



# Delta Group CSR Report 2012

[www.deltaww.com](http://www.deltaww.com)



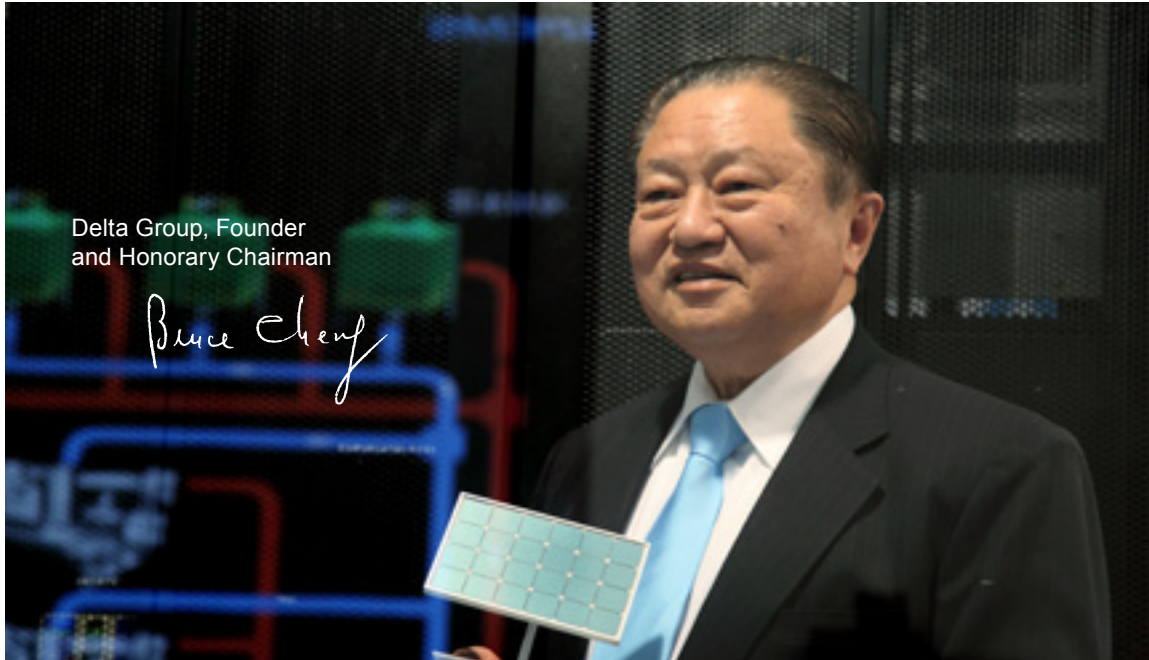


# CONTENTS

02	Letter from the Founder	34	Key performance indicators
04	Letter from the Chairman	35	Active response to climate change
06	CSR Highlights	38	Green operations
10	Delta Group Overview	50	Green products and services
12	Global success stories	57	Employee relations and social contributions
14	Organizational structure	57	Key performance indicators
15	2012 Delta CSR Report	58	Employee composition
16	Communication with stakeholders	59	Employment policy
19	CSR commitment	60	Employee communication
20	CSR organization	64	Remuneration and benefits
21	Corporate governance	64	Employee training and development
21	Key performance indicators	66	Employee retention
22	Board competency	66	Occupational safety and health
23	Implementation of risk management	70	Social contributions
24	Support of international corporate initiatives	70	Campus and community environmental energy education
26	Perseverance in technical R&D and pursuit of innovation	72	Raising climate awareness
28	Strengthening industrial brand image	74	Promotion of green buildings
29	Excellent information transparency and communication with shareholders	75	Training of green-collar talent
30	Exceeding customer expectations	77	Concern for disadvantaged groups
32	Cooperation with suppliers	79	Index of GRI G3 Indicators
34	Dedication to energy conservation and environmental protection	84	Third Party Assurance Letter

## Letter from the Founder

---



Dear friends and colleagues :

Over the past few years, extreme weather events all over the world have increased in frequency and strength compared to previous years. According to statistics of the United Nations Office of Disaster Risk Reduction (UNISDR), worldwide losses due to natural disasters over the past three years have amounted to 650 Billion USD. At the same time, global greenhouse emissions have almost reached a tipping point. The CO<sub>2</sub> density in the atmosphere has climbed to 400ppm. A study by the International Peace and Cooperation Center (IPCC) reveals that values in excess of 450ppm will lead to climate changes with consequences that mankind may be unable to bear. As the leading global company in power management and thermal solutions, Delta continues to focus our efforts on improving the energy efficiency of all products to reduce greenhouse gas emissions. In the future, all of our products and solutions will be based on the concept of energy conservation and carbon reduction in line with our corporate mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow."

In view of the fact that building-related energy consumption makes up one-fourth to one-third of global energy consumption, we continue to promote our green building policy. Since the completion of the diamond-rated green buildings of our Tainan plant in 2006, Delta has made a firm commitment to relying on green building design concepts for all newly constructed plants in the future. Our Taoyuan Technology Center has received LEED Gold certification. Compared to traditional office buildings in Taiwan, the Taoyuan Technology Center saved 53% energy in 2012 by adopting Delta's industrial automation products and solutions, including an HVAC management system with energy savings of 51%, an elevator solution

## Letter from the Founder

equipped with energy regeneration technology with energy savings of 52%, and an LED lighting solution with energy savings of 50%. We also organize events such as workshops for green-collar architects, contests for the design of solar energy buildings, and guided tours of green buildings to provide a wider audience with a better understanding of the positive environmental effects of green buildings. We hope that our good example will popularize green building concepts.

Besides practicing energy conservation and carbon reduction, Delta also aims to achieve a greater impact on environmental issues. On the occasion of the 2013 Taiwan Lantern Festival, Delta presented the dazzling "Ring of Celestial Bliss", which blended environmental protection, culture, and technology. It was also the first building structure in Taiwan to undergo a building carbon audit. The structure achieves an 80% reduction of carbon emissions compared to generic steel and concrete buildings. In addition, all construction materials are recyclable and reusable. This unique structure demonstrated the successful implementation of a low-carbon concept for the festivities. During the Lantern Festival, two movies ( "Sun and Moon" and "Four Seasons" ) were aired in brilliant fashion by making use of Delta's visual technology and LED lighting solutions. The movies depicted the origin of the universe, the development of civilization, climate change, and the beauty of seasonal change in Taiwan. Delta's Ring of Celestial Bliss also urged the 12,000,000 visitors to reflect on the climate crisis brought about by the success of civilization and to support environmental protection and energy conservation.

Looking back on the year 2012, Delta received much acclaim and positive feedback for its efforts in corporate social responsibility. Delta has been selected as the "Most Admired Company in the Electronics Industry" by CommonWealth magazine for eleven years in a row and we are a leader in "Corporate Citizenship Awards" among large-scale enterprises. Delta received 1st Place for both Overall Performance and Environmental Protection at Global Views Magazine's CSR Awards. The company was also honored by the Securities & Futures Institute with a top ranking (A++) in the field of information disclosure and transparency of listed companies. In addition, Delta received awards for "Best Practice in Investor Relations" and "Best Taiwan CEO" from IR Magazine and was again selected to the World and Asia Pacific Index of the Dow Jones Sustainability Index, as well as being named as the top global enterprise in the field of electronics equipment. Delta also received the "Outstanding Enterprise Award" for CSR from China Business News, becoming the first Taiwanese electronics business to win the honor in China. We have also been included in the ranking of the top 50 private enterprises in China for three years in a row. Moreover, the company won the Prime Minister's Best Industry Award in Thailand. These achievements clearly indicate that Delta is in step with the leading global enterprises in the field of sustainability as we have received wide acclaim for our efforts.

It is our firm conviction that Delta's vision and competitive edge in environmental protection and energy conservation will create corporate and product value, and drive constant growth and innovation. We continue to fulfill our corporate mission of "To provide innovative, clean and energy-efficient solutions for a better tomorrow" to bring about a more intelligent and eco-friendly green lifestyle for humanity.



