



# Delta Group CSR Report | 2010

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## Letter from the Chairman

It has been more than a year since the United Nations Climate Change Conference (COP 15) took place in Copenhagen, Denmark, where over 100 national leaders attended. The delegates of the COP 16 Conference in Cancun and follow-up conferences addressed the emissions target with the "Kyoto Protocol" second period of commitment, established the Green Climate Fund, and continued further negotiations of adoption and technology transfer among different countries. However, significant differences remain regarding the development stages of various countries. The progress of international negotiations is slow, yet the pace of global warming continues to quicken. This was particularly evident during the 2010 economic recovery, in which statistics from the International Energy Agency (IEA) show that carbon dioxide emissions increased by 1.6 billion tons compared with the previous year (mainly a product of burning fossil fuels). At 30.6 billion tons, it is alarming that carbon emissions are at an all-time high.

Aside from fulfilling our mission "To provide innovative, clean and efficient energy solutions for a better tomorrow", Delta hopes to not only contribute to protecting the environment, but also to participate in the rapidly growing green industry. We are incorporating new methods and remaining proactive in ensuring our competitiveness in the green market. With 40 years of experience in the power management industry we are continuously enhancing product quality and efficiency. We are also actively developing clean technologies and alternative energy products. Delta is currently making a move from the IT (information technology) field to the ET (energy technology) field and clean energy. The solutions that we provide such as solar and wind power systems, cloud computing, smart grid, medical electronics, electric vehicles, lithium batteries with charging infrastructure, energy-efficient LED lighting, industrial automation, and intelligent green building systems, are all targeted to meeting future market demands. Delta's focus corresponds directly to China's 12th "Five-Year Plan" where 3.1 trillion RMB will be invested in the energy-saving industry, environmental protection industry, the renewable energies industry, the bio-technology industry, the new emerging information industry, and new electric vehicle propulsion methods.

We continue to focus on corporate governance and achieving our business goals. The Greek debt crisis has spread across Europe and the United States' quantitative easing policy has weakened the U.S. Dollar; however, Delta's revenue is at a record high in 2010. Aside from receiving the 2010 Taiwan Superior Brands Award, Delta won first place in the Commonwealth Corporate Citizenship Awards and was selected as the Most Admired in the electronics category. We also received most outstanding / best supplier awards from Asus, Cisco, LSI, Pegatron, and more. Delta continues to achieve a high level of success and recognition in a challenging business environment.

2010 marks the 40th anniversary of Delta Group as well as the 20th anniversary of the Delta Electronics Foundation. As we launch a series of special events, we hope that more people become environmentally conscious and sensitive to the urgent energy crisis at hand. Delta continues to cultivate the core mission of the Delta Foundation and achieve progress. To promote green buildings, Delta employs green



architecture and functions in its new buildings around the world, and will acquire more green certifications. The Delta Foundation has also donated fully green academic buildings to universities. The “Y.S. Sun Green Building Research Center” at the National Cheng Kung University is the first zero-carbon building in Taiwan and also the first green architectural education center in the subtropics. The building has an overall energy savings of up to 65%, water savings of up to 50%, and uses 100% green materials. Coupled with innovative engineering methods and low costs allows the structure to reap the maximum amount of environmental benefits as an inexpensive green building. The Delta Foundation has also donated to reconstruct the Mianyang Sunshine Elementary School devastated by the Sichuan earthquake and also provided help to the Kaohsiung County Min Quan Elementary School damaged by flood waters from Typhoon Morakot. These projects have constructed environmentally friendly and comfortable campus environments. In addition to allowing people to enjoy the benefits of green buildings, the Foundation has also organized documentary film festivals, forums, “Green Designer Workshops,” and more, promoting energy conservation, as well as environmentally-friendly and healthy design concepts.

The global environment of the 21st century is facing a major crisis. People must become more aware of not overusing and wasting natural resources. Destroying our beautiful environment would not only sacrifice our quality of life, but it would also create a catastrophe that would affect future generations. We must create a new industrial revolution. New opportunities for innovation will continue to bring challenges, and Delta will remain dedicated to creating sustainable methods to protect the environment and to achieve our business goals for the 21st century.

Founder and Chairman  
First Chief Environmental Officer in Taiwan  
Delta Group

## Letter from the CEO

Corporate social responsibility (CSR) covers many issues. For Delta, CSR includes sound corporate governance, commitment to stakeholders' balanced interests, dedication to energy conservation and environmental protection, and contributing to society. CSR is not only an essential part of Delta's corporate strategy but also the principles we strive to follow on a daily basis.

CSR related supply chain management has been the electronic industry's focus in recent years. Current topics such as environment-related substances in products, climate change, labor safety & health and human rights, as well as emerging ones such as conflict metal/conflict mineral and water footprint all need supplier participation to realize maximum synergies. We have announced our policies on the EICC code of conduct and conflict metal/conflict mineral<sup>1</sup> and are promoting the relevant concepts to our supply chain. We have also established a committee dedicated to the issue of sustainable sourcing and supply chain management that is setting up policies, performance indicators, and reporting on committee performance. At the same time, we continue to participate in discussions on amending information disclosure requirements for supply chain management in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, organized by the GRI. We hope that the GRI will consider feedback from the Taiwanese electronics industry as they draft the new guidelines. Meanwhile, working together with other companies around the world, such as non-profit organizations, certification bodies, voluntary standard-setting organizations, and consultants helps Delta understand the latest international trends.

Since we introduced the ISO 50001 energy management system at our major sites in China and Thailand in 2009, we have advanced the level from upgrading equipment to total energy management, and we are extending the practice to the rest of Delta's sites. In addition to reaching the short-term target of "reducing the overall electricity intensity<sup>3</sup> of the Delta Group by 10% in 2010 compared to 2009"<sup>4</sup>, we have also designated a competitive five year goal of lowering electricity intensity by 50%, in the hopes of further enhancing efficiency in our use of electricity. We will initiate discussions on group-wide management goals regarding water resources and waste management. As we reach internal consensus and lower operating risk, we will become environmentally friendly on a greater scale.

We have always valued the importance of information disclosure. Delta Electronics Inc., our parent company, was once again given an A+ rating for information disclosure by the Securities & Futures Institute in Taiwan in 2010. Meanwhile, the Board organized the Compensation Committee to evaluate the compensation policy of the company and the compensation of directors and officers to ensure that overall remuneration is fair and reasonable.

1. Please see "Delta and Suppliers".
2. Social Accountability International (SAI) for example, it set up SA 8000 series (Social Accountability 8000) guidelines on labor rights.
3. The definition of electricity intensity is Delta's annual electricity consumption (10k kwh) over annual revenue (million USD).
4. The actual electricity intensity in 2010 was lowered by 15% plus, comparing to the 2009 intensity. Please see "Delta and the Environment" for details.



As we develop a total solutions business and promote the Delta brand, we are combining operations strategies and core competencies to carry out our corporate social responsibility more effectively. Through solid effort, we will continue to integrate internal and external resources to fulfill Delta's CSR commitments and create a sustainable positive impact on society.

Vice Chairman and CEO  
Delta Group

A handwritten signature in black ink, reading "Yanney Hain".

## Delta's CSR Highlights



After Typhoon Morakot in 2009, Delta Electronics Foundation and Delta Group donated a total of NT\$500 million to sponsor Kaohsiung's county government in reconstructing schools in the damaged area. These campuses will be "diamond-rated" green buildings and will demonstrate best practices for next generation green campuses located at middle altitudes.





↑ The Y. S. Sun Green Building Research Center, aka the Magic School of Green Technology, got its inspiration from Noah's Ark, echoing the renowned masterpiece, "Hot, Flat, and Crowded," by American journalist Thomas Friedman, which states that the world needs a million Noahs and a million Arks to save the Earth's creatures and protect biodiversity.

→ Taiwan's Vice President Vincent C. Siew (middle), Founder and Chairman Mr. Bruce Cheng of Delta Electronics (right 2), President Michael Ming-Chiao Lai of National Cheng Kung University (left), and Professor Lucy Sun attend the ribbon-cutting ceremony for the NCKU Y. S. Sun Green Building Research Center.

↘ With a diamond-rated certificate from Taiwan's EEWB green building rating system and about to acquire the highest certificate of the U.S. LEED rating system, the design team utilizes green building technologies, such as natural ventilation, equipment reduction, and energy-saving and renewable energy technologies. A 65% energy saving is expected.



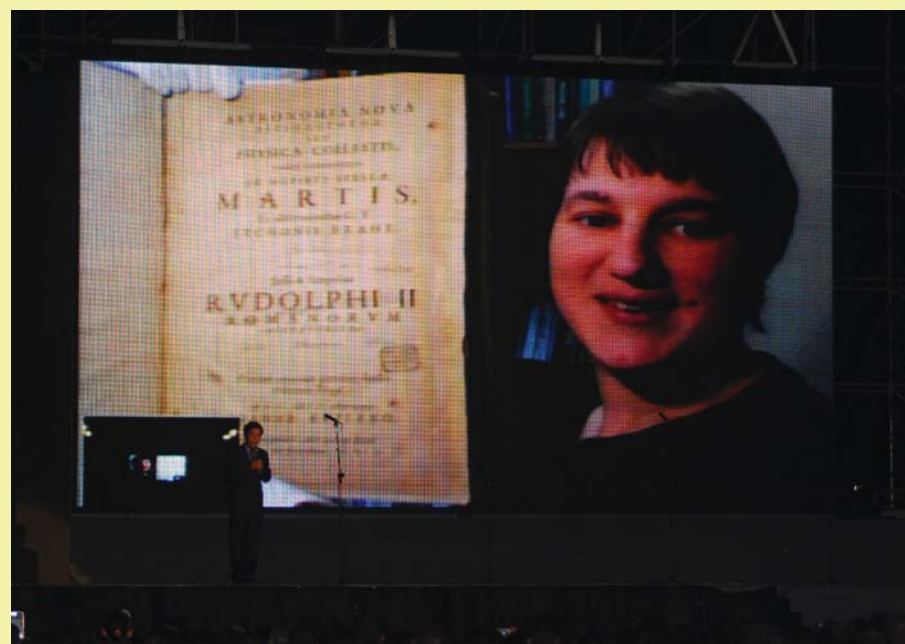
↓ Delta sponsors the first ever 3D film "To Face the Truth in Taiwan" on Taiwan's environment that is publicly screened at the Truth Hall, Taipei Flora Expo. Using Delta and Vivitek's Full HD display devices and 3D technology, the audience experiences nature's powerful reaction after it is damaged.



→ The 3D film "To Face the Truth in Taiwan" is played 23 times per day during the Expo, and is publicly screened for a half-year, attracting nearly 1.1 million viewers.



↓ Following The International Year of Astronomy 2009, Delta sponsors a winter solstice concert in Kaohsiung City. Through Delta's 500-inch LED Wall, the audience experienced brand new visual effects.



← In a video conference from Austria, Dr. Wei-Hsin Sun, a professor from the Astrophysics Department of National Taiwan University, shows the original copy of "The Heliocentric Theory" which Copernicus published more than 400 years ago.

↓ Delta invites an expert on CSR and enterprise ethics, the National Taiwan University ex-president Mr. Chen Sun, to deliver a keynote of "The Theory and Practice of Enterprise Ethics". Delta's executive team, BGBU heads, functional heads and many colleagues attend the lecture.



→ President Sun shows his handwritten text for Delta.



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## Delta Group Overview

Established : 1971

Worldwide revenues in 2010 : US\$6609 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 energy saving and renewable energy technology, such as power management solutions, visual displays, industrial automation, networking products, solar energy systems, LED lighting, and automobile electronics, and electric vehicle propulsion systems. Our products are sold around the world. The Delta Group is headquartered in Taipei, Taiwan, with offices, manufacturing facilities and R&D laboratories throughout Europe, Asia, the Americas, and Africa. At the end of 2010, there were over 80,000 Delta employees throughout the world.

Delta is well known as a professional DMS (Design, Manufacturing and Service) provider, and we serve leading brand companies in the areas above. Over the last few years, we have made great strides in developing our own brand for UPS (uninterruptible power supply) systems, industrial automation, and telecom power products. The official first year for the Delta brand was 2010 and the company established



the Brand Office to manage global brand activities. With its own-brand products, Delta entered the biomedical market to serve end-consumers.

Delta is a member of related industrial associations, such as the Taiwan Electrical and Electronic Manufacturers' Association. With our corporate mission "To provide innovative, clean and efficient energy solutions for a better tomorrow", Delta participates in the Business Counsel for Sustainable Development, Taiwan (BCSD-TW), Taiwan Corporate Sustainability Forum (TCSF), Taiwan Corporate Governance Association (TCGA), Chinese Business Ethics Education Association, and Climate Savers Computing Initiative (CSCI) and works with other member companies to help mitigate global warming and reduce our environmental impact. We strive to do our utmost to help slow global warming and reduce our environmental impact. We believe in fulfilling Delta's CSR goals through sound corporate governance, balancing stakeholder interests and supporting social progress.

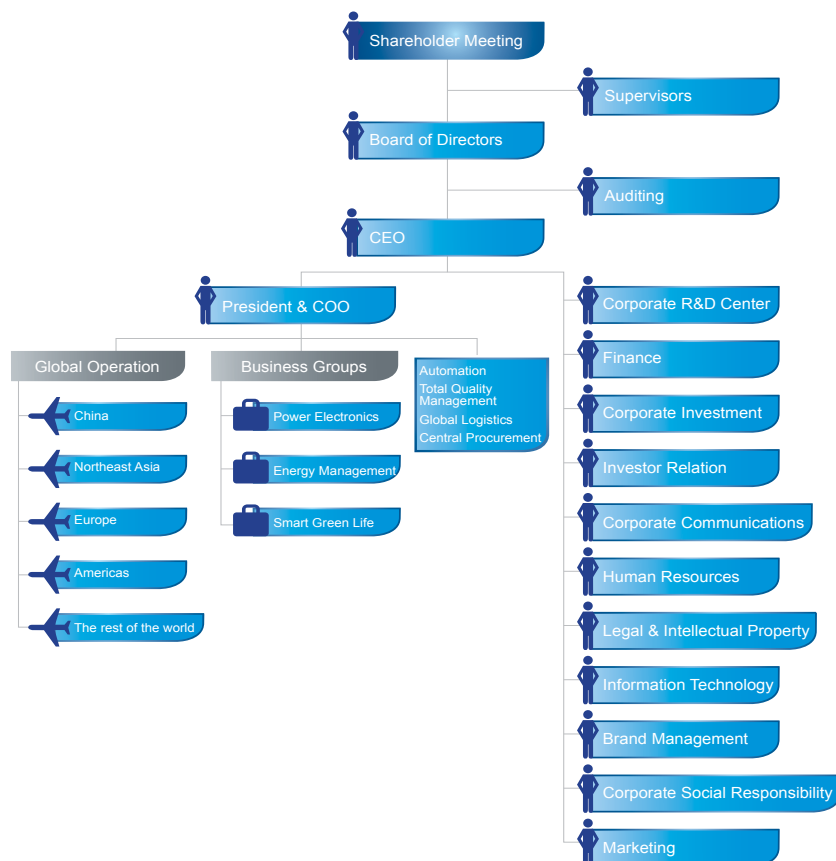


## Organization

Delta's compound annual growth rate (CAGR) since 1971 is 36%. Major organizational changes within Delta in 2010 include:

1. Cytotec Co., Ltd. became Delta's 100% owned subsidiary on March 31st, 2010 to share R&D resources and patents for greater synergies in products and customers, and to further strengthen overall competitiveness.
2. Capital injection for Allied Material Technology Corp. from which we received over 99.96% of its shares and the plant and equipment at Pingjhen to server as a production line for e-paper.
3. BG/BUs were re-organized into three business clusters<sup>5</sup>:
  - "Power Electronics" – design, manufacturing, and sales for power supplies and electronic components, DC fans, and more.
  - "Energy Management" – design, manufacturing, and sales for power systems, inverters, industrial automation products, automobile electronics, electric vehicle propulsion systems, renewable energy products and systems, UPSs, smart power management systems, and more.
  - "Smart Green Life" - design, manufacturing, and sales for projectors and display devices, LED lighting products, networking products, biomedical products, e-paper applications, intelligent artificial voice systems, cloud technology applications, and more.

