and the Wujiang plant. Those coated with fluorescent

powder or containing mercury are disposed of by contractors. In 2008, it amounted to around 80 tonnes.

Energy / Resource Recovery

1. Electricity Recycling

Burn-in testing for AC motors, power supplies or uninterruptible power supplies (UPS) traditionally converts electricity into waste heat. The power was not only unrecoverable but the heat produced often needed to be dissipated using additional equipment, resulting in inefficiency and high cost. Delta designed an Energy Recycling System (ERS) to recycle electricity used during burn-in testing. This not only allows up to 95% of the electricity to be recycled but also keeps the surrounding environment cool. Due to its effectiveness, the ERS is now not only used at the Taoyuan, Tainan, Wujiang and



Delta's Energy Recycling System (ERS) is now able to recycle up to 95% of the electricity used during burn-in testing.

In 2008, the total amount of electricity recycled was over **59** Million KWH , equivalent to around **14%** of Delta's power consumption, and **56,000** tonnes CO₂^e of GHG emissions were reduced

Dongguan plants, but is also in trial use at the Thailand and India plants. We have also commercialized this product and hope to share its benefits with the rest of the industry. The amount of electricity recycled by Delta plants is growing each year, with the proportion of Delta's actual total power consumption for the year also increasing. In 2008, the total amount of electricity recycled was over 59 Million KWH. This was equivalent to around 14% of Delta's power consumption for the year and it has made a major contribution in electricity saving and GHG emission reduction.

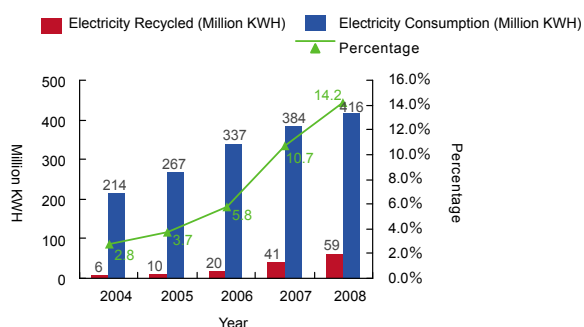
2. Heat Recovery

Most plants have looked at ways of recovering heat from machinery for reuse. Of these, the heat pump uses heat generated by the air-conditioning system to heat water supplied at dormitories. This has proven to be a particularly effective way to replace the use of fossil fuels. Heat pumps are installed at the Dongguan and Wujiang plants. The heat pumps at Dongguan plants 6 and 7, for example, provided an amount of heat in 2008 that was equivalent to using around 285 tonnes of diesel; thus, about 900 tonnes of CO₂^e GHG emissions were reduced by using heat pumps rather than burning diesel.

3. Water Recovery Measures

The major water recovery measures in 2008 included the recovery of process water and drinking water. Total water recovered by all measures was projected to be about 60,000 KL for one year.

Electricity Recycled



4. Wooden Pallet Recovery and Reuse

Serviceable wooden pallets are recovered by the plants and re-manufactured into other wood products. In 2008, about 1,300 tonnes of wooden pallets were recovered in this way.



The desks, chairs, and bookcases in the plant library were made from recovered wooden pallets.

Other Green Practices in Everyday Operations

1. Green IT

The number of IT products has grown rapidly in recent years. From personal computers to data centers, together it represents a staggering amount of power consumption. Not only does IT account for a significant share of global GHG emissions, but it's possible in the future energy costs will exceed equipment costs. As a key supplier of IT components, Delta not only strives to provide high-efficiency, energy-saving products, but we also use energy-saving IT equipment in our own facilities as well. Besides requiring major Delta's offices or

facilities to purchase Energy Star qualified computer products from 2008 onwards, any employee computer that connects to the company intranet automatically has its power configuration set to automatically turn off the monitor and go into standby mode if left idle for a certain period of time. Our data centers in China, Taiwan and Thailand are also set up to be more efficient and energy saving through server consolidation, equipment upgrades and space re-layout (setting hot / cold aisles, etc.). The data center at Taipei, for example, reduced its electricity use by around 10% in 2008 while PUE (Power Usage Effectiveness) was also down from about 2.2 to 1.86.

Business travel by Delta employees results in GHG emissions from various vehicles as well and these contribute indirectly to Delta's GHG emissions with the generation of air pollutants. To reduce the amount of business travel between Delta's plants and offices, we have now installed video conferencing systems at our 13 main locations around the world. This real-time image transmission may replace actual on-site meetings. In 2008, we held a total of 252 video conferencing sessions with the person-time attendance reaching 4,615.