## Letter from the Chairman

---



Dear friends :

For over 40 years Delta has implemented corporate social responsibility in its daily operations. From our point of view, corporate social responsibility implies not only maintaining continued growth and corporate profits as we fulfill our responsibility to our shareholders, but also making a concrete, positive contribution to society and the environment by fully utilizing our corporate capabilities.

For many years, we have constantly improved the energy efficiency of our products. For instance, the efficiency of power supply products designed and manufactured by Delta currently exceeds 90% or more—telecommunication power supplies and PV inverters have already reached 97.2% and 98.5%, respectively. A calculation of the overall energy conservation effects of our highly energy-efficient products and solutions reveals that in the period between 2010 and 2012 we helped our customers save a total of approximately 9.3 billion kWh, which is equivalent to a reduction of CO<sub>2</sub> emissions by almost 5 million tons.

Besides our continued advances in product design and manufacturing capabilities, we actively pursue solutions with higher overall efficiency. By combining Delta hardware and software, we create smart green applications that are characterized by greater economy and energy efficiency such as industrial automated solutions, which are widely used for machine tools, textiles, printing, packaging, large-scale buildings, food products, electronics equipment, rubber and plastic products, elevators, HVAC, and woodworking. We strive to increase production efficiency and reduce energy waste for the sake of our customers.

## Letter from the Chairman

Delta also constantly improves the energy management systems and energy efficiency of our operational bases all over the world. Since 2010, Delta has established energy management procedures in major operational bases worldwide using the ISO 50001 energy management system as a blueprint. Our Dongguan plants in China and our plants in Thailand have already passed the Conformity Assessment of the ISO 50001 International Energy Management Standard. At the same time, we continue to inspect energy conservation standards of our operations in China, Thailand, and Taiwan. We are searching for more effective solutions for energy conservation and carbon reduction by making use of highly systematic measurement and analysis procedures. To sum up, based on the joint efforts of colleagues around the world and the application of Delta energy conservation solutions, we reduced the electricity consumption of our major operational bases by almost 27 million kwh, while lowering electricity consumption intensity by 34.3% in 2012 compared to 2009. This exceeds our preset reduction goal by 30% for 2012.

Brand differentiation is the key to sustainable corporate growth, and we continue to intensify our efforts to differentiate our brand from our competitors. Delta's commitment to the creation of a smart green lifestyle is expressed in our brand promise "Smarter, Greener, Together". Our goal is to promote this lifestyle among our clients, users, and partners worldwide through global exhibitions, brand promotion activities, and the distribution of promotional materials. Through the joint efforts of all our colleagues, Delta was honored again as one of Taiwan's Top 20 Global Brands in 2012 through a global brand value survey conducted by TAITRA, Business Next and Interbrand. Delta is the only large-scale enterprise in the electronics industry to receive this honor two years in a row. We continue to acquire new knowledge and intensify our efforts to increase the value of our brand.

It is our firm conviction that the fulfillment of social responsibility is crucial to sustained corporate growth in the 21<sup>st</sup> century. We will continue to strive for a high standard of corporate governance, make active contributions to society, and dedicate ourselves to environmental protection and energy conservation as well as the common good of all.

# CSR Highlights

## Exceptional honors



### Delta Electronics Selected for 2012/13 Dow Jones Sustainability Indexes

Delta has been listed in the World (DJSI World) and Asia Pacific Index (DJSI Asia/Pacific) of the Dow Jones Sustainability Indexes (DJSI) two years in a row. The company was also named as "Sector Leader" in the Electronic Equipment sector in 2012.

### Top Ranking for Large-scale Enterprises in the Corporate Citizenship Award Category of CommonWealth Magazine

Delta received the Corporate Citizenship Award presented by CommonWealth Magazine for the sixth year in a row and was selected as the leading large-scale enterprises in 2012. The Chairman of the Delta Group, Mr. Yancey Hai was invited to receive the award from former Vice President Vincent Hsiao.



### "Most Admired Company" for the 11th Consecutive Year from CommonWealth Magazine

Delta's Chairman Mr. Yancey Hai received Delta's 11th consecutive CommonWealth magazine award for "Most Admired Company in the Electronics Industry" from former Vice President Hsiao.

### Corporate Social Responsibility Award from Global Views Magazine

Delta received the Championship Award for its "Environment and Energy Education" project in the category of Education. In addition, in the Non-profit category, Delta received the Excellence Award for its "Rebirth of Namasia Ming-Chuan Elementary" project. The founder and honorary chairman of the Delta Group, Mr. Bruce Cheng, accepted the award on behalf of Delta.





2012 Best Business Model Award from Business Review

Delta Won "Outstanding Enterprise Award" for CSR from China Business News

Delta won the Best Business Model award from Business Review in 2012. The founder and honorary chairman of the Delta Group, Mr. Bruce Cheng, attended the award ceremony. The jury concluded that Delta applies CSR and green energy concepts in manufacturing to achieve better results in energy conservation and environmental protection and gain a sustainable competitive edge.

Delta is the first Taiwan-funded electronics enterprise to receive the "Outstanding Enterprise Award" for CSR from China Business News. Delta CEO, Mr. Ping Cheng, was invited to attend the award ceremony.