The current Delta Group organization is as follows :



5. Please see Annual Report 2010.

## 2010 Delta CSR Report

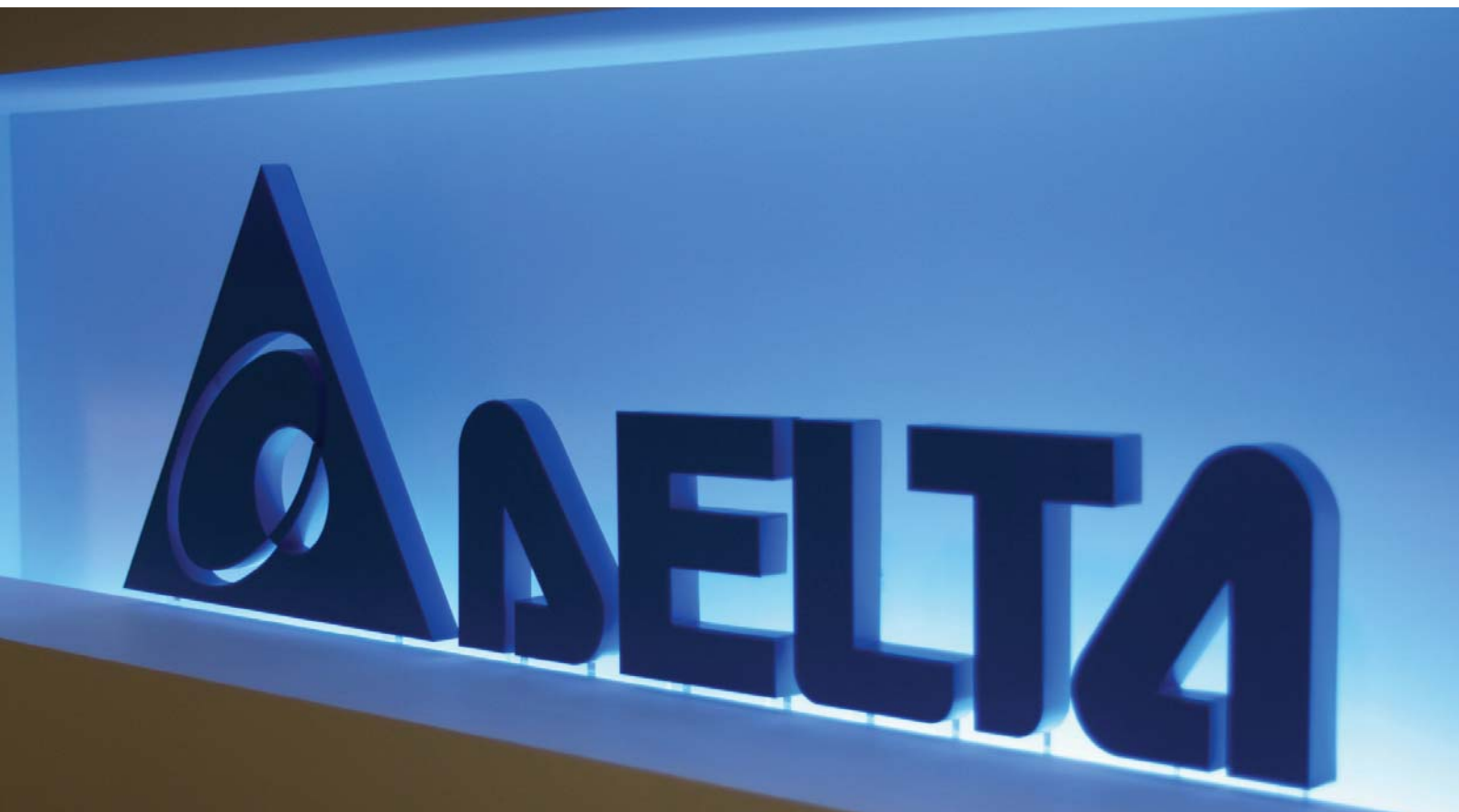
The Delta Group publishes a CSR report every year. The report covers Delta's CSR activities and developments from the preceding year. Referring to the principles<sup>6</sup> in "Sustainability Reporting Guidelines version 3.0", published by the GRI, the CSR Office<sup>7</sup> identifies the issues stakeholders are most concerned about and submits a proposal to the CSR Board for approval.

The period and boundary of this report are as follows :

Reporting Period : January 1, 2010 ~ December 31, 2010

Boundary : Delta Electronics, Inc. (Taiwan); Wujiang, Dongguan, Tianjin, Wuhu, and Chenzhou plants; Delta Electronics Shanghai; Delta Greentech (China); Delta Networks Inc.; DelSolar Co. Ltd.; Cytotec Co. Ltd.; Delta Electronics (Thailand); and Delta Energy Systems (Germany, India, Slovakia)<sup>8</sup>.

Delta self-declares that this report meets the requirements of Level B of GRI's "Sustainability Reporting Guidelines version 3.0".



6. CSR Office was established at the beginning of 2011 to aid business divisions and manufacturing sites in planning and realizing Delta's mission of "To provide innovative, clean and efficient energy solutions for a better tomorrow", and enhance Delta's business sustainability.

7. The "Reporting Principles for Defining Content" include materiality, stakeholder inclusiveness, sustainability context, and completeness.

8. Chenzhou plant, and subsidiaries DelSolar, Cytotec were added in the report boundary.

## Delta's CSR Commitment

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 community participation. Our commitment is to:

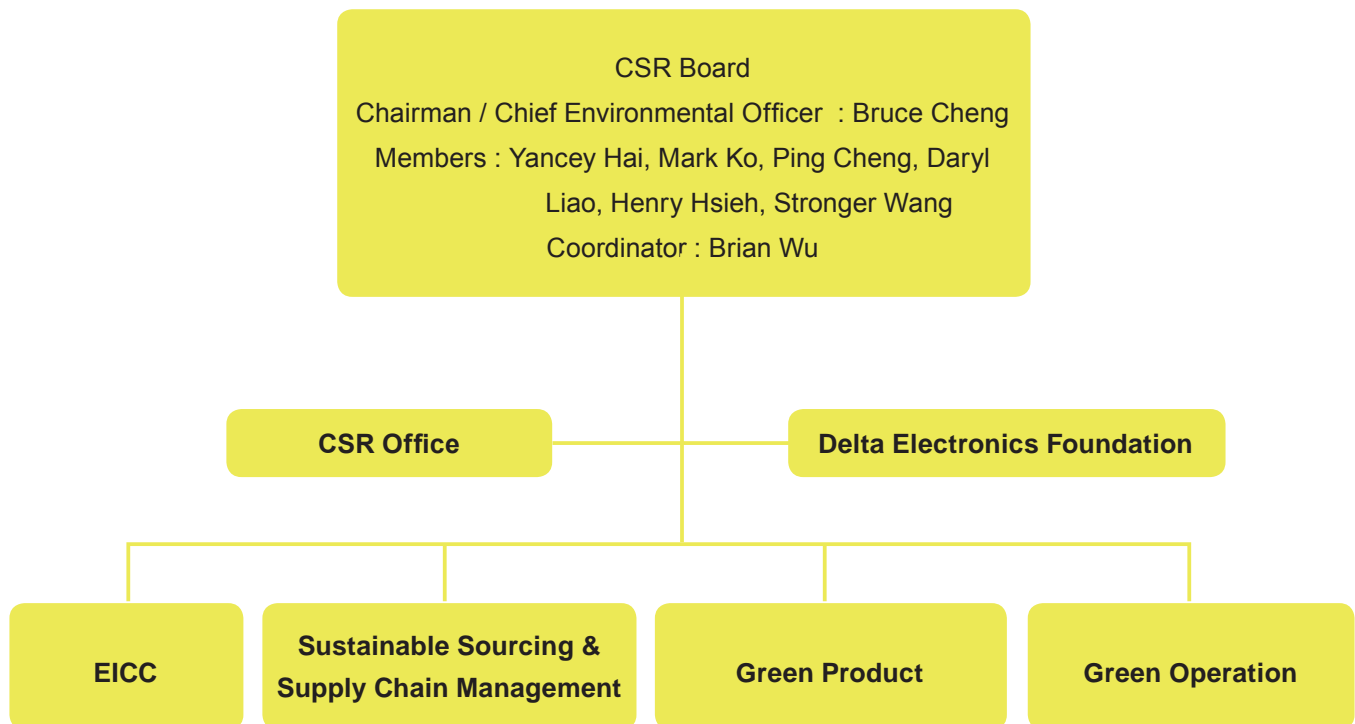
- Maintain sound corporate governance and strictly abide by commercial and ethical standards
- Comply with laws and regulations
- Provide employees with a safe and healthy work environment where they can live up to their full potential in return for reasonable remuneration and benefits
- Support environmental 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

We continue to follow CSR trends and pay close attention to emerging CSR issues so that we can adjust and focus our commitment to cover all aspects of fulfilling CSR. At Delta, we integrate this commitment into our organization and training on an everyday basis to expand the scope and depth of our CSR activities. Externally, we have established a partnership and good communication channels with our stakeholders and we provide recommendations to the government through business associations or public hearings when appropriate to ensure that we gain the maximum synergy from all related parties.



## Delta's CSR Organization

Responding to CSR issues and the establishment of the CSR Office, we have adjusted Delta's CSR Organization as below :



The top CSR organization within Delta is the CSR Board. The CSR Board is chaired by Founder and Chairman Mr. Bruce Cheng, and its membership includes Delta Electronics' Chief Executive Officer, Chief Operations Officer as well as the top and deputy executives for China and Thailand. It is the responsibility of the board to define Delta's CSR vision and primary stakeholders, review the policies set by the functional committees and supervise overall performance. So far, the process for evaluating the CSR Board's own performance has not been established.

Under the CSR Board, there are an advisory group and an implementation group. The CSR Office was established to aid business divisions and manufacturing sites in planning and realizing Delta's mission of "To provide innovative, clean and efficient energy solutions for a better tomorrow", and enhance Delta's business sustainability. Moreover, the Delta Foundation, established by Chairman Bruce Cheng, is a vital part of the group, as it is dedicated to protecting the environment while promoting technological innovation and educational outreach. On the same note, the Delta Electronics Foundation operates as a non-profit organization to ensure a more complete understanding of Delta's positions.

For implementation there are four task-oriented functional committees: "EICC (Electricity Industry Code of Conduct)", "Sustainable Sourcing and Supply Chain Management", "Green Products", and "Green Operations". The committee members are made up of the heads of business groups, site directors and the relevant department directors. Co-working with the CSR Office, they are responsible for defining Delta policies, selecting performance indicators, and reporting performance back to the CSR Board.



# Sound Corporate Governance

"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<sup>9</sup>, including one independent director and one independent supervisor<sup>10</sup>. The board chairman does not hold an administrative position within the company. According to the "Articles of Incorporation of Delta Electronics, Inc."<sup>11</sup>, the remuneration for directors and supervisors is no more than 1% of the distributed balance. In 2010, the average annual remuneration for each director is NT\$1.47 million, and for each supervisor NT\$1.75 million.<sup>12</sup>

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 six occasions in 2010, and the overall attendance rate was 94%<sup>13</sup>. 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 website<sup>14</sup>. The Article of Incorporation, board meeting regulations and election rules for the directors/supervisors are also provided online for reference. An internal audit team submits its audit report to the supervisors monthly, and the Chief Auditing Officer presents critical findings to board members at board meetings.

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 current activities and can provide appropriate advice when necessary. Meanwhile, the Board organized the Compensation Committee to evaluate the overall compensation policy, the compensation of the company's directors and officers, and carry out other assignments by the board. The Committee is composed of at least three directors from the Board, and at least one of the committee members is an independent director. In addition, the chief director of the Human Resources Department joins the committee as a councilor without a right to vote. Committee members are prohibited from approving their own or relevant parties' compensation.

9. The age of Board members ranges between 48 and 75, with the average close to 61.

10. One of the directors and supervisors is female (as the non-independent supervisor). She does not hold an administrative position within the company (non-executive).

11. The "Articles of Incorporation of Delta Electronics, Inc." is available on [http://www.delta.com.tw/ir/ir\\_govern.asp](http://www.delta.com.tw/ir/ir_govern.asp).

12. Refer to the proposed amount in the 2011 Annual Report. Only the remuneration for the service to the Board is counted.

13. Please see the Annual Report, pages 18 and 19, for avoiding conflicts of interest in 2010.

14. Available on [http://www.delta.com.tw/ir/ir\\_govern.asp](http://www.delta.com.tw/ir/ir_govern.asp).

The core areas of the company are R&D, manufacturing, and sales. We do not participate in businesses of high-risk and highly leveraged investment. Delta consistently monitors capital on the market and interest rates, makes cautious funding decisions, and hedges against foreign exchange rate risks. Simultaneously, through our auditing, finance, corporate investment, information technology, legal and intellectual property, corporate communications, investor services, and environmental health & safety departments, we are able to assess and manage risks associated with all operations to maintain company sustainability.

Delta's efforts in corporate governance continued to win outside recognition in 2010. Besides winning Commonwealth Magazine's corporate citizen award and Yazhou Zhoukan's 2010 "Global Chinese Business 1000-Best Performance Award", Delta placed first as Commonwealth Magazine's top electronics company since 2002. We received an A+ rating once again from the Securities and Futures Institute in Taiwan in 2010. Moreover, our top management received "CNBC Asia Innovator of the Year", the "China Business Leaders Awards 2010", and Ernst & Young's "Entrepreneur of the Year". Delta Thailand was also awarded the "Prime Minister's Industry Award 2010" by Thailand's prime minister, the country's most prestigious recognition of industrial competitiveness on the basis of innovation, quality, sustainability, community involvement, environmental protection, and a clear role in social responsibility.

We will continue to improve the quality of corporate governance at Delta by strengthening the organization and function of the board to make Delta an even more respectable world-class corporation.



## Ethical Standards

The "Delta Code of Conduct" was revised in 2010, describing Delta's expectations for all employees around the world. The Code provides guidelines for employee conduct and asks all employees to protect Delta's assets, rights and image by committing themselves to engaging in legal and ethical behavior so that the company can sustain its business and growth. The Code is taught as a part of each new employee's training. In addition to obeying the applicable laws and corporate policies, implementing the principles of "Care for the Environment, Energy-saving and Our Green Earth" and maintaining "integrity" are stated at the very beginning of the Code.

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

- All employees should conduct business dealings with third parties in line with regulations, customary business practices and business etiquette
- All employees should avoid any conflicts with Delta's interests
- All employees should maintain the security of the company's assets, and are strictly prohibited from improperly or illegally using Delta assets
- All employees should protect the company's information, business data, technical materials, trade secrets and other confidential business information
- All employees are prohibited from acquiring others' confidential business information in an illegal manner, or infringing others' intellectual property rights
- All employees have to comply with copyright laws
- Earning personal gains through insider information is prohibited
- Comply with environmental, health and safety regulations, and promote Delta's relevant commitments and policies to stakeholders (such as suppliers)

Additionally, articles regarding internal training, penalties, and appeal channels are also included in the document. 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. When finding that another Delta employee could be involved in activities that violate the law or the Code, all Delta employees have the obligation to report the matter to the head of the unit the employee belongs to, head of the audit department, head of human resources department or head of legal and intellectual property department, or local opinion mailbox.

Delta employees may elect to stay anonymous when reporting the act of violation of another employee. However the Company encourages Delta employees to indicate their identity when making a report to facilitate communication and investigation. If a Delta employee makes a non-anonymous report, the receiving unit should take reasonable preventive and protective measures to ensure the quality of investigation and protect said employee from retaliation or unfair treatment.

Moreover, Delta's policy is not to directly or indirectly make political donations.

## Contributions to Society

Contributing to society is one of the four pillars of CSR as defined by Delta. In addition to providing a better quality of life through our high quality products and services we also actively participate in various charitable activities. In recent years, Delta and the Foundation have worked together and made significant progress addition to our long-term focus on environmental education, promoting green buildings, developing talent, supporting academic research, and responding to important social issues. 2010 marks the 20th anniversary of the Delta Foundation. We have introduced a series of events in an effort to improve the public's understanding of urgent environmental and energy issues at hand.

### Environmental and Energy Education on Campus and in the Community

#### Energy Education

Climate change is an issue that both the current generation and future generations must face. Now that anthropic greenhouse gases have been confirmed as the main cause of global warming, only people equipped with the right concepts and knowledge can make the choice to save energy and reduce carbon emissions in the way they live. Elementary schools are the foundation of our education system so we have continued to develop the "Taiwan Energy Education Program (TEEP)" which is localized teaching materials for elementary students. Starting with learning about different types of energy, we guide students in how to measure the power consumption of everyday appliances. Energy consumption throughout product lifecycles and the concept of carbon footprint are then introduced so that students take an active interest and help to reduce energy consumption at home and at school. They may even boost their parents, relatives and friends' carbon awareness so the goal of reducing carbon emissions can be met.

A team of volunteers made up of Delta employees and external partnersthe Society of Wilderness has now spread the knowledge and techniques for energy conservation to over 45,000 class attendances and

Kids on the "Green Family Tour" try to be the first to answer the volunteer teacher's question.



tens of thousands of families. This program has been one of the most successful projects implemented by domestic NPOs (non-profit organizations).

Additionally, the Delta Foundation hosted the “Taiwan Energy Education Summit Forum,” in which a total of 89 organizations composed of school principles, first-line education management personnel, private organization personnel, and government related departments were in attendance. Through the three aspects of campus operations, design of teaching material, and knowledge sharing, the group discussed the current experiences and future prospects for energy education, while exhibiting the operating successes of several energy-saving educational campuses and role model schools (JianAn Elementary School, Hui Wen Elementary School, Mingdao High School, Bihu Elementary School, Da Shan Elementary School) supported by the Delta Foundation. Following the meeting, representatives from the various schools signed the “Declaration of Energy Education.” This document not only encourages communities to pursue an effective education strategy to make the public concerned about energy, environment, and climate change issues, and learn about more efficient energy usage, but also enforces a



Founder and Chairman Bruce Cheng attends the “Taiwan Energy Education Forum” and hopes to promote energy education together with more schools.

firm commitment to developing and implementing an energy education program within their own education systems. Participants will gladly share their experiences in practical energy usage to train citizens in the ways of efficient energy and adaptability for the future.

After the forum, nearly 20 more schools have applied for the voluntary guest speaker services provided by the Delta Foundation. It is clear that the event has had a significant impact in spreading energy education to more campuses.