2. "Environmental Protection Expert" Website

Global warming has awakened mankind to the importance of environmental issues. Ecological, environmental and energy



related news are now commonplace in the media. These reports are not only directly related to our lifestyle and survival but may also be connected to our work and industry development. To provide Delta employees with exposure to the latest environmental information and access to an interactive discussion space, at the end of 2007 Delta launched the Chinese "Environmental Protection Expert" website²⁴ using Web 2.0 technology. The website not only features selected articles from the media, China's "Friends of Nature"²⁵ bulletins and the Foundation's "Low Carbon Lifestyle Blog" but also a "Popular Feedback", "Most Viewed" and "Top Recommending Articles" area. This allows employees to view articles with the most responses or the most views to increase their awareness of environmental trends.

3. Green Administration and Other Activities

Apart from energy and water saving initiatives at the plants, Delta also strives to reduce energy and resource use in everyday operations. For example, when we realized that bottled water has a far larger carbon footprint than tap water and that disposable paper cups represent a wasteful use of forest resources, Delta reduced or banned bottled water and paper cups at many facilities as part of our green administration initiative. At Dongguan alone this represented a reduction of about 15,000 bottles of water and 45,000 paper cups in 2008. When possible, we are replacing diesel consumed in employee cafeterias or dormitories with cleaner fuel, such as natural gas, to reduce GHG emissions. We are also assessing the adoption of sustainable-forestry FSC or PEFC certified²⁶ paper products with soybean-based ink to print company catalogs or publications such as the company's annual report.

Footnotes

24 Currently the "Environment Protection Expert" website is targeted at Delta employees in Taiwan and China as major visitors. Delta employees with access to the intranet can visit the website at any time to view new updates, share their insights or recommend articles.

25 The "Friends of Nature" was established in 1994 and is one of the first non-government environmental protection organizations officially registered in China.



Delta Flea Market is open for business!

In addition, the Delta Foundation held its first "Delta Flea Market/Scavenger Hunt Week" in 2007 at the Taipei head office. This barter-based event received an overwhelming response from Delta employees. Led by Delta Electronics' CEO Mr. Hai who donated books and other items, Delta employees donated hundreds of items including sports gear, electrical appliances, children's products, furniture, bowls and plates, books, and CDs. These items all found new homes within just a few hours giving these once abandoned items a new lease of life. Due to the success of the event, this has become an annual event at the Taipei head office at the start of each year. We will also try this event at other Delta plants to promote the reuse of resources among Delta employees.

Shipping and Sales

This phase looks at the shipping of products from Delta plants or through logistics hubs to customers and on to consumers. The main environmental impact comes from energy and resources consumed during the process, as well as from the GHG, SOx and NOx emissions of vehicles during transportation.

Delta products have not only sought improvements in efficiency but have also emphasized power density. In other words, Delta products aim to provide the same power output for a minimum volume. This not only reduces the amount of metals, components, and assembly time required but also the amount of packaging materials and transportation space needed. For example, the 2700W rectifier for telecommunications uses nearly 40% less packaging material compared to its previous generation. More than double the number of products can fit into the same transportation space, resulting in significant savings in environmental impact and business costs. We are more than willing to work closely with our customers and carriers to optimize the use of space during transportation, reduce the use of vehicles, or assess a more environmentally-friendly way to ship so that we jointly reduce Delta's ecological footprint.

Footnotes

26 FSC: Forest Stewardship Council; PEFC : Programme for the Endorsement of Forest Certification schemes.

Product Use

Delta's various switching power supplies and DC fan products are now the world's number one in market share. We are also a leading supplier of many industrial or electronic products. With the large number of products shipped by Delta every year, the power consumed and GHG gases emitted at this stage may account for a product's greatest environmental impact during its lifecycle. For example, with the quantities of Delta's power supplies, DC fans, industrial automation and CCFL products shipped by Delta in 2008 from its Taiwan and China plants²⁷, if the energy-savings of Delta's latest products is not counted then under normal conditions it represents a total annual power consumption of over 90 Billion KWH and 59 Million tonnes of CO₂^e in GHG gases.

If the energy savings resulting from using Delta's latest products are counted however, a savings of 6.1 Billion KWH and 3.88 Million tonnes of CO₂^e in GHG emissions can be achieved each year. This represents a 6.6% reduction from the original power consumption and GHG emissions, which is also ten times that of Delta plants' total GHG emissions for 2008. These figures show that our development of energy-saving products and continued improvements in energy efficiency delivers far greater benefits than the savings achieved in Delta's everyday operations.