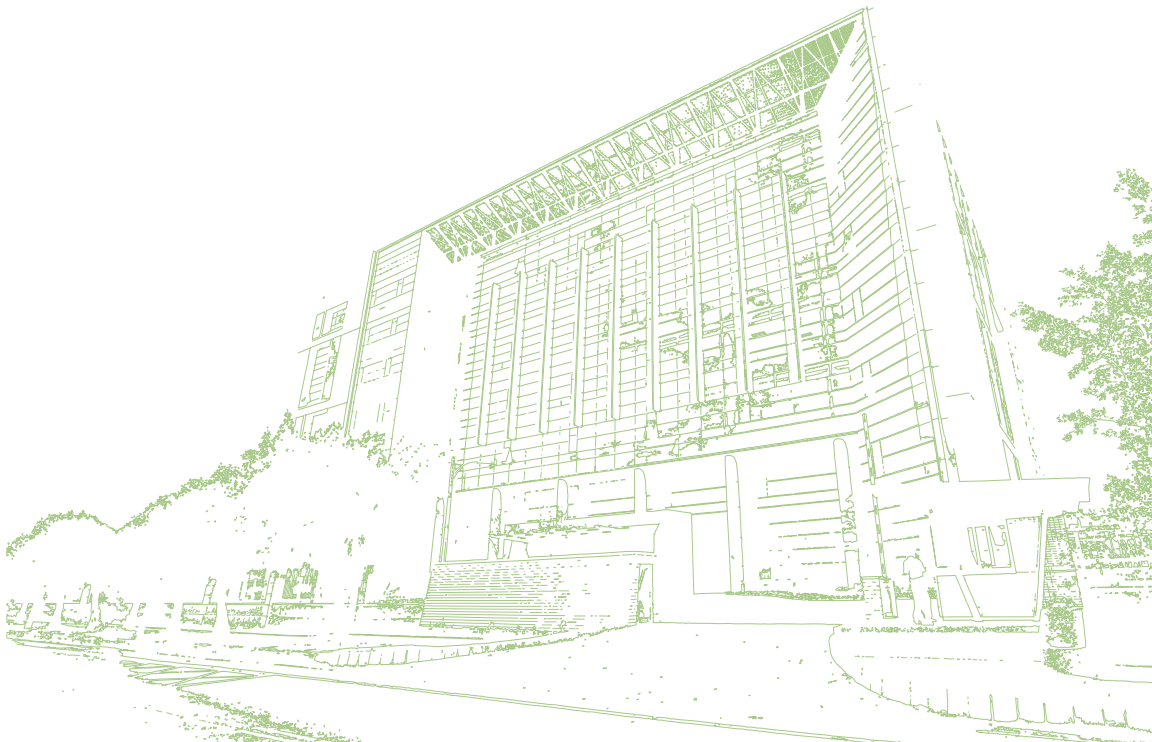


## Promoting green buildings

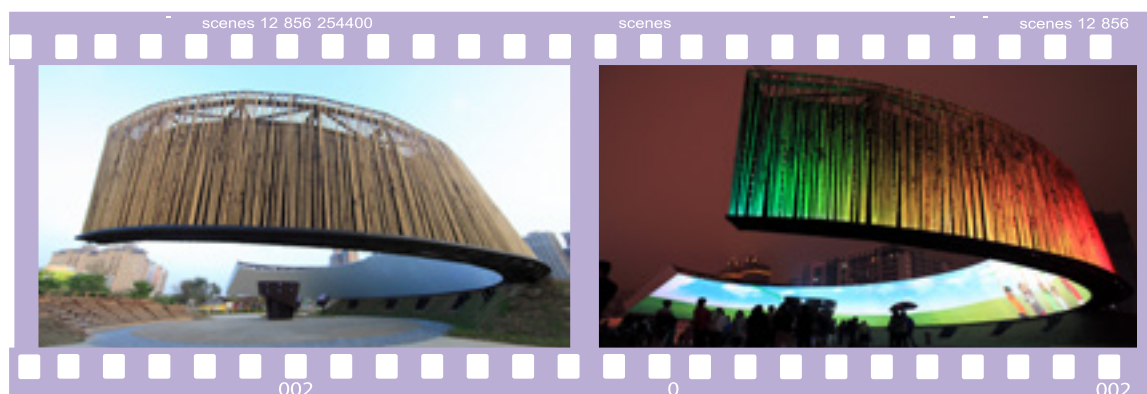


### Taoyuan Technology Center

The Delta Technology Center is a smart green building which adopts Delta's energy-efficient solutions including HVAC management systems, energy-saving elevator systems, solar power systems, LED lighting systems, rainwater harvest systems and water resource management. The center received the LEED Gold certification and EEWL Gold green building label which is presented by the Taiwan Ministry of the Interior. Compared to Taiwan traditional office buildings the center saved 53% energy in 2012. These significant savings are the result of the system integration of Delta's energy-efficient solutions, including HVAC solutions with 52% energy savings, elevator solutions with 52% energy savings, LED lighting with 50% energy savings, and more.



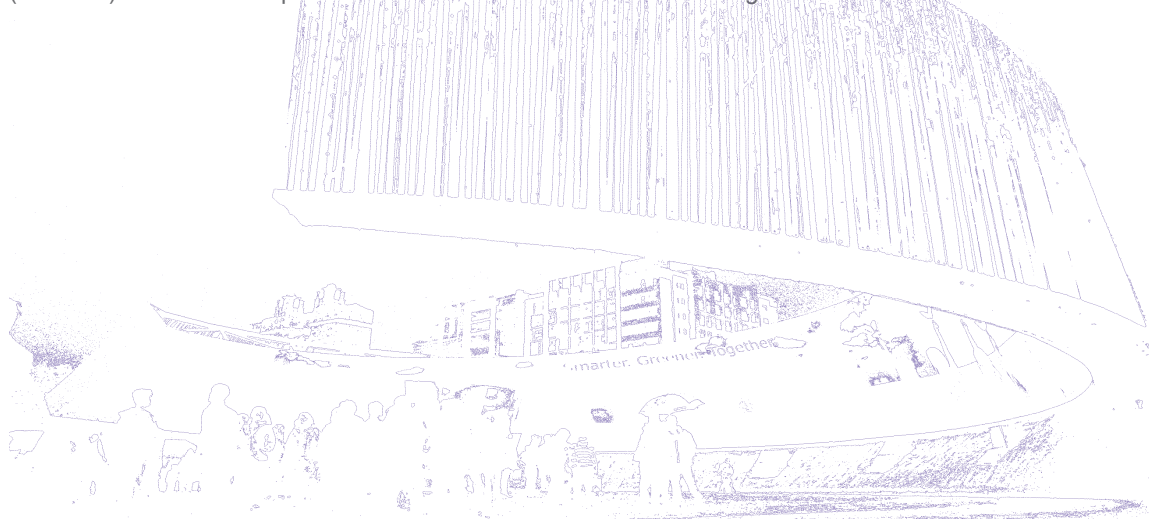
## An ideal combination of technology, eco-friendliness, and culture



### Delta's "Ring of Celestial Bliss"

Considered the world's biggest lantern, "Delta's Ring of Celestial Bliss" is a 10m tall, 70m wide and 270 ° circular, high-resolution projection structure where visitors can enjoy two films : "Sun and Moon" and "Four Seasons". Based on the overall design concept of "Heng (Long Lasting)", which was written by the calligraphy artist Yang-tzu Tung, the giant lantern encourages the public to protect our environment, save energy, and pursue sustainability for the benefit of mankind. Featuring an exciting LED light show, the giant display is a visual treat for visitors to the festival.

At the same time, the "Ring of Celestial Bliss" is the first performing arts building in Taiwan to undergo a carbon audit. Calculations show that the carbon emissions from the Ring are only 21.3% of generic steel and concrete buildings of the same type, which equals a reduction in CO<sub>2</sub> emissions by 350 tons. Carbon emissions due to electricity consumption are only 65.4% of traditional projection and lighting equipment due to the use of highly efficient Delta display technology and lighting equipment, while the waste after use is a mere 14.8% due to the reusability of construction materials. In addition, the total carbon emissions of the Ring of Celestial Bliss over a period of 15 days accounts for only 22% of the total carbon emissions (430 tons) of the 2012 Taipei 101 New Year fireworks set off in one night.



# Delta Group Overview

Established : 1971

Worldwide revenues in 2012 : 7101 million USD

Delta Group is a global leader in power supply and thermal management solutions, as well as in energy-saving and new energy solutions, video conferencing systems, industrial automation, network communications, solar power, LED lighting and electric vehicle control systems, with markets across the world. Delta's worldwide revenues have grown at a compounded annual growth rate of 34.3% since 1971. The Delta Group is headquartered in Taipei<sup>1</sup>, Taiwan, with offices, manufacturing facilities and R&D centers throughout Europe, Asia, the Americas, and Africa. At the end of 2012, there were around 80,000 Delta employees throughout the world.



**Note** 1. The parent company, Delta Electronics, Inc. is a listed company in Taiwan (stock code 2308)

## Delta Group Overview

With our corporate mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow", Delta was the Climate Savers Computing Initiative's (CSCI<sup>2</sup>) first member in Taiwan. Delta also participates in sustainability-related associations such as The Green Grid (TGG), the Business Council for Sustainable Development, Taiwan (BCSD-TW), Taiwan Corporate Sustainability Forum (TCSF), Taiwan Corporate Governance Association (TCGA), Chinese Business Ethics Education Association and Taiwan Electrical and Electronic Manufacturers' Association (TEEMA). 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.



**Note** 2. CSCI was incorporated into The Green Grid (TGG) in September 2012



## Global success stories

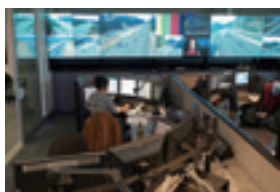
By leveraging its power supply electronics technology, Delta integrates its global capabilities to develop innovative technologies in both hardware and software based on the needs of our clients. We provide innovative, clean, energy-efficient solutions and system integration services while striving to promote our brand to enhance our corporate image. In recent years, we have delivered many successful



Installation of automated energy conservation solutions in European fashion chain stores



Provision of highly efficient charging solutions for electric vehicles in Norway



Provision of intelligent display and monitoring solutions for a traffic control center in Oregon State



Provision of a solar tracking system for a power plant in the U.S.A



Provision of telecommunication power solutions for the major telecom carriers in the Americas



Construction of the first Telecom tower in India which relies on fuel cells for electricity



Construction of the first EV charging station in Thailand

## Global success stories

solutions around the world in a wide range of fields including industrial automation, datacenters, smart green building, telecom power supply, monitoring and display, EV charging and renewable energy. We are committed to help our customers reduce their energy costs and OPEX and to make a significant contribution to the slowing of global warming.