## Ecological Education

Since the public screening of documentaries such as “An Inconvenient Truth” and “ $\pm 2^{\circ}\text{C}$  - The Truth about Taiwan”, climate change and environmental protection themed documentaries have received more and more attention. Apart from sponsoring the screening or production of the films mentioned, in 2010 the Delta Foundation collaborated with the CNEX Foundation<sup>15</sup> for the first time to organize an environmental protection themed documentary film festival by the name of “The Next Homeland.” 68 films were selected from around the world. Topics included green building, water resources, renewable energy, environmental protection, natural disasters, genetically modified food and organic food issues. These documentaries displayed the symbiotic relationship between man and nature. They explored the endless possibilities of environmentally friendly solutions to inspire discussions of the future. These film projects brought fresh issues and ideas to Taiwanese audiences. Discussions were held following 28 of the screenings, in which directors or film crews interacted live with the audiences. All commemorative products and t-shirts for this event were produced with organic recyclable materials; moreover, the event organizers also organized a group of domestic organic and fair trade retailers to promote green marketing.

According to statistics, the ten-day film festival attracted approximately 2,300 attendances. Upon further investigation of the audiences, we could also deduce which topics people tended to take more of an interest in or are more familiar with. The Delta Foundation then selected five films to screen at Delta plants in Taiwan. The screenings attracted nearly 300 attendances and in some areas, 10% of the plant area employees were in attendance. From the reactions to the Delta internal film festival, it was clear that Delta employees had a stronger understanding of environmental issues, a result of the “Care for the Environment, Energy-saving and Our Green Earth” company philosophy.



Vice Chairman and CEO Mr. Yancey Hai, a documentary fan from an early age, attends the CNEX film festival with Mrs. Hai.



The "Green Family Tour" enriches the No.3 Wende Park.

15. CNEX Foundation was established by documentary buffs, its website is <http://www.cnex.org.tw/>.

The reborn No.3 Wende Park in Neihu District, exemplifies the Delta ideal of "Care for the Environment, Energy-saving and Our Green Earth" and is now an environmentally-friendly, energy-saving and carbon-reducing park. More importantly, it has become a place where local residents can relax in comfort. In support of the "Green Family Tour" devised by the Foundation, eco-volunteers now lead families in interactive games at the park on weekends. The games offer an easy way for the general public to learn about saving energy and reducing carbon emissions in their everyday lives. The Delta Foundation also sponsored films about Taiwan's magnificent natural environment to increase the general appreciation for the beauty of nature and for the public to respect nature's biodiversity. The Foundation also sponsored a research about the impact on Taiwan's ecosystem caused by global warming, and hoped that the results could help us to respond and adapt.

### Promoting Climate Awareness through the Media

Since the Foundation set up the "Low Carbon Lifestyle Blog" in 2007, this Web 2.0 platform has become a primary media channel to report on the latest local and overseas developments in climate change issues as well as international climate talks. By the end of 2010 the blog had achieved more than 1.5 million views. Apart from being awarded the "Best Socially Aware Blog Award", "2010 Taiwan Environmental Hero Award", and "Good Book Award" by different media, in 2010 the blog received the "Xue Xue Award: Public Welfare" from the Xue Xue Institute. We also made use of emerging social networking platforms such as Facebook and Twitter to distribute related information in a timely manner.

Articles written by various authors in attendance of the 2009 "Road to Copenhagen Media Salon" and authors from the "Low Carbon Lifestyle Blog" were combined to create one book sponsored by the Delta Foundation, Carbon Reduction. This is the first book in the nation written by journalists, environmentalists, and climate scholars regarding climate change. The book covers topics ranging from



Through social networking platforms such as Facebook and Twitter, the "Low Carbon Lifestyle Blog" is able to distribute related information in a broad and timely manner.

international negotiations, climate refugees, and the Green New Deal to Taiwan environmental awareness, tree protection movements, green collar jobs, and green folk practices. The book encompasses all developments on global warming at home and abroad. Hope for this country's environment lies within the grasp of these authors. With their non-threatening writing style, Taiwanese audiences are more likely to accept the information and take action to reduce carbon emissions<sup>16</sup>.

Delta sponsored its first ever 3D film "To Face the Truth in Taiwan" which addressed the state of Taiwan's environment and recent mud flow disasters and was publicly screened in the Truth Hall at the Taipei Flora Expo. Using Delta's world leading high-end display devices and 3D technology, the film reminded the audience to be aware of climate change, energy conservation, and environmental protection. The 3D film was screened for a half-year and attracted nearly 1.1 million viewers.

The radio program, "Climate Battles in Taiwan," has been broadcast by three radio stations since October 2010. The first season content included topics such as typhoons and heavy rainfall, ocean acidification, global warming and disease, thousand year winters, green buildings, and Cancun climate negotiations, for a total of 13 episodes. On the show, Delta invited scholars or experts from within the company to engage in discussions to help people understand developing trends in green technology. According to radio station feedback, audiences felt the programs were a fresh change and that they had become more aware of global climate change.

### Promoting Green Buildings from the Inside Out

Buildings account for a significant part of energy consumption, while emitting large amounts of greenhouse gases. Building-related carbon reduction measures are among the most cost-effective, which include insulation, lighting, air-conditioning and hot water supply. Increasing the energy efficiency of buildings will greatly reduce the amount of energy used by mankind. Delta's own experience with its diamond-rated green building in Tainan show us that green buildings can be environmentally-friendly, energy-



The Delta-sponsored 3D film "To Face the Truth in Taiwan" is publicly screened at the Truth Hall at Taipei Flora Expo.



Wim Chang, the Delta Foundation's "low carbon lifestyle master", interviews a resident in Chiangmai, Thailand, about the impact on the local ecosystem of climate change.

16. The income from the sale of this book and the payment for some of the writers will be donated to The Foundation for Excellent Journalism Award as a fund for lifting the quality of news reporting in Taiwan.

saving, practical and comfortable, as well as part of its surrounding biodiversity. For this reason, we not only promise that all future Delta buildings will be green buildings but also that buildings we donate will be green buildings. For Min-Chuang elementary school, the school that Delta helped to rebuild in Kaohsiung County's Namasia Township after Typhoon Morakot, is a good example. Our plan is to transform the school into the first sustainable "Net Zero Energy Consumption" school and shows best practices for next generation green campuses located at middle altitude in Taiwan. The campus design was multi-functional with the integration of native culture, environmental protection, eco system conservation, education, and natural disaster prevention. According to Professor Lin Hsien-Te, the lead consultant for this project, the campus can save as much as 65% of energy, equal to the energy savings that the Y. S. Sun Green Building Research Center (a.k.a. the Magic School of Green Technology, Delta's endowment to National Cheng Kung University)<sup>17</sup> can achieve. The Y. S. Sun Green Building Research Center is also the first green architectural education center in a subtropical zone, which is open for public education so that people can have a better idea about the importance and feasibility of energy saving and green house gas reduction, as well as green building technology. Delta Foundation and Common Wealth Magazine held the inauguration ceremony of the research center and the following green building forum to discuss the trends and future of green architecture.

The Foundation continues to cultivate green building professionals. Two "Green Designer" workshops, set up in conjunction with the Foundation and the Department of Architects at National Taipei University of Technology (NTUT), have had more than 90 attendees (including eight of Delta's employees) finished a training course of 15 classes with real-world cases. According to after-class surveys, each class received a higher than 80% rating of satisfaction from the students. Since the second workshop, this training course has been integrated into NTUT's advanced study programs. We hope to set up a certification and brokering scheme in the future that will enable more architects or interior designers to become green collar practitioners. The general public in Taiwan will also be able to take energy consumption and health as well as aesthetics into consideration when choosing a new home or interior.



Architect Mr. Kuo, the designer for Min-Chuang elementary school, Namasia Township, Kaohsiung County, explains the future "green campus" to the kids.



A scene at the "Green Designer" workshop: Each class receives higher than 80% satisfaction from the students.

17. This building received LEED Platinum rating in June, 2011.

### Support for Environmental Research and Talent Personnel DevelopmentCultivation

Starting from 2004 to the end of 2010, a total of nearly 40 Master and PhD students have received the Delta/NTIO (The Netherlands Trade & Investment Office) joint environmental scholarship or the Delta/BTCO (the British Trade and Culture Office) joint environmental scholarship. We hope to cultivate environmental protection experts with an international perspective that can offer solutions for global issues and boost the competitiveness of our industries. In October, 2010, for the first time, we held the "Green Power Gathering Forum" at which 13 previous scholarship winners reported their findings to the people of Taiwan at the assembly. This event attracted approximately 100 local and regional Taiwanese government officials, personnel from the British, Dutch, and German embassies, labor groups, students, and people seeking green jobs. The participants not only interacted on site but also engaged in lively discussion online which helped to increase public interest in green collar jobs.

The Foundation has also now partnered with the Sun Yun Suan Foundation for twelve years to send outstanding civil servants overseas to further their education and bring a positive impact to society. To date, several civil servants that benefited from the program are now in public service at the ministerial level. The Delta Foundation also set up school grants for Chinese schools in northern Thailand, and scholarships were offered for overseas compatriots from Thailand to study in Taiwan. Other Foundation efforts to improve the quality of Chinese education in northern Thailand include the training of Chinese teachers, new school buildings, Chinese books and subsidizing the purchase of computer equipment.

In addition to working with schools in mainland China to create internship opportunities at Delta's plants, we also sponsor design competitions and build laboratory centers at schools. For example, starting in 2005 in Wujiang, Delta created a cooperative program to train students to become proficient mechanical experts. By 2010, over 500 mechanical personnel had entered the Delta workforce through this program, taking positions in engineering, manufacturing, quality assurance, and other vital areas. In response to the program, Delta held its first mechanical skills contest in 2010 with the Delta mission "To provide innovative, clean and efficient energy solutions for a better tomorrow" as the contest theme. Nearly 200

Distinguished visitors and Delta's executives visit the "Delta Automation Laboratory Center" jointly established with the Xiamen University of Technology.



students from the Delta mechanical skills program responded and participated enthusiastically in the competition. This not only enriched the students' education in the field, but also provided a lasting impact on their mechanical design abilities. Delta Greentech, moreover, has revealed its plans to cooperate with universities to create an electrical mechanical engineering program, and since 2008 it has worked with the Nanjing Institute of Technology, Wuhan University of Technology, and Xiamen University of Technology to construct the "Delta Automation Laboratory Center." Professors learn about the latest automation products and industrial applications through the entire process. These partnerships not only provide an ideal environment for project design and engineering practice for college students, but also create an excellent platform for professors to carry out research activities. This inevitably lessens the gap between demand for competent labor in the industry and inadequate educational training during university years. In the next couple of years, Delta and Delta Greentech will find more universities with great potential in the automation field, and establish more laboratories to make a lasting contribution to the automation industry in China.

### Feedback to a Disadvantaged Minority

Diabetes is the top fifth cause of death in Taiwan, which suggests that diabetes patients are a group of high concern for society. By periodically measuring blood glucose, the incidence and mortality of diabetes can be reduced. In cooperation with the Taiwan Association of Diabetes Educators (TADE) and Wellcare Health Care Supply, the Delta Foundation donated 1,000 DiaCheck Glucose Meters and 4,000 sets of DiaCheck Glucose Testing Strips and lancets made by Delta Electronics. This helps underprivileged diabetes patients control blood glucose and improve the daily quality of life for patients and their families.

Delta continues to participate in the "Post-Disaster Reconstruction Information Platform" discussions created during the "Taiwan Corporate Sustainability Forum." This provides at-risk individuals or groups in disaster areas with a channel to sell agricultural products to forum members with collective purchasing power. In this way, the disaster-affected can gain economic support and avoid exploitation at the market. This will truly help them towards achieving sustainable business goals.



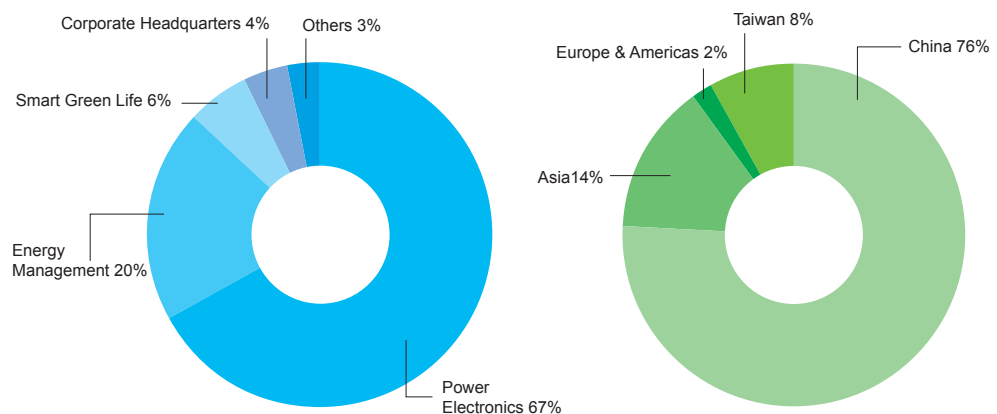
Delta donates DiaCheck Glucose Meters, testing strips, and lancets to diabetes patients in Taiwan.

## Commitment to Stakeholders' Balanced Interests

As a corporate citizen, balancing the interests of our stakeholders is always a priority at Delta. In this section we will describe how Delta grows and prospers together with our employees, shareholders, customers and suppliers.

### Delta and Employees

At the end of 2010, the Delta Group employed more than 80,000 people around the world. By business cluster, 67% of global employees are working in Power Electronics. Geographically speaking, more than 75% are located in Mainland China. For 2010, the distribution of employees in main business clusters 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.

Through relevant procedures and management processes we have implemented the aforementioned employee policy. At our China plants, we have taken the following procedures and measures to confirm proper age requirements:

1. The company has implemented a procedure to filter possible child laborers that all employees and interviewees are well aware of and understand.
2. The qualifications of labor agencies undergo a rigorous review process and Delta's hiring policies are explicitly passed to these agencies. We demand a signed guarantee by which the agencies promise that they do not conceal the laborers' age or provide false documentation.
3. With a combination of identification card detecting devices, interviews, and personnel document filing systems, we have taken significant measures in eliminating child laborers from entering our plants.

The Compensation Committee at parent company Delta Electronics decides the remuneration strategy at the company level considering competition and benchmarking the market standard. Compensation is then differentiated according to personal potential, future value and performance to date in the hopes of attracting, retaining and encouraging outstanding employees without regard to personal factors such as race, nationality, or age. The comparison of fixed salary between Delta Electronics' male and female employees in Taiwan is below (in proportion)<sup>18</sup>:

	Male	Female
Executive level	1.2	1
Management level	1.05	1
Non-management level	1.15	1

We also intermittently adjust the compensation structure and benefits based on local laws and markets to stay competitive in the manpower market, which makes our employees feel appreciated and valued by the company.

Employees' performance evaluations are conducted using the Performance Management and Development (PMD) system. In principle, the remuneration of higher ranking executives is more closely linked to business performance. Not only are the performance of labor safety, factory administration and human resources managers linked to performance in labor safety, environmental protection and labor indicators, plant managers must also undergo related evaluations as well.

In addition to our basic employee policy, we have always paid attention to our employee's opinions and hope to allow every employee to live up to their potential. By establishing a good working environment and company culture, we hope that employees can have a high level of identification with the company and can be passionate about work. To gain a better understanding of employee's opinions on work and management, Delta commissions impartial international consulting companies to conduct employee opinion surveys to ensure the validity and confidentiality of the results. The survey gives employees the

18. Direct employees and subsidiary employees were not counted in; annual bonus was not counted in.

opportunity to offer the company their thoughts and suggestions regarding management, interaction, workplace environment and personal issues for future improvement. The last survey was done in 2009 and we plan to conduct this survey again in 2011.

Delta has established a communication platform for employees and the company. In Taiwan, for example, there is an Employee Welfare Committee with employee-elected representatives at every site for monthly discussions on company activities, which reflects employee suggestions or opinions on specific topics. An island-wide Employee Welfare Committee meeting is held quarterly. If the question or suggestion is relevant to CSR, employees can contact responsible departments directly, such as human resources, health and safety, investor services, and auditing. They can also send emails to Delta's CSR email box, or call the CSR Office by telephone to express their opinions or look for assistance.