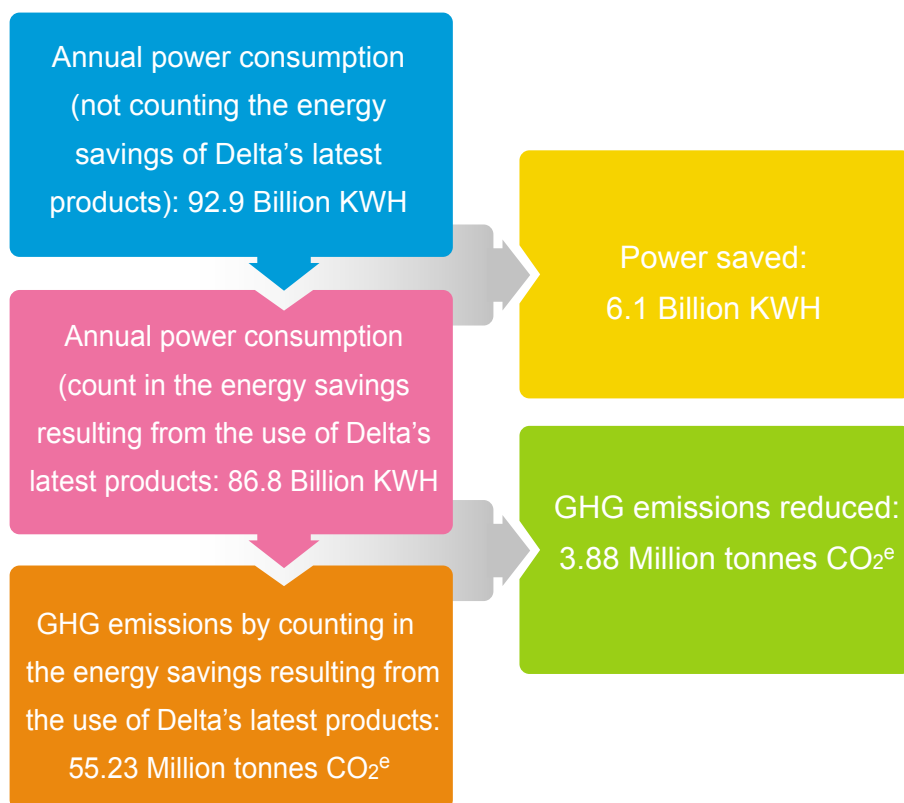
For products that came out in 2008, Delta's environmental protection and energy-saving efforts included the world's smallest universal power supply²⁸, high-efficiency LED lighting, high-definition LED projectors, E-paper and high-efficiency, lightweight DC brushless motors and servos.



Disposal

With electronics products now becoming obsolete at an unprecedented rate, the disposal of waste electronics has become an important issue for national governments such as the European Union, as well as international non-profit organizations such as Greenpeace. The electronics industry must now follow integrated product policies, such as the EU's RoHS, EuP, WEEE and REACH directives, and fulfill an extended producer responsibility for waste disposal as well. So far Delta has not been required to take direct responsibility for the recovery of waste products. Considering the

huge volume of Delta's products, however, we recognize that unless waste electronics are properly recovered and recycled they represent a massive waste of resources and environmental damage. In the worst case, they could also cause permanent damage to health or the ecology. Delta therefore not only complies with government regulations and customer requirements governing the use of environment-related substances in products but we are also doing our best to incorporate easier disassembly into our product designs.