Provision of uninterruptible power system solutions for the largest Internet service provider in Russia and the Commonwealth of Independent States



Installation of an integrated solar energy system with a capacity of 2MWp on Awaji Island in Japan



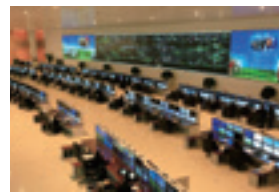
Participation in the smart building program organized by Northeastern University in Japan and provision of energy management system design and installation



The adoption of the building automation solutions developed by Delta for the Taoyuan Technology Center conserves up to 53% energy



Installation of integrated solar energy system with a capacity of 20MWp in a large paper manufacturing company



Provision of a DLP video wall solution for a railway control center in China with a total of 200 60-inch cubes



Installation of an intelligent monitoring and management system for the electricity grid in the four Northeastern provinces in China



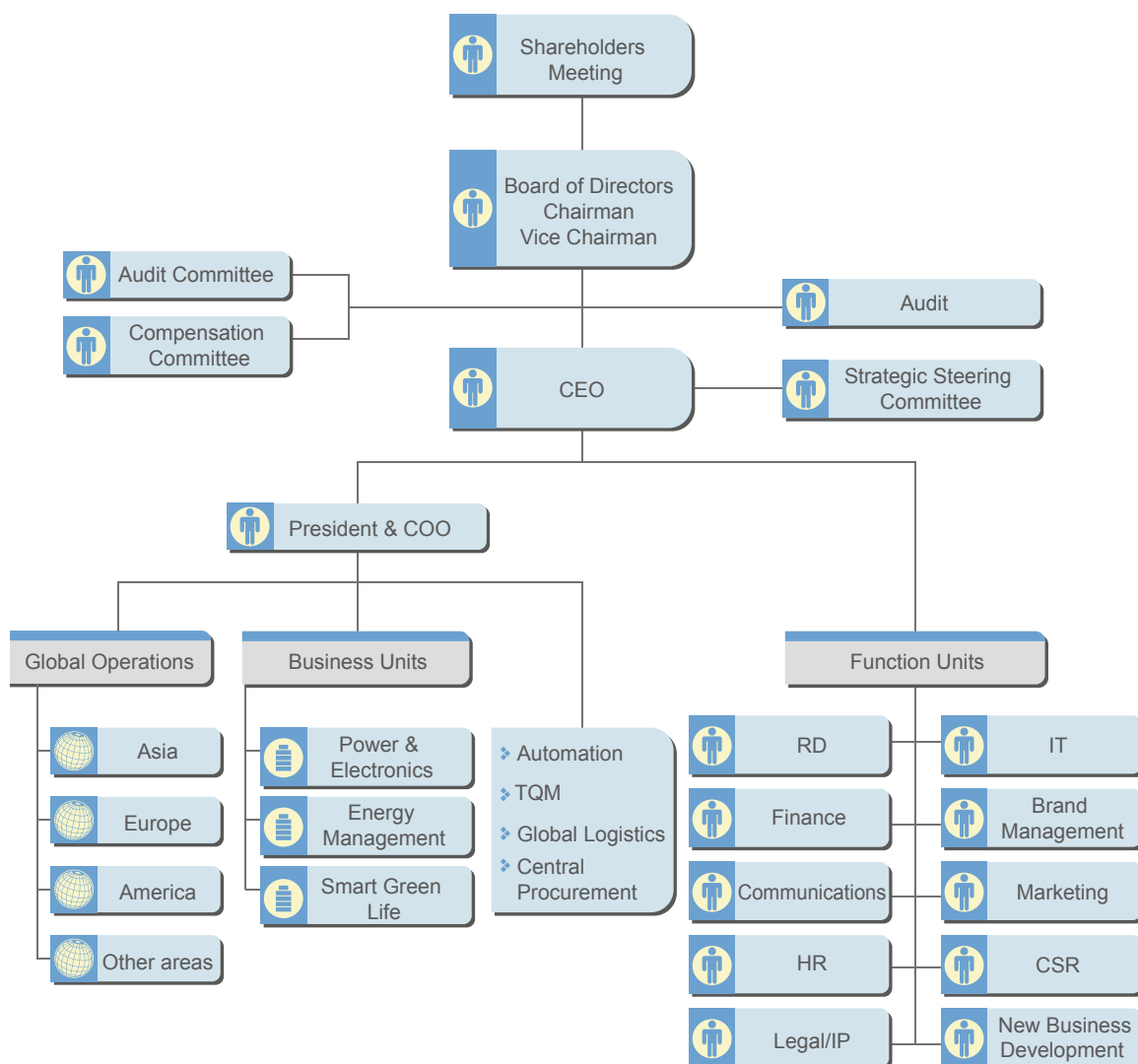
Provision of a Manufacturing Execution System for the leading textile enterprise in China to allow a smart monitoring and management of the manufacturing process



Provision of data center and telecom power solutions for the major telecom providers in China

## Organizational Structure

There were no major changes to the organization of the Delta Group during 2012 compared to the previous year. The Delta Group is organized as follows :



## 2012 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. The period and scope of this report are as follows:

Reporting Period	Jan 1st to Dec 31st, 2012
Scope	All sales offices, plant sites and R&D centers of Delta Group

This report is compiled based on Global Report Initiative Sustainability Reporting Guidelines version 3.0 (GRI 3.0) and has received third party A+ assurance.



## Communication with stakeholders

Communication with stakeholders is fundamental to CSR fulfillment. As a corporate citizen, Delta communicates with stakeholders through a variety of channels to understand and respond to their needs in a timely manner. Delta has adopted the following mechanism for communication with stakeholders. Materiality analysis is also used to identify the key issues for stakeholders and Delta so the necessary measures can be taken. The communication process and mechanism between Delta and stakeholders is as follow :

### Stakeholder Identification

Stakeholders in Delta's operations include customers, suppliers, investors (shareholders), government organizations, communities, the media, industry associations, non-profit organizations, research organizations and employees. Based on local and international trends in sustainable development as well as the needs of business operations, The Delta CSR Board has defined our major stakeholders to be employees, customers, suppliers, investors (shareholders) and the community.

### Stakeholder Issues and Interest

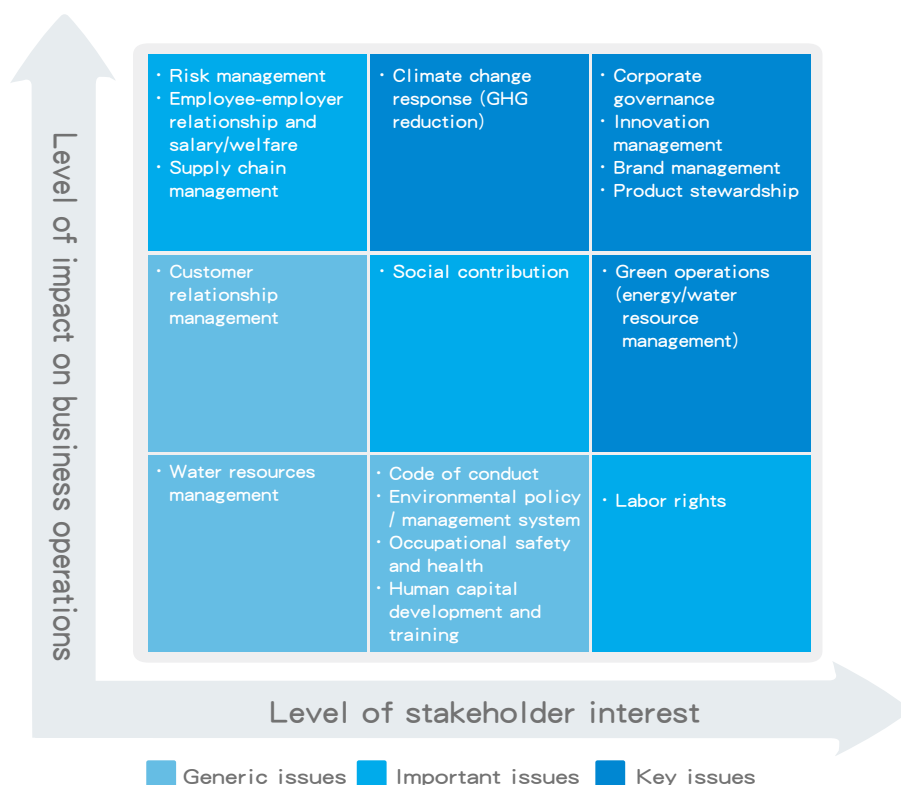
Delta uses online stakeholder surveys on the company website to learn about the issues important to stakeholders and their level of interest in various issues. Then a materiality analysis is conducted to understand the impact of these issues on both business operations and stakeholders.