### Employee Training and Development

Delta considers our employees to be our most important asset and has always placed a strong emphasis on personnel cultivation and development. Training courses are provided to meet the needs of employees in different countries and regions. Our training and development framework for strengthening individual skills, core competency and management leadership includes:

#### A. Learning and Development System

## Learning and Development Framework

OJT	Off-JT	
	1. General Staff	2. Managerial Training
Departmental Training, Job Rotation, Project Assignments	<ul style="list-style-type: none"> <li>* Basic training (by Job Family) <ul style="list-style-type: none"> <li>- New Hire Orientation training</li> <li>- Labor safety regulations</li> </ul> </li> <li>* Individual Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>Managerial competency training (by Level) <ul style="list-style-type: none"> <li>Low/Mid-Level, Senior/High-Level and Executives <ul style="list-style-type: none"> <li>- Internal Trainers Training</li> <li>- Talent Development</li> </ul> </li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>3. Topics, Projects, Activities <ul style="list-style-type: none"> <li>- Spring &amp; Autumn Forum</li> <li>- Case study</li> <li>- Benchmark and Best Practice Sharing</li> <li>- External training management</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>4. Professional Training <ul style="list-style-type: none"> <li>- Sales management</li> <li>- Quality management</li> <li>- Manufacturing management</li> <li>- R&amp;D management</li> <li>- Finance management</li> <li>- Human resources management</li> <li>- Operation Flow</li> </ul> </li> </ul>
	Self-Development	
	e-Learning platform TAB Forum	
	Green Human Capital	

- (1) New recruit or manager orientation training
- (2) Professional/competency training
- (3) Middle/High-level management training
- (4) General knowledge training (including the EICC Code of Conduct and introduction to greenhouse gases)
- (5) Direct employee training
- (6) Project-oriented training
- (7) Self-development (language classes, etc.)
- (8) Courses on energy saving and environmental protection designed by the Delta Foundation

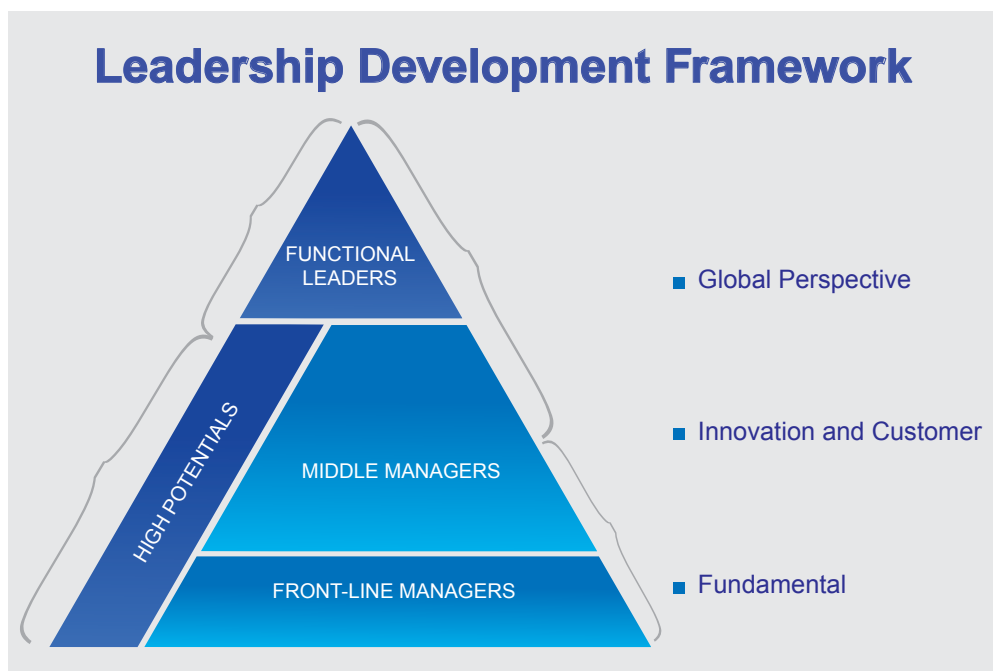
The courses on energy saving and environmental protection set up for employees through the Delta Foundation put ideas and methods into actual practice in the workplace, resulting in a quality work environment and healthy, happy employees. This is one of the goals for "Green Human Capital".

We also provide a range of learning environments to improve the effectiveness of learning, including:

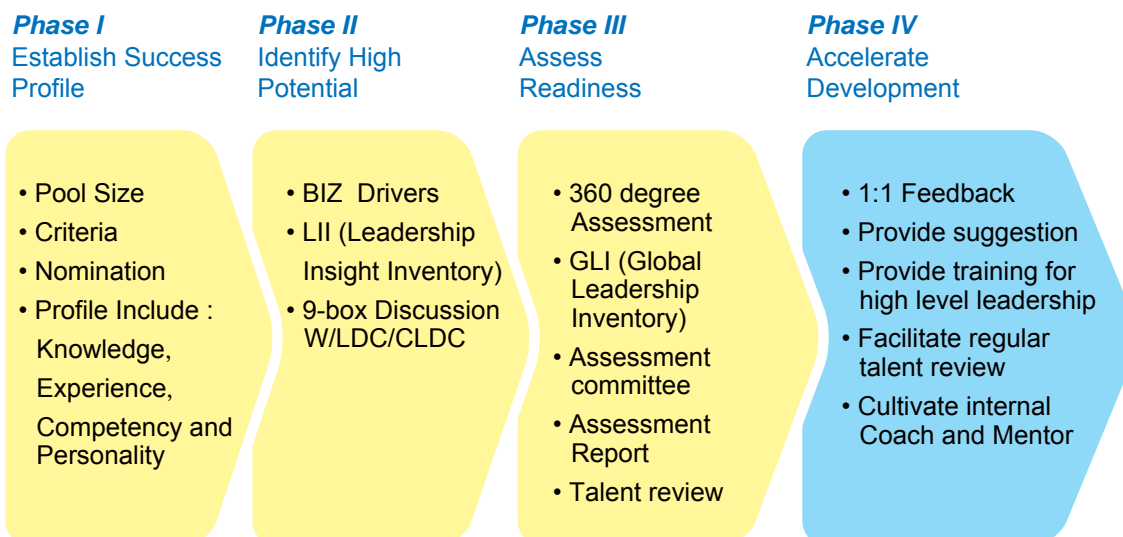
- 1. A high-tech training system to help managers develop their subordinates' abilities and improve their work performance. Employees can find out about available courses online and set up their own flexible learning program.
- 2. World-class technical symposiums and seminars. Held regularly every year these provide R&D centers around the world with a platform for networking and learning.
- 3. Support for external training courses and in-service learning.
- 4. Take related groups as a basic platform to create an atmosphere of learning and sharing.
- 5. Establish knowledge management websites for employees to search for internally approved knowledge about quality and technology.

In 2010, Delta hosted over 11,000 training courses at its various plants in Taiwan and mainland China, not counting subsidiaries. Total hours of internal training exceeded 1.09 million hours; external training hours totaled nearly 80,000 hours; and average training hours per employee was approximately 32.5 hours. In China, we have assisted nearly 300 colleagues enroll in formal degree courses at universities and have helped approximately 100 colleagues enroll in masters programs. For example, Delta created a "Delta Masters Program" in cooperation with the University of Shanghai for Science and Technology MBA program, as well as a "Delta Program" at Northwestern Polytechnical University. Moreover, over 1,200 employees have completed government approved computer and mechanical courses with the goal of developing local employees through tailored projects. These programs not only allow opportunities for self-improvement, but also give employees a sense of their value to our organization, as they are the ones who give us a solid foundation for development.

## B. Leadership Development/Critical High-Potential Personnel Development Plan



## Talent Development Process



Outstanding high-level talent is critical to the globalization process at Delta. With the guidance and assistance of a consulting company (DDI), we have made the cultivation of high-level talent a strategic part of Delta Group's operations as we build up a systematic training and development framework. Starting in 2009 a complete system has been implemented with the support of the Delta Leadership Committee that is targeted at outstanding employees with great potential. The system ensures that the quality and ability of high-level talent (BU/BG and MFG managers) will meet the needs of Delta's future development. The First Course of Delta's elite development program in 2010 focused on a 360 degree survey, which allowed the participants to discover where the gaps in their capabilities are. Under the guide of consultants and mentors, they created the first part of their Individual Development Plans (IDP). Based on this, there is a clear path with records that participants can apply after learning and final assessment of the plan. Joint study courses such as "Effective Leaders" and "Strategic Thinking and Decision Making" will also be implemented in 2011.



The Chungli Plants invite the distinguished professor Seetoo Dah-Hsian to give a lecture on "Strategic Management in New Business Development".

## 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. We began at our major manufacturing sites to integrate these two issues.

To ensure safety in production and employee health, a dedicated labor safety department was established in China with responsibility for the planning, execution and auditing of the plant's OHS management. The OHS department is directly overseen by the executive director for the China region. We hope that this model will encourage all plant units to become involved with the OHS management system, and improve employees' OHS awareness to reduce OHS injuries.

For the R&D-and-administration-oriented offices in Taiwan, there are full-time OHS personnel at each site and since 2009 an OHS committee has reported directly to the COO. The committee also plans the integration of ISO14001 and OHSAS18001 management systems, including an Environment, Health and Safety (EHS) website and employees' health management platform, EHS training, procedures for site re-layouts, and information and resource sharing for enhancing Delta employees' health and safety.

## 2. OHS Audit

Besides internal OHS inspections carried out at each plant in accordance with the law, we also organize cross audits in Taiwan, conducted jointly by OHS committee members and audit personnel. Through complete audit plans, the task force audits EHS documents, the results of risk assessments, EHS control and operation, monitoring and measurement, as well as the work environment, the equipment, and on-site operations to ensure the proper implementation of the OHSAS 18001 management system and identification of potential risks. 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, soldering pot, chemical use, surface mount technology (SMT) equipment, specialist equipment, ventilation equipment, contractors' specialist operations such as cranes and fire, EICC - EHS execution, and other specialist checks.

The executive directors on each site also convene monthly OHS meetings to review OHS performance.

## 3. Health and Safety Education and Emergency Response Training

Delta conducts EHS training at each of our plants to improve employees' knowledge of occupational health and safety issues. In 2010 for example, our major plants in Taiwan and China organized occupational health and safety training, emergency response and firefighting training, and external specialist training for new and current employees. Over 130,000 attendances and over 170,000 man-hours of training were achieved to ensure personnel safety and reduce the impact of accidents.

## 4. Accident Investigation and Prevention

Whenever an OHS accident occurs, not only is the cause of the incident analyzed by OHS personnel in monthly OHS meetings, 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 machinery safety audits to identify and rectify potential safety hazards. When minimizing 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. We have also adopted F.R. (Disabling

Frequency Rate) and S.R. (Disabling Severity Rate) as indicators and set up targets for Taiwan and China regions to minimize the occurrence of OHS incidents. In 2010, the F.R. and S.R. for five major sites in Mainland China are 0.72 and 14 respectively. As for the six major sites in Taiwan, the F.R. is 0.77 and S.R. is 2<sup>19</sup>. We set up short-term and mid-term targets against the mentioned indicators to reduce occupational injuries to the minimum. In 2010, no occupational illness and work-related fatalities occurred at these sites.

### 5. OHS Information Exchange

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

### 6. Work Environment Inspection

Based on the potential risks at each plant, not only are regular work environment inspections conducted but also the list of material used and exposure to hazardous substances are constantly monitored. The readings are used to correct work practices or make engineering improvements to reduce the risk of occupational disease.

### 7. 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 both focus on their work and keep an eye on their current health. Plants



Firefighting and evacuation drills are held at China sites to familiarize employees with the process.

19. "Lost days" are counted in business days only. Accidents with less than one lost day were not counted, and traffic accidents outside plants while commuting to and from work were also excluded.

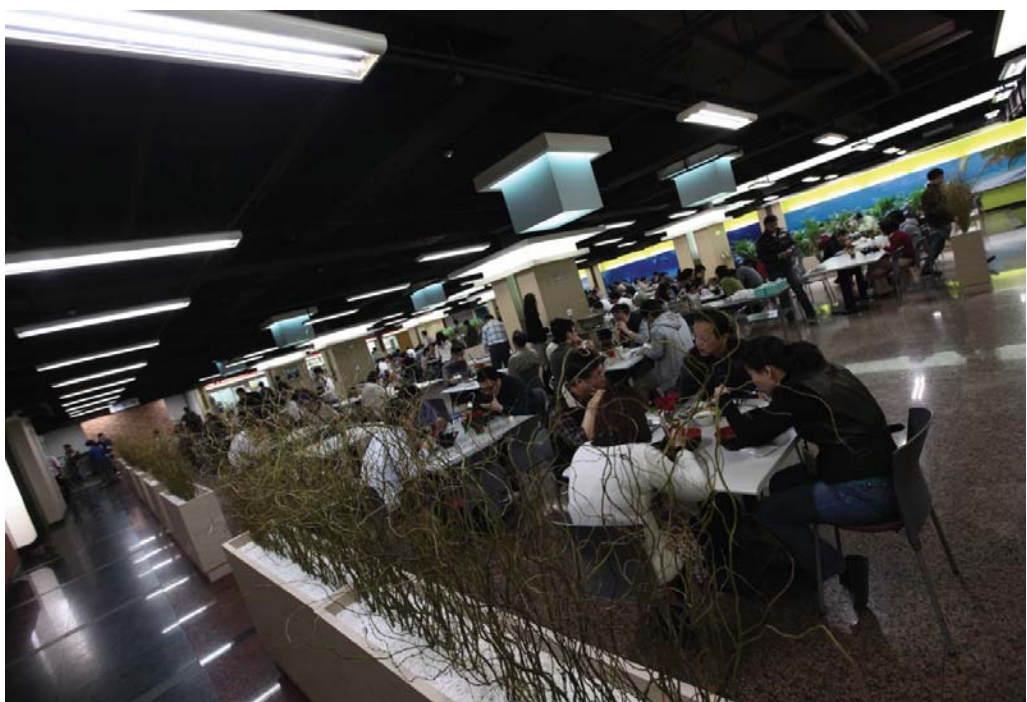
continue to promote greening initiatives so employees enjoy "living green" even in their offices. Delta also promises to follow green building principles in all new buildings to maximize employee productivity by providing a healthy and comfortable environment.

In 2010 several factory dining halls in Taiwan were renovated. Aside from redesigning the dining areas, Delta increased the variety of food and drink, and provided services for selling fresh fruit. With these improvements we hope to create a positive atmosphere for the employee dining experience.

The mental health of employees is also a concern for Delta. We provide a variety of facilities to help employees relax and relieve stress. The plants also invite well-known personalities from the arts and 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.

In the case of the "Happy Living" goal at the Wujiang plant, dining, living and entertainment needs are satisfied, while creating a harmonious family-like setting. With this in mind, everybody can enjoy residing in an equal and fair environment. Employees may take breaks while enjoying plum gardens, ginkgo trees, and wooded areas all within plant boundaries. For the convenience of employees, there is also a food court, supermarket, barber shop, post office, bank, and convenience store in the employee living area. In an effort to encourage employees to "come out and interact" after a hard day of work, there is not only a movie theatre, dance hall, and library, but also over 10 clubs including a chess / card club, folk dance club, dance club, martial arts club, literature club, and more. Such an environment allows personnel to cultivate their personal interests. In addition, Delta also hosts events for employees, such as exercise activities, ball games, outings, reading activities, cultural performances, and more. Participation in these events helps

With the renovation of dining halls and more food and drink choices, we hope to create a positive dining experience for our employees.



keep employees healthy both mentally and physically, while permitting them an opportunity to exhibit their talents, and thus creating enthusiasm in the workplace.

### Volunteering with the Foundation

Guided by our business philosophy of "Care for the Environment, Energy-saving and Our Green Earth", Delta Electronics' Corporate Communications Department, the Human Resources Department, the Delta Foundation as well as Delta Group subsidiaries Delta Networks, Cyntec and DelSolar partnered to launch the "Delta Energy Education Volunteer" program in November, 2008. The program has continued to receive strong support and new volunteers have continued to join this very meaningful activity. The TEEP teaching materials co-developed by the Foundation and our partners have enabled Delta and outside volunteers to introduce energy saving and carbon reduction concepts for over 45,000 class attendances. And this number continues to rise.

A new "Green Family Tour" eco-guide activity launched by the Foundation has seen many Delta employees become eco-volunteers on the weekends. A volunteer roster now organizes interactive games every Saturday morning at the No.3 Wende Park in Taipei so families can learn about the urban heat island effect and how to reduce carbon emissions in their daily lives.



In an effort to encourage employees to "come out and interact" after a hard day of work, we hope to provide enough hardware and services for employees to relax.

## Delta and Shareholders

Revenue hit an all-time high at Delta in 2010. We asserted leadership in the power management and components industry, but also continued to develop renewable energy and energy-saving technologies over the years. Significant progress has also been made in industrial automation, video display systems, solar energy, LED lighting, electric vehicle control systems and propulsion systems, and other prospective business areas in 2010. We are keeping pace with the rapidly developing global green energy industry trends, but at the same time these are main areas of focus that Delta will continue to advance towards. As we shift from the IT to the ET (Energy Technology) industry and develop our own brand, we are committed to realizing group synergies by ensuring that long-term R&D leverages our core technologies and resources to expand the range of applications. At the same time, we continue to seek out complementary resources to enhance shareholder interests.

Information disclosure has always been an important area of focus for Delta. Parent company Delta Electronics began submitting semi-annual 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. We are also thinking about adding relevant committee regulations, an introduction to Delta's top management and Board members. We continue to improve the content of our annual report. Take 2010 annual report for example, the once scattered CSR information is now an independent "Corporate Social Responsibility" section, allowing stakeholders to better understand the material.

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. Our efforts once again saw parent company Delta Electronics receive an A+ rating from the Securities and Futures Institute in Taiwan in 2010.

As foreign investors hold the greater part 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, and we also arrange visits to our major manufacturing sites.

Individual investors are just as important to us as institutional investors. We have staff dedicated to answering inquiries from individual shareholders in detail. We also actively respond to questions and suggestions raised by shareholders at the annual shareholder meeting.

In the past few years, key international institutional investors have begun looking beyond financial statements and at sustainable development strategies, and potential risks and opportunities using tools such as the Dow Jones Sustainability Index (DJSI) questionnaire and Bloomberg Sustainability Survey. Other initiatives include the "Carbon Disclosure Project (CDP)" that asks thousands of participating enterprises to disclose their climate change related information each year using a standard survey and database. Investors can then use the information to assess investment risks and opportunities. In the past two years a "water footprint" for companies has been developed as another survey. Investor communications is important to Delta and during the communications process we look for areas that may require improvement.



Delta hosts analyst meetings on a regular basis to interact with institutional investors.

In recent years, parent company Delta Electronics has remained one of the top Taiwanese shares in terms of our proportion of foreign institutional investors (see Fig. 1). In 2010, Delta Electronics' return on investment for shareholders was over 22% (Fig. 4). In the long-term, we hope to maintain a return on investment of around 25%. Share dividends (Fig. 2) and distribution (Fig. 3) in 2010 remain high.