The World's Smallest Universal Power Supply



E-paper



High-Definition Home Theater LED Projectors



High-Illumination LED Highway Lighting



DC Brushless Motors and Servos

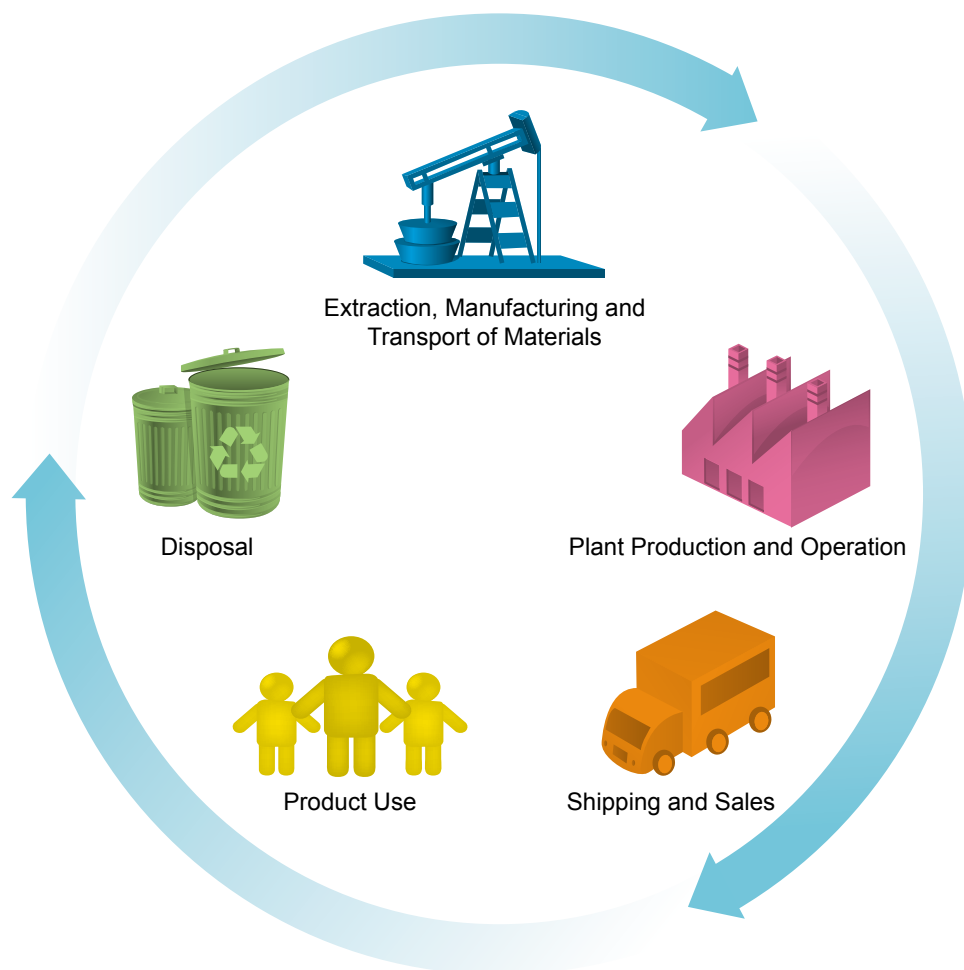
Footnotes

27 Taiwan's 2008 electricity emission factor (0.636kg Of CO₂^e/KWH) is adopted.

28 Awarded the "Innovations 2008 Design and Engineering Award" at CES 2008 in the U.S., as well as the 2008 iF design award in Germany.

In today's hot, flat and crowded world, material demand continues to increase with the human population. Earth's resources are becoming depleted even as man-made waste continues to increase. Delta strives to follow environmentally-friendly and energy-saving practices in our daily operations, and to improve our products' environmental performance. We are also developing products that use renewable energy, promoting environmental education and introducing concepts of environmentalism to our supply chain. However,

we feel that the linear model of the product lifecycle used since the Industrial Revolution does not give mankind and the planet a sustainable ecosystem. How can we emulate the example of the cherry tree that flowers year after year as in Professor Michael Braungart's book "Cradle to Cradle"? How we can design products that can be continually reused without degrading its materials or product value (or even increase its value) is something that Delta must now study and work towards in the future.



Plans and Prospects

The global financial crisis is causing massive economic upheaval, but with the world's governments working together, recovery is now in sight. Yet the threat posed by global warming still requires a major breakthrough in international negotiations and a change in modern lifestyles to slow the rate of warming and avert an ecological catastrophe.

Responding to climate change is not only a corporation's social responsibility. How to respond to the threat it poses and take advantage of the opportunities it offers is something that businesses must look at seriously in their corporate strategies. Delta's responses are as follow:

1. Closely monitor international negotiations as well as local governments' legislative developments on energy, carbon credits and carbon taxes (energy tax). Where appropriate, Delta will make suggestions to the government and prepare accordingly.
2. Apply the spirit of ISO 50001 management standards to energy management in plants. By adopting energy-saving initiatives and making good use of renewable energy, Delta is reducing our GHG emissions and the impact of rising energy costs.
3. Continue to develop innovative high-efficiency and renewable-energy products to exploit opportunities in a low-carbon economy and lead the trends.
4. Evaluate the feasibility of applying for carbon credits.
5. Calculate the carbon footprints of major products, and evaluate measures for dealing with extreme weather conditions or environmental changes that may affect the supply chain, plant production or product logistics.
6. Work with the supply chain to promote carbon reduction techniques and share insights/experiences with other leading enterprises and organizations such as the Taiwan Corporate Sustainability Forum and the CSCI.
7. Provide better carbon disclosure through CDP surveys and more.
8. Continue sponsoring the research of clean technology and promoting energy education.

As for other social responsibility issues, Delta continues to strengthen our CSR organization's operations, implement internal training, such as for EICC, global warming, and environment-related substances, cooperate with the supply chain and other leading enterprises, and strengthen communication/disclosure between stakeholders. We hope that everyone at Delta and all other corporate citizens can join together to realize Delta's mission of "To provide innovative, clean and efficient energy solutions for a better tomorrow" to make our environment and our society a better place.

GRI G3 Indicator Index

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Note: Among GRI G3 profile and performance indicators, only those that are applicable and revealed in this report are listed.



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