## Stakeholder issues and channels for communication

Stakeholder	Important Issue to Stakeholder	Communication Channel
Employees	Employee-employer relationship Salary and welfare Human capital development Labor rights Corporate governance	Delta corporate website Delta global intranet Delta E-news Employee Welfare Committee Communication meetings Employee satisfaction survey
Customers	Product stewardship Environmental policy/Management system Water resources management Corporate governance Green operation Customer relationship management Brand management	Customer satisfaction survey Regular customer review meeting Customer audits Channel partner meetings and e-commerce system Delta corporate website Delta CSR website & CSR report Brand News Bi-Monthly
Suppliers	Green operation Climate strategy Occupational health and safety Supply chain management	Supplier e-commerce system Supplier training program Supplier audit Delta CSR website
Investors (Shareholders)	Corporate governance Risk management Innovation management Codes of Conduct Customer relationship management Brand management	Delta corporate website Annual financial report Investor services email Annual shareholder meeting Institutional investors' conference Investor forum Visit to institutional investors Delta CSR website & CSR report
Community	Green operation Water resources management Social contribution and philanthropy Environmental policy/Management system Product stewardship Climate strategy	Delta Electronics Foundation official website Volunteer activities Public welfare organizations Delta official website Delta CSR website & CSR report

## Results of stakeholder materiality analysis



The results of stakeholder materiality analysis showed that the 7 issues most important to stakeholders and Delta include corporate governance, innovation management, product stewardship, green operation, customer relationship management, risk management and brand management. A detailed description is provided in the following chapters as listed:

Key issues	Detailed description
Corporate governance	Board competency (p.22) Implementation of risk management (p.23) Support of international corporate initiatives (p.24)
Innovation management	Perserverance in technical R&D and pursuit of innovation (p. 26)
Brand management	Strengthening industrial brand image (p. 28)
Product stewardship	Green products and services (p. 50)
Green operations	Green operations (p.38)
Labor rights	Employment policy (p. 59) Employee communication (p. 60)
Climate change response	Active response to climate change (p. 35) Raising climate awareness (p. 72)

## CSR Commitment

---

To Delta, CSR encompasses sound corporate governance, balancing of stakeholder benefits, protecting the Earth's environment and social contribution. As a global corporate citizen, Delta supports international standards such as the Electronic Industry Code of Conduct (EICC), the Universal Declaration of Human Rights, the International Labor Office Tripartite Declaration of Principles and the OECD Guidelines for Multinational Enterprises. We also place a strong emphasis on corporate governance. Through continued innovation, developing high value-added products and building a work environment where employees can live up to their full potential, we create the maximum benefits for our employees, shareholders and society as a whole. We are committed to the following :

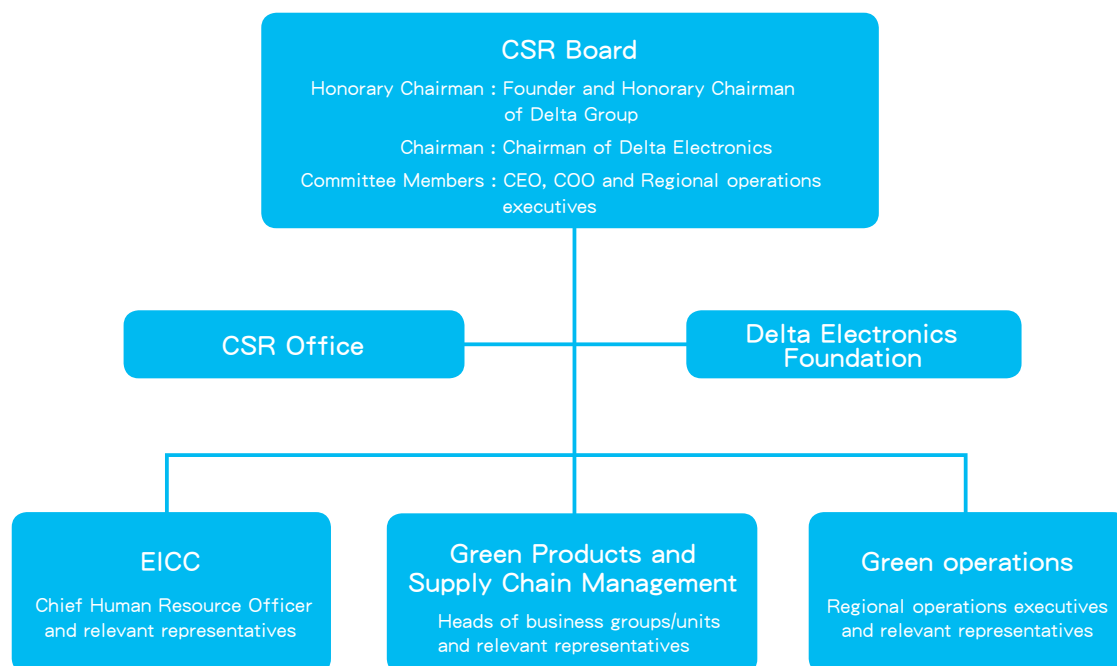
- ⊗ Maintain sound corporate governance and strictly abide by commercial and ethical standards
- ⊗ Comply with laws and regulations
- ⊗ Provide employees with a safe and healthy work environment where they can live up to their full potential in return for reasonable remuneration and benefits
- ⊗ Support environmental protection and energy conservation education and encourage employees to take part in community activities
- ⊗ Create company value and enhance shareholder value
- ⊗ Promote CSR 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

# CSR Organization

The top CSR organization within Delta is the CSR Board. Mr. Bruce Cheng, the founder and honorary chairman of Delta Electronics, serves as honorary chairman of the committee, while Chairman Yancey Hai acts as the chairman. The committee is composed of the following members: the CEO, Mr. Ping Cheng; the COO, Mr. Johnson Lee, and the top executives of Thailand and China. It is the responsibility of the board to define Delta's CSR strategies, review the policies set by the functional committees and supervise overall execution. The annual CSR achievements are reported to the Board in the following year.

The CSR Board oversees the advisory organizations and implementation units. The CSR Office serves as the secretariat for analyzing international trends in sustainable development and understanding stakeholder expectations to identify the risks and opportunities for Delta on relevant issues. The office also works with the functional committees to plan response strategies and execute action plans. The other advisory organization is Delta Electronics Foundation. The foundation is mainly responsible for communicating and interacting with the external community and nonprofit organizations with a particular focus on environmental protection, technological innovation and education promotion. Implementation units are the Electronic Industry Code of Conduct (EICC) Committee, the Green Product and Supply Chain Management Committee and the Green Operations Committee. The three functional committees are made up of heads from the business groups/units, region/site directors and the relevant department directors. The committees have the responsibility for formulating Delta policy, defining indicators, developing tools/ processes and reporting on implementation performance. Under each committee are various working groups, each with their own particular theme. The working groups are responsible for inter-departmental coordination and execution.

The Delta CSR Organizational Structure is shown below :



# Corporate governance

## Key performance indicators

### 34.3%

In 2012, the total revenues of the Group amounted to 7.1 Billion USD, implying a CAGR of 34.3% since its foundation.