Figure 1 Percentage of Foreign Capital's Shareholding

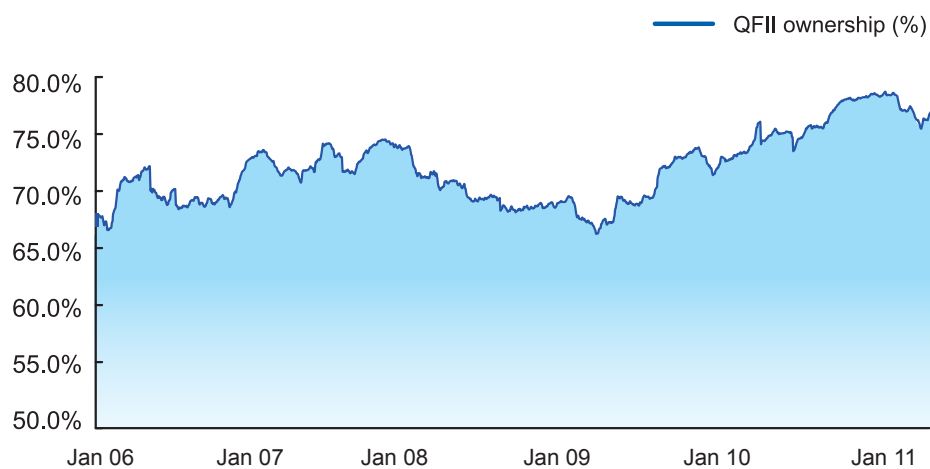


Figure 2 Dividends

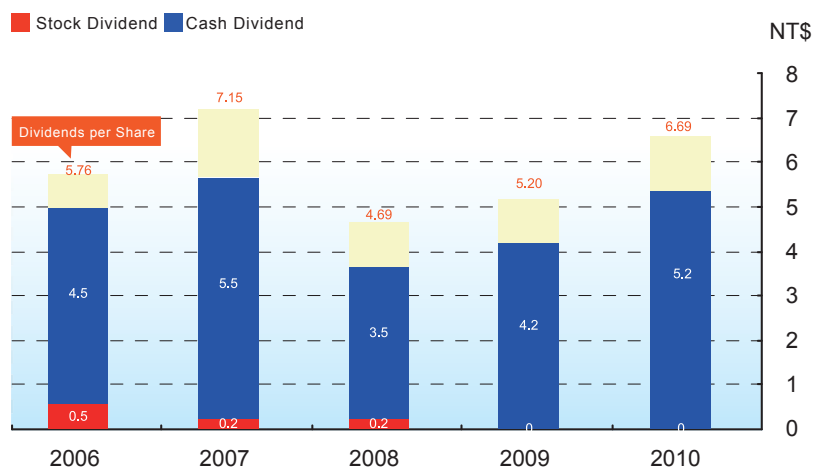


Figure 3 Dividend Payout Ratio

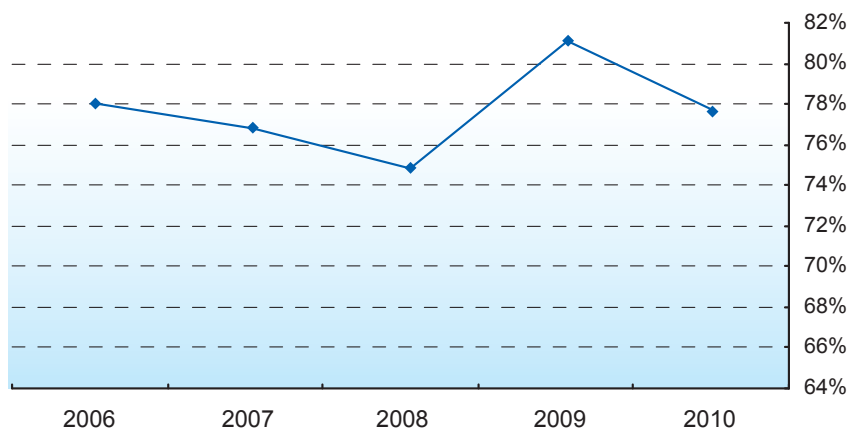
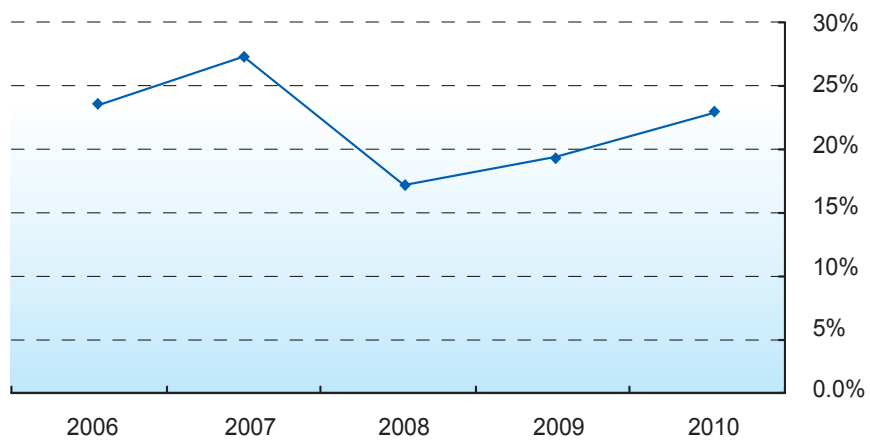


Figure 4 Shareholders' Return on Equity



## Delta and Customers

### Predict customer requirements and exceed customer expectations

The global push for green energy means that customers now have a greater demand and higher expectations for energy saving solutions. With a mission of "To provide innovation, clean and efficient energy solutions for a better tomorrow", Delta now defines its brand value as a provider of customized reliable energy saving solutions. By leveraging our core competency in power electronics and combining it with advanced energy-saving technologies we can now provide our customers with cleaner and more efficient solutions. While lowering our customers' operation costs and capital costs, we also reduce the consumption of the Earth's resources and emissions of greenhouse gases at the same time to create even more value for customers.

To fulfill our commitment to customers, Delta not only studies the needs of customers but also observes our end-users' working environments and habits to identify opportunities for continued improvement and to propose best solutions. End customer relations management at Delta emphasizes listening to the voices of our customers. Apart from conducting large-scale customer surveys we also commission consultants to conduct end customer satisfaction surveys, focus groups, individual interviews and online surveys. The in-depth understanding of customers' requirements and expectations serve as the basis for improvement in technical R&D, system design and solutions concepts. Also by accepting the results of our customers' quarterly business reviews (QBR), we strive to provide total solutions that exceed customer expectations while also looking for opportunities to develop new products and services.

Delta also adopts an active approach to building long-term cooperation with distribution partners to improve our service to end customers. Here the selection of a distributor with a similar business philosophy plays an essential role. Delta regularly shares industry/market trends, business analyses and customer feedback with distributors while also providing training so they can lead market trends and strengthen their business. We introduced the Authorized Service Partner scheme to help distributors set up an after-sales service capability and give our full support for advertising and marketing activities. Only by helping our distributors set up a stable business can they become a long-term strategic partner capable of providing end customers with timely and efficient support services, and further build the unique Delta brand experience together with Delta.

In recent years, Delta's brand business has grown rapidly as a result of the close collaboration between Delta and distributors in all regions. In our distributor conferences, we have delivered Delta's corporate mission and brand position, recognized outstanding distributors, and shared success stories to create a win-win situation with our distributors. Since 2010, we have held distributor conferences in Mainland China, Europe, Russia, South America, India, and Southeast Asia. Our Vice Chairman and CEO of Delta Group Mr. Yancey Hai as well as other top executives have attended the conferences, which demonstrates our customers' and distribution partners' importance to Delta. During the conference, Delta not only thanked our partners for working together to achieve outstanding results but we also explained our plans for improving efficiency, developing the brand and expanding product lines while displaying our advanced energy saving products / solutions and providing technical assistance / consultancy.

### Perseverance in technical R&D and continued pursuit of innovation

Technology and talent are Delta's twin foundations. We believe that deep roots achieve a solid foundation. For this reason, the corporate culture at Delta accepts the possibility of failure during the innovation process. We are willing to endure short-term labor pains in return for the possibility of giving birth to breakthrough technologies. Such an approach is instrumental to continued innovation at Delta. In the past couple of years we have not sacrificed investment in R&D even during economic downturns.

We have established the "Da Vinci Innovation Awards" within the company in recent years to stimulate Delta employees to come up with creative and feasible ideas that meet customer needs and can be developed into business revenues. The 2010 winners included four teams from the display, industrial automation, mobile power supply, and component / Cyntec business divisions. They were honored for ultra short throw projection technology, total business process innovation, innovative ASIC deployment, and innovative development of magnetics solutions, respectively. Delta's top management presented the awards to the distinguished teams in recognition of their innovations that will result in business growth for Delta.

As a result of the continuous pursuit of innovation, Delta has earned trust and respect for its products. For instance, our industrial automation products business has experienced rapid growth in recent years and 2010 was a spectacular year for its product design. After receiving Taiwan's Golden Pin Design Award for four products in January, three of the four products—the VFD-C2000 AC motor drive, the DVP-ES2 programmable controller, and the DOP-B human machine interface—also received Germany's 2010 Red Dot Design Award in March. In addition, Delta also received the honor of being displayed in the red dot exhibition center. This creates trust for our products, while proving that Delta operates with a world-class



"Da Vinci Innovation Award" winners and Delta's top management.

design team. It should come as no surprise that our brand has achieved superior performance in the China market. Other Delta products such as LED lighting, a horizontal wind energy system, and the mCube Slim universal adapter also received awards in innovation and/or design.

Beyond establishing our technical capabilities, Delta also adopts an attitude of open cooperation. We work closely with schools, suppliers, customers, and government agencies to create strategic investments in which we combine strengths from both parties to develop innovative products. The establishment of Delta's culture of striving for change, and dedication to the development of creative talent were major reasons behind CEO Mr. Yancey Hai's winning of the 2010 "CNBC Asia Innovator of the Year" and "China Business Leader Awards 2010". One can see that Delta's investment in this area has achieved great success.

### Promoting the protection of intellectual property rights

Corporate R&D and innovation benefit greatly from good protection and a sound trading environment for intellectual property rights. As a world leading provider of power management solutions and fan products, we fully understand the importance of proprietary technical innovation to staying competitive in global markets. In 2010 Delta officially joined the Intellectual Property One-stop Service (IPOS) established by China Technology Exchange Co., Ltd. (CTEX)<sup>20</sup>, as the first Taiwanese company to participate. In the future, this service will provide a platform for Delta to cooperate or interact with world class companies on intellectual property, technical innovation, and commercializing research results that will enhance Delta's technology and competitiveness.



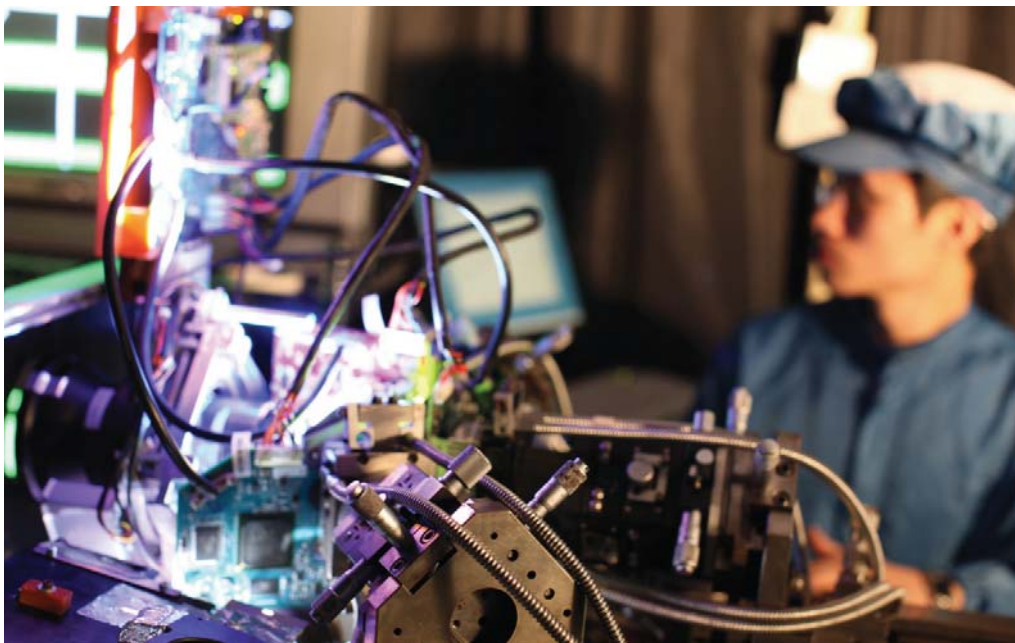
Delta's award-winning products.

20. The China Technology Exchange Co., Ltd. (CTEX) was a country level technology trading service provider, jointly launched by the Ministry of Science and Technology, the State Intellectual Property Office, and People's Government of Beijing Municipality and granted by China State Council. To meet various requirements for commercializing research results, it provides low cost and efficient services ranging from technology transfer, technology granting, technical share buying, joint ventures, as well as acquisition to boost information exchange regarding intellectual property rights.

### Improving quality and the pursuit of excellence

Quality is one of the core values of Delta's culture. Besides ISO-9001 certification of plants in Taiwan, China, Thailand, India and Slovakia, Delta also established its Corporate Quality Steering Committee (CQS) under the Chief Operations Officer's guidance in 2010. The CQS is a cross-business division, cross-site quality control organization that operates throughout the Taiwan, China, and Thailand areas to continually pursue high quality, strengthen organizational quality planning and execution, and boost training and competitiveness. With quality assurance methods, technologies, and systems, Delta can realize its vision for increasing product quality and productivity. Starting from selected business divisions, Delta combines accumulated experience in the field with best practices to pursue superior business performance.

Along with the quality assurance activities, since 2005 Delta has held quality diagnosis meetings a total of nine times at various plants. The most recent quality diagnosis activity was held at the Dongguan plant. Management teams and various business division leaders separated into four groups to investigate production lines over two days. The groups focused on improving production automation and operations processes. Management personnel were impressed with all the major breakthroughs in renewable energy features and automated production features, which included injection molding, fan modules, automated dispensing, and automated product testing. As these practices spread across the entire plant, the management groups voiced their praise. Future operations at the plant are expected to be comparably enhanced - costs will drop, efficiency will increase, and manpower will be reduced. The factory investigations allowed Delta to find and rectify problems, while encouraging communication between plants and business divisions.



The automation of production lines and the improvement of procedures are always the focus of Delta's quality enhancement.

The Wujiang site obtained "Product Liability Insurance AAA Certification" from ACE in 2010, which followed certification of the Dongguan site in 2008 and the Delta Thailand site in 2009. This makes Delta the only electronics company to obtain this certification for multiple sites in the Asia-Pacific region, and achieve the highest international standards in risk management including management responsibility, product design & manufacture, quality assurance, product safety, and self auditing.

### Requirements of Social and Environmental Responsibility

Restrictions on environment-related substances in products, labor safety & health and human rights, climate change, water management, as well as conflict minerals / metals have all become important CSR issues in recent years. For the electronics industry, environment-related substances in products require controls at the source of materials supply. For labor safety & health and human rights, the focus is on suppliers scattered across the world as well as the company's own practices. The emphasis on climate change and water management is on the carbon / water footprint of the product lifecycle, while the conflict mineral / metal issue needs to be tracked all the way to the original mines. Indeed, these all require close cooperation with the entire supply chain to utilize companies' purchasing power and achieve optimal results.

Using the Code of Conduct promoted by the Electronic Industry Citizenship Coalition (EICC) as a reference, Delta has compiled online training materials for promoting standards for labor rights, safety & health and the environment. These materials help to improve the performance of Delta plants and suppliers in social and environmental responsibility. We have also set our policy on conflict mineral / metal issues. However, we know there is still a lot of work to do. We will keep working on these by benchmarking business leaders or customers that demonstrate great CSR performance.

Delta is the only electronics company to obtain "Product Liability Insurance AAA Certification" for multiple sites in the Asia-Pacific region.



At the same time, a CDP Supply Chain Program and EICC member companies now conduct annual surveys of suppliers on climate change and water related risks, opportunities and corporate strategies. The information is used to determine whether these issues will have a potential impact on the enterprise itself. Delta attaches great importance to our communications with customers on this issue. Apart from responding to the survey each year we also use the questions as a guide to identifying potential improvements.

### Customer Recognition

Our innovation, quality and responsive service over the years have resulted in a high level of customer satisfaction and recognition. This is the main reason Delta's market share and business continues to grow. We also receive outstanding supplier awards from our customers every year. In 2010, we received most outstanding / best supplier awards from Asus, Cisco, LSI, Pegatron, and more. We share these honors with all Delta employees and continue to enhance the quality of our products and services to ensure our customers' satisfaction.



Delta again receives recognition from customers in 2010.



## Delta and Suppliers

Our thousands of suppliers around the world are Delta's business partners, and they are essential to our efforts in addressing environment-related substances in products, climate change, labor safety & health, human rights as well as issues such as conflict minerals / metals and water footprint. Delta is committed to using our influence to promote the relevant concepts and methods to our upstream supply chain.

### Honesty and integrity

Honesty and integrity are the most important criteria when Delta chooses suppliers. Delta thinks of our suppliers as long-term partners. For the partnership to endure, our suppliers must have a similar corporate culture. 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 employees that violate purchasing rules. This ensures that vendors' rights and interests are protected as well.