### 117 MUSD

Brand value of Delta reached 117 Million USD

### 6.5%

The 2012 R&D investment accounted for 6.5% of total revenues

- listed in the Dow Jones Sustainability Index (DJSI) two years in a row in 2011 and 2012 and was named as the sector leader in the Electric Equipment sector in 2012
- selected again as a Taiwan Top 20 Global Brand and became the first industrial brand to receive the honor
- received the Taiwan National Industry Innovation Award for the second time from the Ministry of Economic Affairs The award is the highest national honor for innovation in Taiwan
- won "Outstanding Enterprise Award" for CSR from China Business News. ( First Taiwan-funded electronics enterprise to receive this award )
- received 2012 Best Business Model Award from Business Review
- listed on China Green Companies Top 100 for the 3rd Consecutive Year
- received 2012 Thailand Prime Minister's Best Industry Award
- awarded a top ranking (A+ and above) in the field of information disclosure and transparency of listed companies from 2009 to 2012 and a ranking of A or above seven years in a row (starting in 2006)
- awarded the best investor relations from Finance Asia and Institutional Investor
- listed on 2012 IR Magazine's short list in eight categories
  - ranked third for best IR practices in Greater China
  - The Chairman, Mr. Yancey Hai, was honored with the Taiwan Best CEO Award
  - Delta IR Manager, Mr. Rodney Liu, received the Taiwan Best IR Officer Award

Key indicators for corporate governance	2012	2011	2010
Earnings per share EPS (NTD)	6.68	4.58	6.69
Brand value (Million USD)	117	139	-
Ratio of R&D budget to revenues(%)	6.5	5.9	5.2
Percentage of independent Board members (%)	23	18	18
Ranking in information disclosure and transparency for Taiwan listed companies	A++	A+	A+



## Board competency

A new Board was elected in 2012 with a total of 13 newly appointed Board directors with a term of three years. The Board now has a total of three independent board directors (a total percentage of 23%). This helps strengthen the independent and multi-dimensional character of the Board be capable of providing strategic direction. The "Rules for Director and Supervisor Elections" require the appointment of directors to take into account the Board's overall composition. The members of the Board are also expected to possess the knowledge, skills and expertise to perform their duties.

Board meetings are convened at least once every quarter to review business performance and discuss important strategy issues (7 meetings – three before and three after the election process – were convened in 2012 with a total attendance rate of 97.5%). 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. In addition, the Article of Incorporation, board meeting regulations and election rules for the directors/supervisors are also provided online for reference<sup>3</sup>. The annual report also discloses compliance with conflict-of-interest rules.

The Board has established functional committees such as the Audit Committee and the Compensation Committee which are composed of independent Board members. The Compensation Committee evaluates the over all compensation policy and the compensation of the company's directors and officers based on the industrial competitive environment, the company's business performance, and benchmark market trends. The Audit Committee reviews financial statements as well as the appointment, independent character, and performance of accountants. It also supervises the effective implementation of the internal control mechanism, compliance with relevant laws and regulations as well as the management and control of potential or actual dangers.

In addition, the Delta Board and management team jointly form the strategic steering committee to improve organizational effectiveness and for the promotion and implementation of short-, mid-, and long-term strategic planning to enhance business performance. Independent Board members and global executives from different regions also attend the annual strategy meeting to ensure they are familiar with the company's current activities and can provide appropriate advice when necessary.



Chairman Yancey Hai unveils the corporate business strategy



Global executives from different regions jointly attend the business strategy management committee

**Note** 3. Please download at [http://www.delta.com.tw/ch/ir/ir\\_govern.asp](http://www.delta.com.tw/ch/ir/ir_govern.asp)

## Implementation of risk management

Our company's core activities are R&D, manufacturing and sales. We do not participate in high-risk and highly leveraged investments. The charter of the compensation committee also specifically advises against the committee setting remuneration policies that encourage directors and managers to exceed the company's capacity for risk in search of higher remuneration.

Delta has also established independent internal audit units to oversee internal controls and complete the annual audit plans. The audit unit executives submit reports on important findings during the audit process to the Board and individual Board members and keep track of actual improvements. In addition, Delta employs an internal audit rotation system to train leadership personnel that possess audit expertise and skills and to spread internal control concepts within the organization.

Detailed risk assessments are carried out by each department based on their own particular field of expertise. Also, management policies and response plans that reduce, transfer or avoid risks are developed to effectively reduce business risks.

Examples include:

**Financial risk management** – Strict controls and legal tax planning, credit risk management and financial risk prediction models are used to reduce risks. Market capital and bank interest rates are also regularly assessed to determine appropriate fund raising strategies. Hedging measures are used to minimize the impact of currency fluctuations on our company.

**Corporate investment risk management** – The benefits of medium and long-term investments are assessed with strategic targets identified in conjunction with business units. Non-core investments are disposed of as necessary. Re-investments are also assessed, reviewed, supervised and managed to strategically reduce, transfer or avoid risks.

**Information risk management** – A sound corporate IT management system is used to monitor and protect the safety of the information network. The system also provides the management with fast, effective and transparent business management information to reduce the risk of IT security threats.

**Legal and intellectual property right risk management** – This is provided by reviewing all contracts, providing internal legal consultations, extending product liability insurance, dealing with legal disputes and lawsuits, helping business units handle patent, trademark and other intellectual property items. Anti-trust training and consultations are also provided to reduce, transfer and avoid risks.

**Environmental risk management** – Regulatory requirements, current management, internal/external environmental impact and priority of improvements are taken into account when defining management

plans and indicators. Regular reviews and assessments are also performed.

**Safety and health risk management** – Factors such as hazard frequency, employee operating frequency and hazard severity are used to identify the levels of risk. The relevant plant departments are then required to define control measures based on risk severity.

## Support of international corporate initiatives

Delta advocates the anti-corruption initiative launched by the World Economic Forum (WEF) in 2004 and the formulation of an "Ethical Corporate Management Best Practice Principles" <sup>4</sup> based on government laws and regulations to establish a business model which is characterized by an ethical business culture and positive commercial operations. It is clearly stated in the code that Board members, managers, and employees are not allowed to directly or indirectly provide, promise, request, or accept any form of improper benefit or engage in other forms of unethical behavior that is illegal or violates integrity or fiduciary obligations in the course of commercial operations to gain or maintain benefits.

In addition, we have also added measures for the prevention of unethical behavior to the Delta Code of Conduct. The measures include behavior guides, operation procedures, educational training, grievance channels, and penalty regulations that all employees are required to comply with. Where an employee interacts with company customers, suppliers, partners and any other third-party due to the demands of business, they must obey the Code of Conduct. All behavior that reflects negatively on the company's reputation and interests including bribery and graft are strictly prohibited. Obeying applicable laws and corporate policies, implementing our mission of "To provide innovative, clean, and energy-efficient solutions for a better tomorrow" as well as maintaining "Integrity" are stated at the very beginning of the Code.

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

- ◎ Delta employees should not take advantage of their position inside the Company to accept or demand business-related third parties or their relatives to provide services unrelated to Company business
- ◎ Delta employees shall not bribe the competent authorities or other government officials by offering, for example, cash, gift coupons, checks, stocks, presents or kickbacks, gratuity or special treatment of value
- ◎ Delta employees shall not actively or passively, directly or indirectly accept or solicit cash, gift coupons, checks, stocks, presents or any other kickback, gratuity or special treatment of value (including meals, travel or entertainment) from business-related third parties

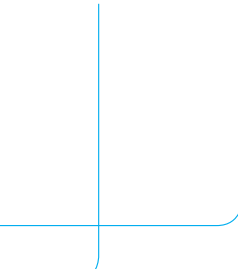
**Note**

4. Guidelines on operating with integrity and the Delta Code of Conduct are available for download at [http://www.delta.com.tw/ch/ir/ir\\_govern.asp](http://www.delta.com.tw/ch/ir/ir_govern.asp)

- ⊗ Delta employees should avoid any conflict with Delta's interests
- ⊗ Delta employees should maintain the security of the company's assets, and are strictly prohibited from improperly or illegally using Delta assets
- ⊗ Delta employees should protect the company's information, business data, technical materials, trade secrets and other confidential business information
- ⊗ Delta employees are prohibited from acquiring others' confidential business information in an illegal manner, or infringing others' intellectual property rights
- ⊗ Delta employees must comply with copyright laws
- ⊗ Delta employees are prohibited from earning personal gains through insider information
- ⊗ Delta employees should observe the provisions of the Fair Trade Act and refrain from offering, enticing, entering agreement with competitors, or engaging in concerted action to jointly determine prices, monopolize the market, agree on resale prices, impede others to compete, or undertake bid rigging, and refrain from lessening competition or impeding fair competition by coercion, enticement, or other improper means
- ⊗ Delta employees should comply with environmental, health and safety regulations, and promote Delta's relevant commitments and policies to stakeholders (such as suppliers)

The Code also governs education, training, complaints and disciplinary action. The DeltaCode of Conduct is a core part of human capital orientation training. In addition to the hosting of actual classes and campaigns on a regular basis, digital classes are also provided in Taiwan and China. 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 department, or local employee communication channel, such as the general manager mailbox. If an employee is reported or found during routine audits as having potentially violated the Code of Conduct, auditors will immediately gather evidence and conduct an in-depth investigation to determine if illegal behavior has occurred. An internal report is then produced and the necessary action taken by the relevant departments. If necessary, the relevant procedures and employee permissions are also revised to prevent any future reoccurrence. The Delta Audit Department also schedules audit plans on an annual basis to actively inspect the operational procedures in every plant and prevent the occurrence of violations of the Code of Conduct by adding OS control points<sup>5</sup>.

**Note** 5. For actual implementation of preventing violation of the conduct code, please refer to Page 33 of Delta Electronics' 2012 Annual Report.



Every Delta employee is personally responsible for the maintenance of the company's reputation according to the highest moral standards. Violations of this code are regarded as inappropriate behavior which will be penalized according to the relevant company regulations and handled according to local laws. All employees are requested to observe those norms and regulations to guarantee the rights and benefits of Delta and all involved parties.

In addition, Delta has also formulated the "Management Procedures for Handling Charitable Donations or Sponsorships" to regulate donations and financial contributions by the company and guarantee greater transparency of such activities.

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

Delta reinvests at least 5% of its revenues in R&D and innovation on an annual basis. In 2012, more than 6% of the company's global revenues were invested in R&D. Delta currently operates 54 R&D centers with a total of over 7,500 R&D engineers.

Delta relies on a multi-dimensional incentive system to encourage individuals and the whole team to pursue innovation. For instance:

- ◎ Since the establishment of the Delta Innovation Award in 2008, 25 winners have been honored in the categories of technology and product design, process innovation, and new business models and more than 10 million NTD in prize money has been awarded. A total of five teams received this honor in 2012.
- ◎ An IP incentive scheme has been established and all business units have received assistance in the compilation of intellectual property right risk maps. More than 10,000 patent applications have been submitted and roughly 4,900 patent certificates have been awarded.
- ◎ Delta has also established an incentive system for process improvement projects in all manufacturing sites such as the "Idea Bank" platform in the Wujiang Plant in China. This platform encourages frontline personnel to suggest innovations and feasible improvement measures in the field of process improvement, enhancement of energy efficiency, process automation, energy conservation, and work environment improvement to increase overall productivity.
- ◎ Global technology workshops are organized on a regular basis. Technology Advisory Board (TAB) Meetings are attended by the Delta executive team, individual business units, and involved enterprises to provide guidance for R&D engineers in the absorption of new ideas and the broadening of horizons as well as the provision of a new stimulus for R&D and the creation of new business opportunities through horizontal exchanges.



Delta has also cooperated with renowned overseas and domestic educational and research institutions such as MIT, Virginia Polytech, NTU, NCU, NCKU on a long-term basis. Delta has conducted the "Delta Science & Technology Educational Development Program" since 2000 to subsidize advanced technological research by well-known Chinese universities such as Zhejiang University, Xian Jiaotong University, Shanghai University, and Beijing Jiaotong University.



Five award-winning teams of the 2012 Delta Innovation Award Contest and the executive team

Delta has made a long-term commitment to the innovative development of eco-friendly products and solutions. In 2012, Delta received Taiwan's National Industry Innovation Award and Thailand's Prime Minister's Award, which are the highest honors for innovation in both countries. As far as product design is concerned, Delta has received 47 national and international awards for product design between 2010 and 2012 such as the iF, redden, and CES innovative product awards, the Computex Best Choice Award, the Taiwan Excellence Award, and the Taiwan Golden Pin Design Award.

How to sustain the company's future growth is an important topic for Delta. We have studied the practices of international 100-year old enterprises and introduced the New Business Development (NBD) scheme. The NBD management framework ensures that new business targets are matched to growth strategy, to promote inter-business unit integration and cooperation, and to establish key performance indicators (KPI) for new businesses and a budget measurement mechanism.

We regularly review the development of each new business. Portfolio management for new businesses is also practiced to optimize the allocation of resources. At the same time, we are hosting NBD-themed training courses in different locations to familiarize employees with the relevant schemes.

## Strengthening industrial brand image

Since Delta's "Brand Inauguration Year" in 2010, Delta has promoted internal and external brand communication in a systematic way. Our goal is to continue our branding efforts all over the world and to enhance the image of the Delta brand to target clients. In 2012, our efforts were recognized by Interbrand. Delta was selected as one of Taiwan's Top 20 Global Brands in 2011 and 2012.

Based on the maintenance of brand integrity and cohesion, we formulated diversified communication strategies that are tailored to the needs of customers in different regional markets. Various promotional activities strengthen the differentiation between Delta and its competitors so that customers can identify with the brand and prefer long-term cooperation. In addition, the Delta Group actively works on the completion of its global organization which includes the R&D, manufacturing, marketing, and service network to better meet market and client needs. In 2012, the Group launched a promotional activity for the brand promise "Smarter. Greener. Together." Different levels of communication have been initiated to promote our brand promise among clients, users, and partners all over the world via global exhibitions, brand promotion activities, and the distribution of promotional materials.

Brand differentiation is the key to corporate success. The key target of brand management is to gain customer support among international brands and competitors. Delta is unique in that we insist on the implementation of our corporate mission. Since the establishment of the company in 1971, Delta has been committed to the provision of innovative, clean, and energy-efficient solutions and to the fulfillment of social responsibility that ensures a clean environment for future generations and creates a smart and green future.

### Delta Brand Milestones (2009.11~)

2009	Nov	Launch TBM Project
	Jun	Inauguration Year of Delta Brand
2010	Sep	Brand Management Office Established
	Dec	Supporting RUBU for External Communication Message
2011	Feb	Global Market Research of Delta Brand
	Mar	Supporting IABU for External Communication Message
	May	External Brand Communication Architecture Set Up
	Aug	Corporate Identity Guidelines Released
	Sep	Awarded Taiwan Top 20 Global Brands
	Dec	Premiere Issuance of Delta Bi-monthly Brand News
2012	Jan	External Brand Communication Message Developed
		⋮

## Excellent information transparency and communication with shareholders

Even before relevant laws came into effect, Delta took the lead in publicly issuing a semiannual consolidated financial statement with 3<sup>rd</sup> party verification. The chairman's statement, the annual report, the financial statements, corporate governance regulations, stock price and stock dividend information, and the corporate information meeting contents can be downloaded from the Delta website. We have also included the organizational charters of relevant committees. All announcements for the Taiwan Stock Exchange have been completed in a timely manner. Our efforts and results in information disclosure have received wide recognition from investors and relevant organizations. Between 2007 and 2012, Delta received the highest ratings for information disclosure of listed companies in Taiwan by the Taiwanese Securities and Futures Institute. In 2012, Delta was honored with an A++ rating.

Delta hosts institutional investors' conferences on a regular basis where we announce and explain each quarter's consolidated financial data, business performance and future plans. The institutional investors' conferences are also webcast live to give overseas investors a chance to obtain real-time information.

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. In 2012, Delta attended 10 externally organized investors' forums and more than 300 road shows.

Individual investors are just as important to us as institutional investors. Delta is an industry leader in the adoption of voting by poll for different proposals during shareholder meetings to give individual investors a chance to participate in corporate decisions. Information about the voting process and results is publicly disclosed in a real-time manner. We also actively respond to questions and suggestions raised by shareholders at the annual shareholder meeting. Additionally, we provide service hotlines and mailboxes and assign professional staff to provide detailed responses to shareholder questions.