### Cooperation with suppliers

Our suppliers must also offer competitive quality, technology, delivery and pricing. Delta has an information platform that links together our end customers, system integrators and suppliers. Comprehensive information and logistics management allows for flexibility in demand change notices, long lead-time materials and capacity planning reviews.

Delta also works with suppliers to make high quality and competitive parts the standard design in our products, enabling suppliers to leverage economies of scale and reduce costs to the ultimate benefit of our customers. Where necessary, we also assist suppliers in improving their technology or management standards so they can grow together with Delta.

## Environmental Requirements and the Management of Environment-Related Substances

The Environment-Related Substances (restricted hazardous substances) issue is the major focus of Delta's Green Product Committee, which consists of relevant departments such as materials, from all business divisions. Co-working with the CSR Office and the Environment-Related Substances team at each production facility, the Committee is responsible for setting up management systems and regulations. It also reviews the process of parts approval as well as the convenience and coverage of Delta's GPM system for use by internal staff and suppliers to ensure information accuracy and compliance with all applicable standards.

The scope of environment-related substances is getting broader. Delta not only sets up the QC080000 hazardous substance management system at our own production sites but also encourages our suppliers to introduce the system to ensure the proper control of environment-related substances, which is in addition to their existing ISO9001 quality management system. Through our Guarantee Letter Regarding Environment-Related Substances, we clearly notify suppliers of Delta's related documents such as 10000-0162, 10000-0222, and 10000-2003, all downloadable from Delta's GPM system. The letter and documents ask suppliers to guarantee they will restrain environment-related substances contained in accessories, packaging, and others from delivery to Delta and its subsidiaries or affiliated companies directly or via any third party. At the same time, we provide training courses and training materials, and also note Delta's environmental technical requirements on the purchase orders as a reminder to suppliers.

Besides requested documents like test reports, we implement incoming material control based on suppliers' risk levels. When non-compliance occurs, the actions that follow are regulated in Delta's "Supplier Management Procedure", including an increase of sampling frequency, on-site audits, and more. We consider assisting suppliers improve as a priority, and their risk level is adjusted based on how they actually improve. If the suppliers are not cooperative, we have procedures for disqualifying suppliers.

In addition to environment-related substances standards, in Delta's purchase agreement there are articles that ask suppliers to comply with relevant environmental laws, regulations, and technical standards, such as pollution prevention, waste disposal, and others. If a supplier does not comply, Delta's procurement department will deal with the situation based on severity.

### **EICC Code of Conduct**

As previously noted, the cooperation and participation of the entire supply chain is needed to achieve optimum results for CSR issues. Delta has drawn on the EICC Code of Conduct to tailor courses for Delta's main suppliers that teach the Code's content and implications. We also conduct questionnaire surveys or check lists that carry out onsite audits to learn about and improve suppliers' performance in labor rights, health and safety, and the environment.

Delta complies with the EICC Code of Conduct within our own organization, and we are committed to promoting this standard to Delta's suppliers to achieve the optimum outcome.

## Other Supply Chain Related Social and Environmental Issues

The CDP Supply Chain Program surveys suppliers on greenhouse gas emissions and controls to determine the potential impact on the enterprise itself. Delta not only actively communicates with our customers but also has finished a carbon footprint inventory for a notebook computer adapter, a PV (photovoltaic) inverter, and a DC fan product, and has received verification for the green house gas emissions associated with the products' sourcing of materials, manufacturing and more.

The results showed that a very large part of a business-to-business (B2B) product's carbon footprint comes from the sourcing of materials. Working together with several corporate members of the Taiwan Corporate Sustainability Forum (TCSF), about 50 Taiwanese suppliers were invited to join a greenhouse gas inventory project to build their capabilities for future carbon footprint calculation.

Climate change has proven to be closely related to water resource management issues. In addition to using the World Business Council for Sustainable Development's (WBCSD) Global Water Tool to conduct a preliminary self-assessment, we also have gained a basic understanding of which major manufacturing sites are currently situated in water stressed areas for approximately 60 major first-tier suppliers who supply Delta's power management business divisions. We can further bring particular characteristics such as amount of water consumption, incoming water quality requirements, effluents, and more, that are specific to the suppliers into further discussion<sup>21</sup>.

Delta has also adopted a conflict metal free policy that restricts the use of conflict metals mined from the DRC and its adjoining countries. Suppliers are required to self-declare that their deliverables to Delta do not contain any conflict metals. On the same note, we have satisfied customer requests by tracing all metals from suppliers back to their sources, while giving the EICC feedback to improve their survey format.

As for contractors, we mainly arrange training courses and promote Delta's environmental and safety health codes to ensure that any negative safety and environmental issues are avoided during their onsite operations.

21. Over 80% of these suppliers' manufacturing sites are located in Asia while about 8% of these suppliers' manufacturing sites are located in Europe, 8% in America. The locations of the manufacturing sites of two of these suppliers are evaluated as "water stressed" areas.

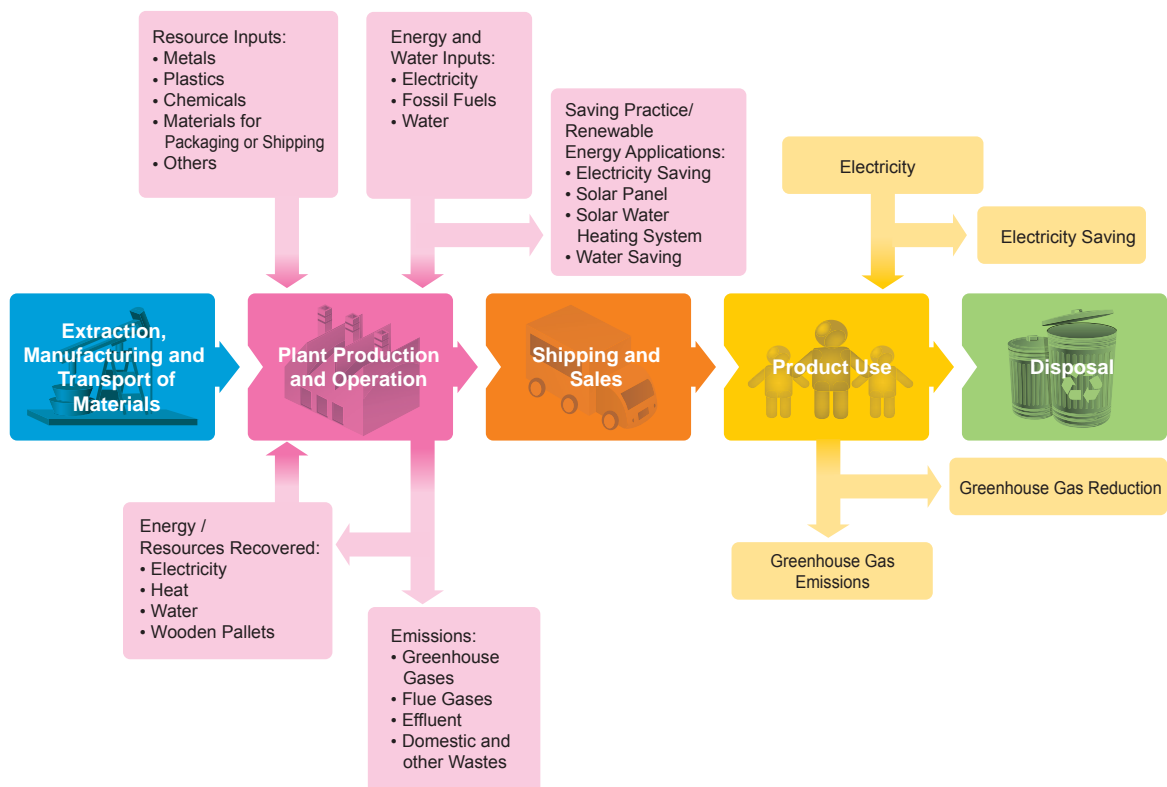


"Provide employees with a safe and healthy work environment" is one of Delta's most fundamental responsibilities as a corporate citizen.

## Dedication to Energy Conservation and Environmental Protection

"To provide innovative, clean and efficient energy solutions for a better tomorrow." is Delta's mission while "developing environmentally-friendly, energy-saving products and implementing sound practices to reduce our impact on the environment" is Delta's commitment to protecting the Earth's environment. Assessments related to product lifecycles have become a basic part of green product design in recent years. Having implemented carbon footprint and eco-design projects, we now have a more complete understanding of the environmental impact of these Delta products throughout their lifecycle and have also identified design or process areas for improvement.

Generally speaking, 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 described in the following sections<sup>22</sup>.



22. Responding to the adjustment of the coverage of 2009 group revenue, in this report we included major subsidiaries DelSolar and Cyntec's data into the 2009 environmental data.

## Extraction, Manufacturing and Transport of Materials

Extraction and manufacturing activities are the purview of Delta's suppliers, contractors or other vendors further up the supply chain. Delta cannot directly control their behavior and can at most make suggestions. Cost and time considerations however give Delta more room for negotiation with suppliers over the transportation of materials. In our experience, with product lifecycle assessments and carbon footprints, Delta has found that environmental impact from transportation is often second only to environmental impact during product usage.

Currently we have only a limited amount of information for Delta products at this stage. This comes mainly from our first-tier suppliers' self-inventory data and the analysis results of the life cycle assessment database collected during our carbon footprint accounting, eco-design projects, and future water footprint accounting. We are assisting our suppliers build up related capabilities, as in the greenhouse gas inventory joint project with several TCSF member companies described in Section 9-4.

## Plant Production and Operation

The main energy and resource inputs, conservation measures and recycling results as well as the volume of waste<sup>23</sup> from Delta's 2010 production and operations 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. Due to the global financial recovery in 2010, the purchase amounts of many materials increased significantly compared to the amounts in 2009. If we calculate the intensities with group revenue, however, the intensities are lower than 2009. The purchase amounts and intensities of these materials are as below :

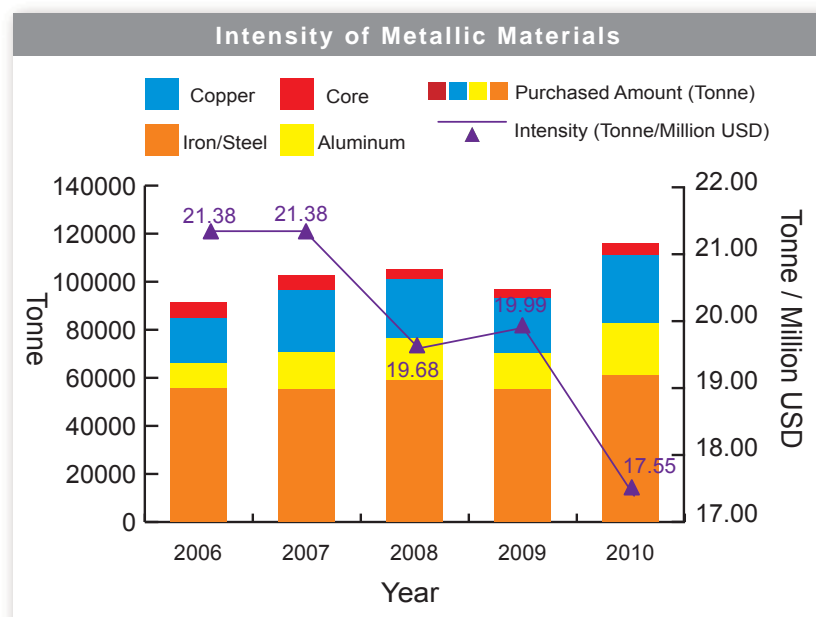
#### (1) Metals

We collect statistics for metals that include: iron/steel, aluminum, copper and core. These metals are used by almost all business divisions (DelSolar is the exception that it uses aluminum only). Using the amount of purchased materials containing those metals as a rough guide, the amount of metals purchased by Delta has increased every year from 2006 until 2009 when it dropped to about 97,000 tonnes. In 2010 it reached a new height of 116,000 tonnes. By category, iron/steel accounted for more than half of all metals purchased, with copper in second place.

If we factor group revenues into the calculations to evaluate our efficiency in the use of metals, as shown in the graph below, we had the lowest intensity in 2010 at 17.55 tonnes per million USD. Our efficiency in the use of metals in 2010 was the highest in recent years, which was about 12% lower than 2009.

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

Additionally, all business divisions use solder wire, bar and paste in welding. Total usage also increased from around 1,800 tonnes in 2009 to 2,000 tonnes in 2010.

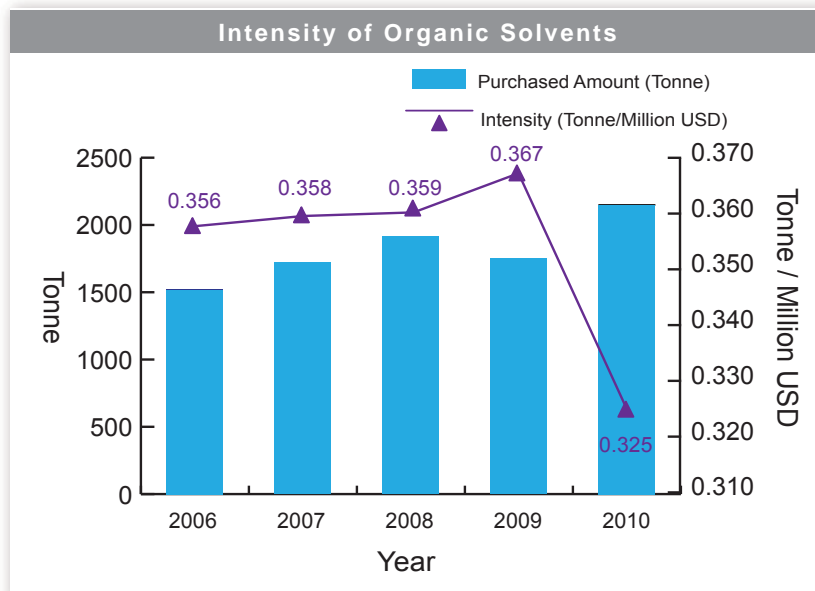
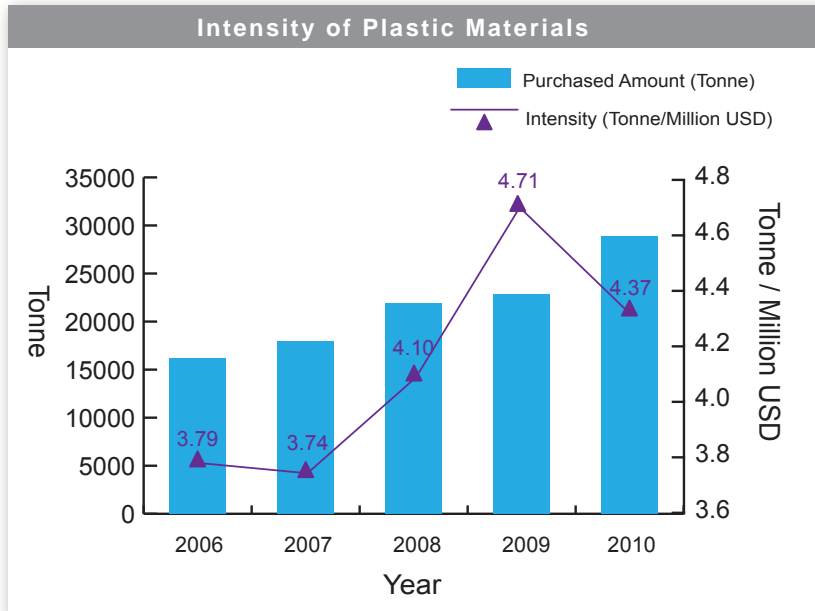


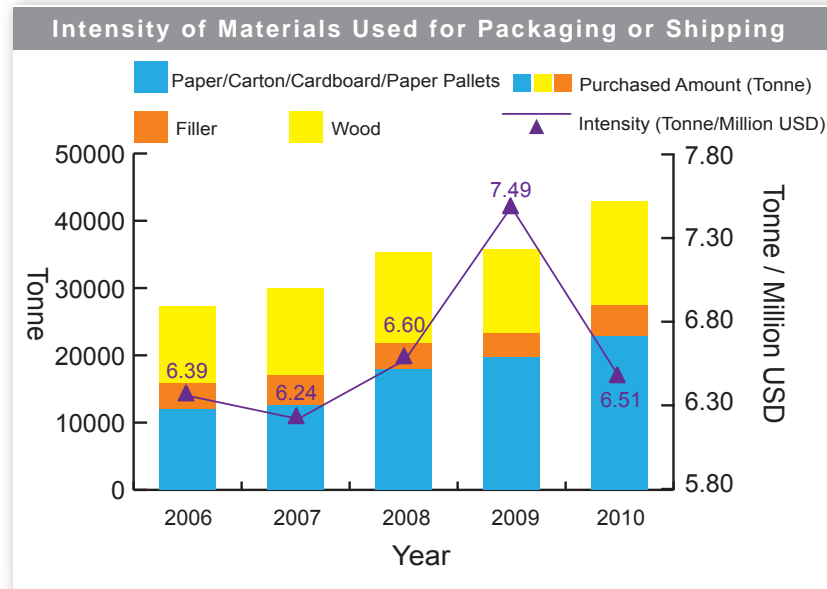
## (2) Plastics

All of Delta's business divisions use plastics, mainly for cases, insulators and sockets. In 2010, Delta purchased a total of 29,000 tonnes of plastics. This was significantly higher than the 23,000 tonnes purchased in 2009. By estimating intensity, however, the result shows that the intensity of plastics has decreased compared to 2009. It was approximately 4.37 tonnes per million USD in 2010.

## (3) Chemicals

All business divisions use organic solvents, which account for most of the chemicals used at Delta, including thinners, cleaners and flux. The purchased amount once dropped to 1,800 tonnes in 2009 but rebounded to 2,100 tonnes in 2010. As for intensity, it dropped from 0.367 tonnes per million USD to 0.325 tonnes per million USD.





#### (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 43,000 tonnes purchased last year, with paper and wood products are the main categories. Intensity however dropped to 6.51 tonnes per million USD in 2010.

#### (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 purchased in 2010 was approximately 1,400 tonnes while the purchased amount of asphalt was about 2,800 tonnes, and both significantly rebounded from 2009. DelSolar purchased about 940 tonnes of silicon wafer in 2010 for solar cell production, which increased substantially from nearly 340 tonnes in 2009.

With about a 36% increase in group revenue, compared to the financial tsunami suffered in 2009, the purchased amounts of the materials mentioned increased at a different rate while the intensities all dropped significantly. It indicates that we enhanced our efficiency in the use of these materials. We will further pursue a decrease in consumption, which also reduces costs.

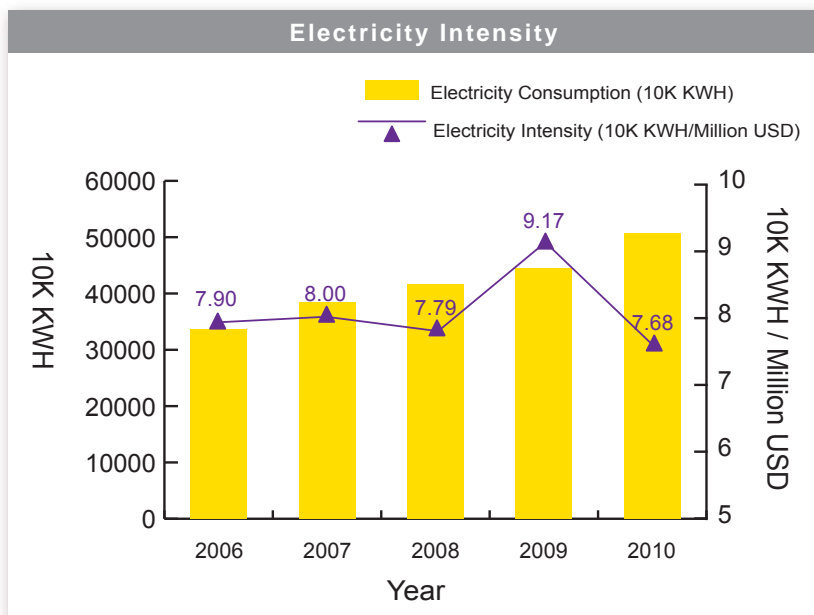
## Energy and Water Inputs

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 2010 are as follows :

### 1. Externally Purchased Electricity

In 2010, Delta purchased nearly 508 Million KWH of electricity in total<sup>24</sup>, an increase of about 14% over 2009. The electricity intensity, however, dropped from 91,700 KWH per million USD to 76,800 KWH per million USD in 2010. The 15% decrease is attributed to the 36% growth of group revenue in 2010.

Looking at the trend for electricity consumption at site level during 2006 and 2010, electricity consumption at most sites has fluctuated while new manufacturing sites, such as Wuhu, Slovakia plants, consumed an increasing amount of electricity. As for Taoyuan II plant, where the CCFL (Cold Cathode Fluorescent Lamp) tube production ceased in 2010, it has reduced electricity consumption the most of any site in recent years. For the DelSolar and Cyntec sites, included in our statistics since 2009, electricity intensities are relatively higher than assembly lines at the rest of Delta's manufacturing sites, which is attributed to their highly automated production lines. If DelSolar and Cyntec's electricity consumption and revenue were not included in the calculation, the electricity intensity for the rest of Delta group in 2010 would drop more than 18% than in 2009, and would be 12% lower than the average electricity intensity during 2006 and 2008, prior to the last financial tsunami. It shows that revenue growth exceeded the growth of electricity consumption and that group-wide electricity efficiency has increased significantly. Aiming at our five year target of a 50% decrease in electricity intensity, we will strive to maintain the trend of descending intensity.



24. Current calculations count in the electricity consumed by on-site contracted services, such as the employees' cafeterias, banks, salons, and shops.

## 2. Fossil Fuels

Fossil fuels used at Delta mainly include liquefied petroleum gas (LPG), natural gas (NG), diesel and gasoline. These are used by power generators, boilers, forklifts and company vehicles<sup>25</sup>. If Delta's fossil fuel consumption of recent years is converted into heat value<sup>26</sup>, the consumption in 2010 increased 28% from 2009 mainly due to the increased natural gas consumption in employee living areas while diesel consumption accounted for the second largest growth among the fuels mentioned. Nevertheless, the intensity kept dropping to 5.14 million kcal per million USD. Heat value contributed by the relatively clean natural gas accounts for over 50% of total heat value.

## 3. Water

Attributed to the broader coverage of this year's statistics and growth in the number of employees, Delta's total water consumption reached its peak of about 6,500,000 KL in 2010. Water consumption intensity has continued decreasing and was lower than 1000KL per million USD for the first time, tracking back to 2004.

Delta's diamond-rated green plant in Tainan has provided an energy efficient, water-saving, and comfortable workspace, and the plant's employees give very positive feedback. New Delta plants and offices around the world are all incorporating 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<sup>27</sup>. As for existing offices and plants, we have worked to reduce their energy / resource consumption and environmental impact through energy management, water-saving initiatives and increasing the use of renewable energy. These initiatives have included :

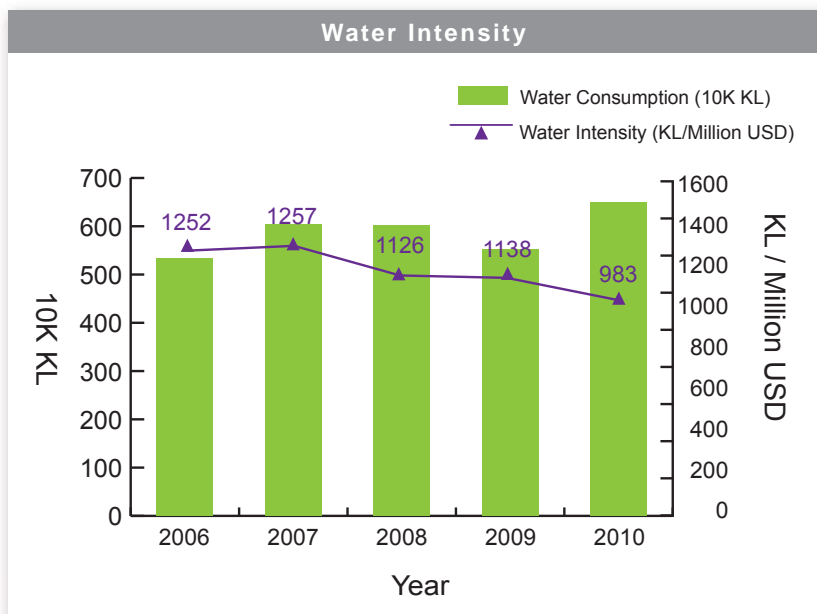
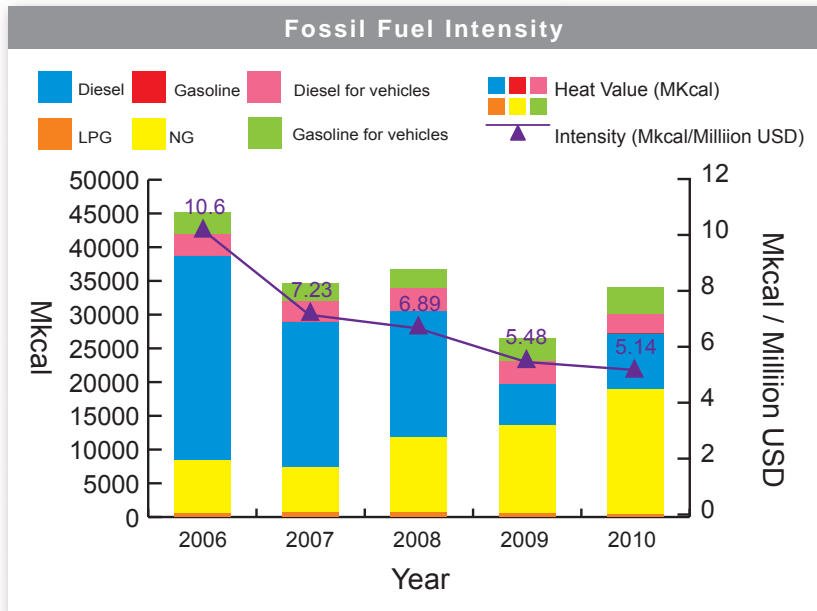
## 1. Energy Management

For Delta, operational risks associated with climate change mainly include changes in regulations , potential energy taxes, carbon taxes, and implementation of efficiency standards, which may cause a rise in operating costs. Extreme weather conditions including torrential rainfall, blizzards, droughts, etc. may also affect business operations. Since purchased electricity accounts for the largest portion of energy costs and greenhouse gas emissions (over 90%), we have currently placed improving electricity intensity as the priority in combating the costs described above. Beginning in mid-2009, the Delta headquarters, the Delta Foundation, the China and Thailand regional headquarters together introduced energy management concepts at our five major sites located in China and Thailand. These plants together accounted for nearly 85% of Delta's total electricity usage. By starting with these key plants, we hope that the PDCA cycle will make the energy factor a part of everyday operations at Delta, and transform the focus from past emphasis on equipment upgrades to comprehensive managerial energy-saving behaviors.

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

26. Heat values are based on China Energy Statistical Yearbook 2007 and more.

27. Delta' s Rudrapur plant (India) received a gold rating from the Indian Green Building Council, the branch of LEED (Leadership in Energy & Environmental Design), as the first Delta green building to receive the LEED certificate. It was just the third LEED certificate issued in India.



Energy management at Delta has gradually hit on the right track after the “learning by doing” stage. There exist internal platforms or channels to discuss or share experiences between Delta’s plants in terms of planning or installing software / hardware, or allocating available resources. With the pass of the ISO50001 standard, we will have a formal standard to follow for future practices<sup>28</sup>. After reaching our short-term goal of reducing the overall electricity intensity of the Delta Group by 10% in 2010 compared to 2009, by combining smart meter and monitoring systems, as well as external consultancy, we will set a more challenging five-year goal to drop our electricity intensity by 50%. We will seek to maintain or reduce total electricity usage and expand to the management of fossil fuels and the rest of Delta’s sites.

Apart from energy saving, maintaining energy quality and ensuring a reliable energy supply for the plants are also important tasks for energy management. China’s Twelfth 5-Year Plan has laid down very specific energy-saving requirements. Preparing for energy-related legislation or regulations passed by local governments will be another important component to energy management.

## 2. Electricity-Saving Initiatives

Electricity saving initiatives include improvements to air-conditioning and lighting, installation of timers and converters, and other measures. Based on measures initiated at Delta plants in 2010, a savings of about 6,300,000 KWH of electricity per year was projected—this meant avoiding the release of about 6,600 tonnes of CO<sub>2</sub><sup>e</sup> into the atmosphere. At the Dongguan site, where an energy management system was first introduced in Delta, a significant drop in electricity intensity was attributed to increased production output and electricity was saved by using converters in air-conditioning systems and plastic injection machines, by optimizing management and adding timers to the ventilator system, as well as by replacing air-handling units, and more. We believe that future energy saving projects can be more cost-benefit effective once energy management systems are run at the sites.

## 3. 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 Taipei headquarters, Taoyuan plant 2, the Tainan plant, the Thailand plant, the Tainingen plant (Germany), the Rudrapur plant (India), offices in California and North Carolina in the U.S., as well as DelSolar’s Wujiang plant. 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 electricity generated by solar panels provides only a limited amount of electricity compared to what Delta purchases externally—just more than 270,000 KWH<sup>29</sup> in 2010 despite a significant increase from 170,000 KWH from 2009, while solar water heating systems contribute a significant amount of heat value that serves to replace the use of fossil fuels. In

28. Delta’s Dongguan site passed the ISO50001 conformity assessment by a third party in July, 2011.

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

2010, for example, the amount of heat value generated was nearly 2,400 Mkal, equivalent to around 7% of that provided by fossil fuels. Together with the electricity generated by solar panels it helped reduce greenhouse gas emissions by about 1,500 tonnes CO<sub>2</sub><sup>e</sup>.

#### 4. Water Management

We used the World Business Council for Sustainable Development's (WBCSD) "Global Water Tool"<sup>30</sup> to conduct a preliminary self-assessment to analyze whether Delta's manufacturing sites are facing water shortages. The result showed that our primary production lines in Mainland China are not located in "water stressed" areas but that the sites in Taiwan and Thailand are, which we will pay close attention to as we begin to consider Delta's overall water management measures.

As for total water saved by all measures initiated in 2010, it was projected to be about 70,000 KL for one year.

### Emissions

Emissions produced by Delta offices and production line operations in 2010 consisted mainly of greenhouse gases, flue gases, waste water, domestic and other wastes. These are described below :

#### 1. Greenhouse Gases (GHG)

CO<sub>2</sub> emissions associated with externally purchased electricity accounted for over 95% of Delta's total CO<sub>2</sub> emissions. For the plants that had not undergone GHG emission verification, we therefore used the consumption of fossil fuel and externally purchased electricity to estimate GHG emissions<sup>31</sup>.

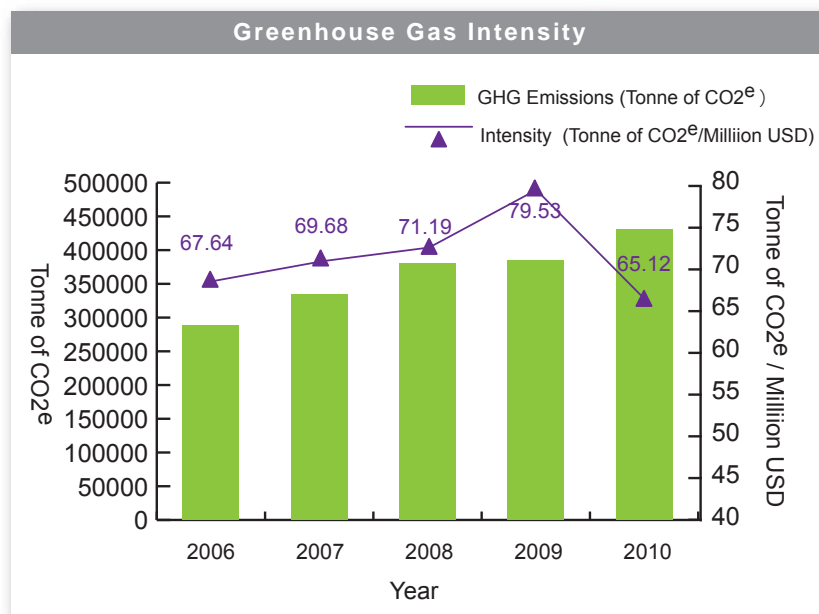
The GHG emission and intensity trend for Delta between 2006 and 2010 is shown in the graph. Delta's total emissions in 2010 are around 430,000 tonnes of CO<sub>2</sub><sup>e32</sup>, a 12% increase from 2009. The amount of GHG emissions per million USD of output, however, has dropped significantly to about 65.12 tonnes of CO<sub>2</sub><sup>e</sup>.

Similar to our electricity and fossil fuel usage in 2010, the amount of GHG emissions rose in 2010 while the intensity significantly decreased. It indicates that Delta's efficiencies in the use of energy, and GHG emissions were much better than in 2009.

30. We used Global Water Tool, version 2010.09, in which the definition of "water stressed" was : projected total renewable water resources per person between 1001 and 1700 M<sup>3</sup>.

31. Dongguan, Wujiang, Cynotec (Hsinchiu) and Thailand plants have received third party verification.

32. A. The 2006-2010 electricity emission factors published by the Bureau of Energy, Ministry of Economic Affairs, were adopted for plants/offices in Taiwan; 2006-2010 regional electricity emission factors (OM) published by the National Development Reform Commission were adopted for plants/offices in China; 2009, 2010 electricity emission factors for the plants in Thailand were derived from the average of electricity emission factors (OM) of the previous two years / three years respectively, published by EGAT (Electricity Generating Authority of Thailand). As for the emissions at Thailand plants in prior to 2009, and the emissions in other regions, the International Energy Agency's 2006 emission factors were used. B. The calculation of GHG emissions from fossil fuels referred to the IPCC 2006 data and the China Energy Statistical Yearbook 2007 and more. C. The values of Global Warming Potential (GWP) referred to IPCC 2001 and 2007 data. D. Tianjing plant purchased steam in 2010.



## 2. Flue Gases

With assembly as the major process at Delta plants, we generally do not emit flue gases in any significant amount. Taoyuan plant 1 in Taiwan, the Wujiang, Dongguan, Wuhu, Tianjing plants, Delta Greentech, and Chenzhou plants in China, as well as DelSolar, Cyntec and the India, Slovakia plants all conduct monitoring of plant flues in accordance with the law or self-commitment to ensure that they meet emission standards. Monitoring covers different items including particles, nitrogen-oxide compounds (NO<sub>x</sub>), sulfur oxide compounds (SO<sub>x</sub>), volatile organic compounds (VOC), hydrochloric acid, nitric acid, sulfuric acid, hydrofluoric acid, ammonia, tin, lead, and more. We also regularly examine pollution prevention devices to ensure they are functioning well.

## 3. Effluent

The estimate for Delta's total effluent in 2010 was between 5,080,000 and 5,620,000 KL<sup>33</sup>. The effluent consists mainly of domestic sewage discharged into sewer systems or sent to industrial park treatment plants. In accordance with the law or self-commitment, Taoyuan plant 1, 2 in Taiwan, the Wujiang, Dongguan, Wuhu, Tianjing plants, Delta Greentech, and Chenzhou plants in China, as well as DelSolar, Cyntec and the India, Slovakia plants all conduct regular sampling of the effluent or industrial waste water to ensure that it meets emission standards. The test covers different items including biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended particles, pH value, chromium, fluoride, nickel, ammonia nitrogen, animal and vegetable oils, copper, lead, zinc, and sulfur compounds.

33. Except for plants measuring effluent using meters, 80% and 90% of the amount of incoming water were used as the range when estimating the amount of effluent by other plants.

#### 4. Domestic Waste

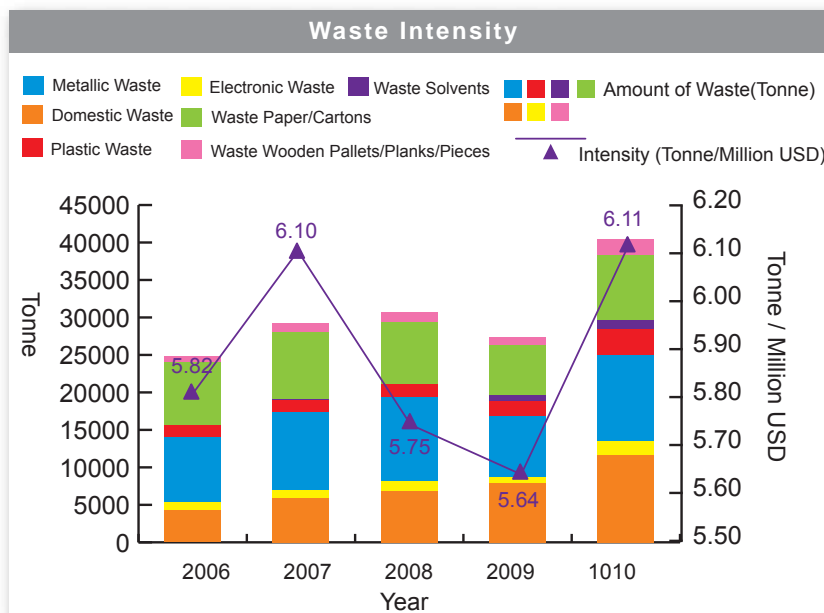
In 2010, Delta generated a total of 11,700 tonnes of domestic waste. Around 80% (mainly from several major plants in China) was disposed of in landfills.

#### 5. Other Waste

Other waste 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. Metals and waste paper/cardboard accounted for the top two categories in terms of amount.

In 2010, the total amount of domestic and other waste was 40,000 tonnes, an obvious increase compared to 2009 with the growth in all categories. The intensity at 6.11 tonnes per million USD was also higher than 2009.

Hazardous sludge was generated from processes at Cyntec's Hsinchiu and Wujiang plants with the amount of about 130 tonnes in 2010. The sludge was all disposed of by contractors<sup>34</sup>.



34. We ceased CCFL production in March, 2010 so the amount of waste glass tubes coated with fluorescent powder or containing mercury is no longer relevant in this CSR Report.

## Energy / Resource Recovery

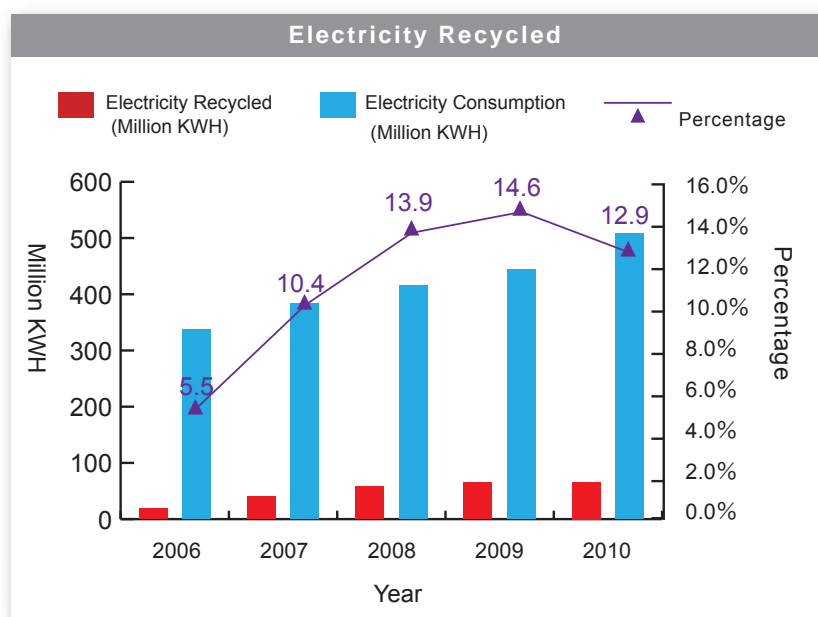
### 1. Electricity Recycling

Burn-in testing for AC motors, power supplies or uninterruptible power supplies (UPSs) 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 not only recycle up to 95% of the electricity used during burn-in testing but also to reduce the heat generated and thus lower the loading of the air conditioner, as well as the personnel and the plant square footage needed by traditional burning racks. Due to its effectiveness, the ERS is now used at the Taoyuan, Tainan, Wujiang and Dongguan plants, and is also being promoted at the Thailand and India plants. We have commercialized this product and hope to share its benefits with the rest of the industry.

In 2010, the total amount of electricity recycled was nearly 66 Million KWH<sup>35</sup>, a slight increase from 2009. Due to the growth of electricity consumption in 2010, the electricity recycled dropped to around 13% of Delta's electricity consumption for the year, resulting in GHG emission reduction of about 58,000 tonnes.

### 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, Wujiang, Wuhu and Cyntec (Wujiang) plants to reduce diesel and natural gas consumption. The heat pumps at Dongguan plants 2, 6 and 7, for example, provided an amount of heat in 2010 that was equivalent to using around 290 tonnes of diesel; thus, over 900 tonnes of CO<sub>2</sub><sup>e</sup> GHG emissions were reduced by using heat pumps rather than burning diesel.



35. The number was derived mainly based on the total capacity of ERS with normal loading and burn-in hours.

### 3. Wooden Pallet Recovery and Reuse

Serviceable wooden pallets are recovered by the plants and re-manufactured into other wood products. In 2010, about 370 tonnes of wooden pallets were recovered in this way.

### Biodiversity

Delta continuously promotes public awareness of biodiversity and understanding of climate change's impact on the eco-system in Taiwan through Delta Foundation's volunteers and sponsored activities and research. At the same time, biodiversity is one of the essential indicators when we made a commitment that all new Delta plants must be green buildings. In addition to the relevant pre-operation environmental assessments at plants, we also take efforts to minimize impact on local environments and ecology from our daily operations.

### Shipping and Sales

This phase looks at the shipping of products from Delta plants or through logistics hubs to customers, and then 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. From the carbon footprint study for a notebook computer's external power supply, we discovered that the carbon footprint from this phase was probably second only to the sourcing of materials and higher than manufacturing at the Delta plant. We are therefore more than willing to cooperate with our customers or freight carriers to optimize the use of transportation space such as cargo containers, reduce the number of trips required or consider more environmentally-friendly transportation methods. By working together, Delta hopes to reduce our carbon footprint and our overall impact on the environment.

### Product Usage

Delta is the world leader in switching power supplies and DC fan products by market share. We are also a leading international supplier for many industrial and electronics products. Based on the considerable quantity of products shipped each year by Delta, we believe that electricity consumption and greenhouse gas emissions during the lifecycle of a Delta product represents a significant environmental impact, which was supported by the preliminary life cycle assessment conducted in the eco-design project mentioned. To slow global warming, energy-saving products and services are becoming a major trend and energy efficiency requirements have become increasingly stringent. Only by constantly improving product efficiency and developing renewable energy applications can we reduce Delta's operational risk. With this in mind, Delta is seeking more green business opportunities to avoid becoming superseded in the market.

The quantities of Delta's power supplies, DC fans, UPSs, ballasts, converter products, solar cells and more, shipped by Delta in 2010 from its Taiwan, China and Thailand plants<sup>36</sup>, represent a total annual electricity consumption of nearly 58.7 Billion KWH and 36 Million tonnes of CO<sub>2</sub><sup>e</sup> in GHG gases<sup>37</sup> under normal conditions if the energy saving of Delta's latest products is not counted.

If the energy savings resulting from using Delta's latest products are counted however, a savings of 3 Billion KWH and 1.8 Million tonnes of CO<sub>2</sub><sup>e</sup> in GHG emissions can be achieved each year. This represents a 5% reduction from the original power consumption and GHG emissions.

Other Delta achievements in green energy-saving products and total solutions for 2010 included:

- Electric Vehicle Propulsion System (pure electric vehicle)
- Less toxic copper zinc tin sulfur selenide (CZTS) compound thin-film solar cells (a joint venture between DelSolar and IBM)
- Short throw LED projector
- Wind turbine
- Smart meter

These all represent Delta's focus on power management and smart green life.

## Disposal

The increasing speed of obsolescence in electronics products has brought the problem of their disposal to the attention of national governments, such as the EU, and international NGOs, such as Greenpeace. The electronics industry is now conforming to integrated product-related environmental policies and extended responsibility for manufacturers, such as with RoHS, EuP, WEEE and REACH directives in the EU. After several years however many practical issues have emerged with the enforcement of related legislation. A lack of proper communication between the product designers and recyclers for example is hampering efforts to recycle electronic waste.

DMS business operations currently account for the majority of Delta's revenue, they are not directly responsible for product recycling; however, Delta does manufacture products that are easily disassembled and recycled to meet customer requirements. As for the brand business, Delta currently recycles the solar modules produced by DelSolar. DelSolar has become a member of the nonprofit organization PV Cycle<sup>38</sup> which provides a recycling service for solar modules that have reached the end of their lifespan. If less than 30 to 40 solar modules are recovered for recycling, the collected modules are sent to the nearest

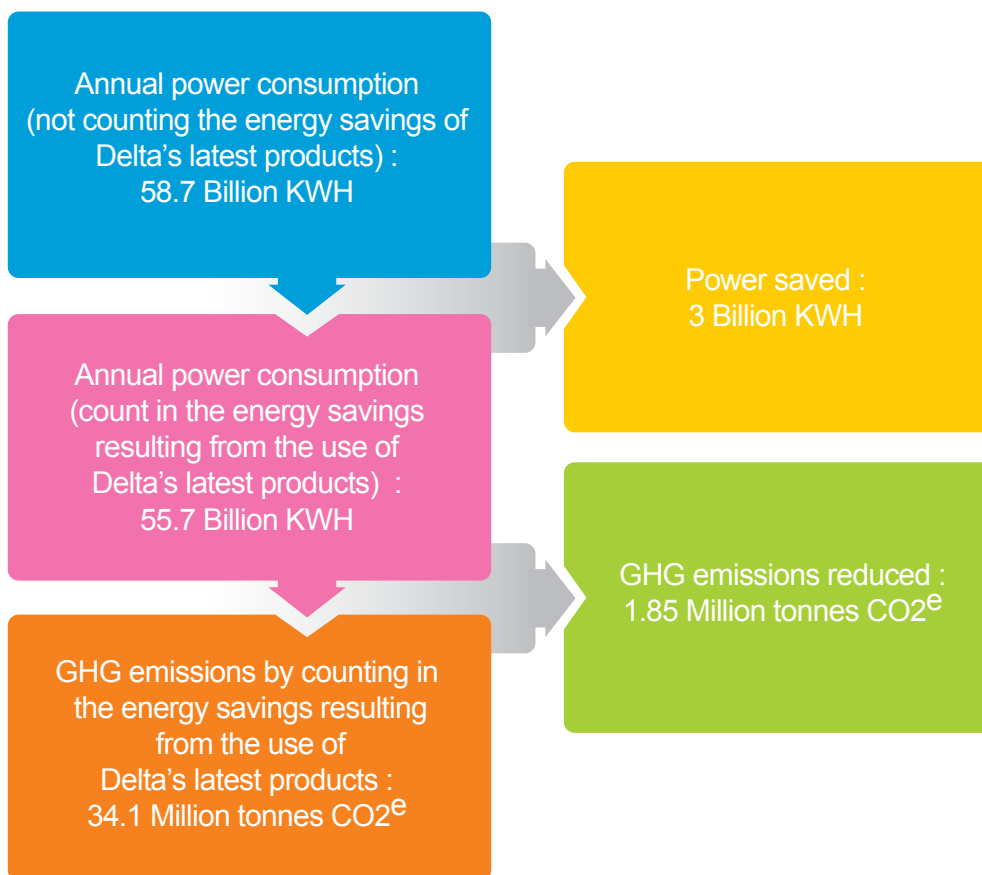
36. Only the 2010 products with better energy efficiency were counted. The methodology is as below: A. Power supplies and DC fan products: the calculation was based on the efficiency improvement compared to 2009, with the assumption of load and hours at use (or standby) mode under normal situation. B. Ballast and industrial automation products: the calculation was based on before and after the adoption of these products, with the assumption of load and hours at use under normal situation. C. Solar cell: the calculation was based on total product capacity shipped in 2010 to estimate the electricity may generate under normal condition.

37. Taiwan's 2010 electricity emission factor (0.612 kg CO<sub>2</sub><sup>e</sup> / KWH) was adopted for the estimation.

38. PV Cycle website: <http://www.pvcycle.org/>

collecting points and recycling facility after being disassembled or fixed so that the materials can be used in various products. But if there is a relatively large amount recovered, the solar modules are shipped directly to a recycling plant.

Delta ships a considerable quantity of products each year. While we have not been required to take direct responsibility for product recovery, we do understand that a failure to properly dispose of or recycle electronic waste products not only wastes resources and damages the environment but can also cause permanent harm to human health or the natural ecology. We hope the assessment can be used to set up a comprehensive internal eco-design system that will integrate lifecycle analysis and ideals more fully into the product design process. We believe that the most effective solution is to deal with the problem at its source.



## Plans and Prospects

In the previous edition of the CSR report, energy management, product eco-design, social and environmental issues in the supply chain, and information disclosure and benchmark learning were the topics of main concern at Delta. Current progress and future prospects regarding these issues are summarized below :

1. Energy management at Delta has gradually hit the right track after a “learning by doing” stage. Internal platforms and channels exist to discuss or share experiences between Delta’s plants in planning or installing software / hardware, or allocating available resources. With the passing of the ISO50001 standard, we will have a formal standard to follow for future practices. Combining smart meters and monitoring systems, as well as using external consulting, and lowering our electricity intensity is just a starting point. We will seek to maintain or reduce the total electricity usage and expand to the management of fossil fuels and the rest of Delta’s sites.
2. Through last year’s eco- design project, business units gained a stronger understanding of the requirements put forth by regulators and stakeholders, and gained the ability to assess product lifecycle inventories. Generally speaking, we place the most emphasis on controlling environment related substances in products and improving energy efficiency. We take customer needs into consideration when designing products. In addition to establishing Delta’s general rules regarding eco-design, we are also considering whether the direction of the DMS business and brand business should be differentiated. In the coming year, the CSR Office will hold in-depth discussions together with the Green Product Committee and make plans accordingly.
3. In addition to announcing our policies on the EICC code of conduct, and the conflict metal / mineral issue, Delta also extends the relevant concepts to our supply chain. We will establish a committee dedicated to the issue of sustainable sourcing and supply chain management to set policies, performance indicators, and integrate the results. At the same time, we continue to participate in the Global Reporting Initiative (GRI), engaging in discussions regarding disclosure of relevant supply chain information. In actual practice, the previously mentioned committee, customers, and suppliers must work diligently together to create the optimal impact with our limited resources.

4. For information disclosure and benchmarking, we are learning about stakeholder requirements to make the Delta CSR website and annual CSR Report more comprehensive. We are also taking the opportunity to participate in international sustainability questionnaires and ratings to review our information and deficiencies in organizational structure for improvement. We are currently working with several TCSF member companies to establish a work group on sustainability rating to raise awareness on issues related to the subject. We continue to improve in our efforts to satisfy stakeholder requirements by interacting with internationally leading ratings agencies, and learning from the examples of customers, suppliers or related business consortium members that show outstanding CSR performance. For the 2012 Delta CSR Report, we are targeting to meet the requirements of Level A of the GRI's "Sustainability Reporting Guidelines version 3.1" while applying for third party assurance.

Another main point in addition to the four described above is establishing a CSR information collection system. Beginning with energy-related data, we will build an internal database to produce a system that can immediately reflect a plant's status and make prompt adjustments. This will allow us to set middle to long term goals that will further benefit the group. For the issues of water and waste, we will in turn make the increasing importance of these issues a part of our daily decision-making, just as we did for energy management.

In the 2011 CSR Report, we will describe our progress on these topics. If you have any comments or suggestions regarding this report or Delta's CSR activities, please do not hesitate to contact us at [CSR@delta.com.tw](mailto:CSR@delta.com.tw). We will respond as soon as possible. Thank you.

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Note: Only the indicators that adopted in this report are listed.



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