In the past few years, key international institutional investors have begun looking beyond financial statements and at sustainable development strategies, potential risks and opportunities. Delta actively participates in international sustainability assessment programs, such as the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP), to create a communication channel with investment groups and allow the benchmarking of the best international corporate practices in the field of sustainable operations. This helps to strengthen our competitive edge in the field of sustainable operations.

Our service team for investors has been widely acclaimed and was nominated for eight major awards by IR Magazine in 2012. Delta was ranked third for best IR practices by IR Magazine in the Greater China Region. In addition, Delta's Chairman Yancey Hai was honored with best Taiwan CEO, and IR Manager Mr. Rodney Liu received the Best Taiwan IR Officer Award from IR Magazine. Delta was also awarded Best Investor Relations by Finance Asia and Institutional Investor in 2012.



Delta organizes an institutional investors' conference every quarter to share information with investors.

## Exceeding customer expectations

With Delta's core competencies in power electronics and thermal management, global brand companies collaborate with Delta to jointly develop new-generation energy-efficient products. For instance, Delta assisted Dell in the development of the world's first server power supply to achieve 80 Plus Titanium energy efficiency, which is greater than 96%. Delta also developed a 227V power supply with an energy efficiency of 94.5% while participating in the Facebook Open Compute Project.

Delta has a competitive edge in renewable energy and energy-efficient products and systems when developing business opportunities in energy conservation and carbon reduction. For example, Delta provides the arts and culture industry with high-end visualization solutions and high-definition projection technologies to support unlimited creativity. Delta also installed Taiwan's first residential EV charging station for Farglory Land Development, which foresees EV becoming an important factor in the purchase of real estate in the future.

To fulfill our commitment to customers, Delta studies their needs, working environments, and practices to identify opportunities for improvement and to propose best solutions. End-customer relations management at Delta emphasizes listening to our customers. Apart from conducting large-scale customer surveys we also commission consultants to conduct end-customer satisfaction surveys, focus groups interviews, individual interviews and online surveys. The in-depth understanding of customer requirements and

## Exceeding customer expectations

expectations serve as the basis for improving technical R&D, system design and solutions concepts. 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 provides multi-dimensional communication channels for customers such as the Delta website, service hotlines, and E-mail. Business units have established mechanisms for the timely handling of customer feedback or quality issues. Contact through the Delta website as well as sales personnel ensure that these problems are quickly addressed. For example, Delta Green tech, a subsidiary of the Delta Group has established 41 branches and service points in China. Technical support personnel can respond to customer questions within two hours and provide the required services within 48 hours.

Delta's customer service knowledge platforms compile product technology data, engineering opinions, incident analysis, and maintenance experience as a reference basis for service personnel. Delta has established ERP customer relationship management systems in developing areas with great market potential such as China and India. Customer demands are predicted and customer expectations are exceeded through efficient and high-quality interactions. Once the implementation of these systems is complete, we will integrate more than 30,000 customer data entries and marketing resources to achieve even better results in customer service.

Our channel partners around the world provide us with access to global markets. For example, there are roughly 600 authorized partners in five continents for our automated industrial products. These partners assist Delta by providing customer service such as business inquiries, product installation, technical support, and product training, and convey our brand value and corporate mission. Delta organizes activities with channel partners on a regular basis in India, North America, South America, China, and Europe to share information about general market trends, product planning, and the enhancement of after-sales services.



Information meeting for Japanese channel partners in 2012

## Cooperation with 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 and its suppliers currently continue cooperation regarding the following environmental and social issues:

Green supply chain issues	Implementation and Practice	Important results
Management of environment-related substances	<ul style="list-style-type: none"> <li>• Delta's major plants have adopted QC 080000 and Green Product Management (GPM) Systems to manage materials based on risk levels</li> <li>• Suppliers provide test reports and guarantees for materials regarding compliance with the latest hazardous substance regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Delta was awarded the first overseas SONY Green Partner Certification back in 2000 and has adopted low-halogen materials</li> <li>• Delta employs the GPM platform to provide suppliers with educational training or updated information regarding norms and regulations</li> </ul>
Supplier corporate governance and management of environmental and social risks (including EICC)	<ul style="list-style-type: none"> <li>• Delta adopts risk map tools to identify governance, environmental, and social risks in the supply chain and reviews and supervises selected key suppliers and components. The company also incorporates related requirements in the quarterly QBR</li> <li>• Implementation of training for contractors in EHS and supervision of operational safety of individual manufacturers to avoid dangers to the staff and the environment due to improper operations</li> </ul>	<ul style="list-style-type: none"> <li>• Review and supervision of selected key suppliers on an annual basis as well as tracking of improvements implemented by suppliers</li> <li>• By the end of 2012, 55% of Delta suppliers had already signed the EICC declaration</li> <li>• Between 2011 and 2012, there was only one case of a disabling injury reported by contractors at major sites</li> </ul>
Management of energy conservation and carbon reduction/ Carbon footprint	<ul style="list-style-type: none"> <li>• Delta cooperated with TCSF to strengthen the carbon management capability of the supply chain</li> <li>• Delta adopts a low-carbon purchase policy which gives priority to local suppliers except for key components</li> <li>• Local hubs are established in cooperation with suppliers of mechanical parts and reusable transport containers are employed</li> <li>• Cooperation with key forwarders to adopt green transport methods such as optimization of transport costs, combined shipments, packaging design, loading methods, and optimal transport routes</li> </ul>	<ul style="list-style-type: none"> <li>• Greenhouse gas inventories were completed for a total of 50 Taiwanese suppliers in 2011 (18 Delta suppliers)</li> <li>• About 75% of all Delta suppliers were located in China, our major manufacturing base, in 2012</li> <li>• For power management products, roughly 62% of all suppliers of mechanical parts employ reusable containers</li> <li>• Compared to 2011, the implementation of green logistics methods for air transport in 2012 resulted in a savings of about 21%</li> </ul>

Exceeding customer expectations

Water resource management/Water footprint	<ul style="list-style-type: none"> <li>• Delta employs the Global Water Tool developed by the WBCSD and helps suppliers identify whether plants are located in water-stressed areas and enables early response to water shortage risks</li> </ul>	<ul style="list-style-type: none"> <li>• In the field of power management products, Delta assisted 162 key suppliers in the completion of relevant assessments between 2011 and 2012</li> </ul>
Conflict metal	<ul style="list-style-type: none"> <li>• Delta adopts a policy regarding the non-use of conflict metals</li> <li>• Suppliers sign a survey form regarding the origin of metals and a declaration regarding the non-use of conflict metals and provide assistance in tracking down the origin of metal substances contained in materials</li> </ul>	<ul style="list-style-type: none"> <li>• Delta assists major clients investigate the use of conflict metals in the supply chain and employs the EICC / GeSI standard format to compile the investigation results</li> <li>• Delta is in continued negotiations with key suppliers regarding increased EICC audits for smelters</li> </ul>

As for the selection strategy of suppliers, under the conditions of good technology, quality and CSR performance, the local suppliers for Delta production lines have an advantage in delivery time and cooperation. In addition, due to our communication, training, and cooperation with suppliers, our supply chain management performance was rated the best among electronics equipment enterprises for the Dow Jones Sustainability Index (DJSI).



# Dedication to energy conservation and environmental protection

## Key performance indicators

**9.3 Billion kWh**

Between 2010 to 2012, we assisted our clients in saving a total of roughly 9.3 Billion kWh and reducing carbon emissions by around 5 million tons.

**27 Million kWh**

Compared to 2009, we reduced electricity use by 27 Million kWh in 2012 and electricity intensity by 34.3% (exceeding our goal by 30%)

**8 Million kWh**

Our four certified green buildings/factories saved almost 8 Million kWh in 2012 (compared to conventional office or commercial buildings)

- Delta is continuously improving average energy efficiency:
  - Power supply products exceed 90% efficiency
  - Telecommunication power supplies achieve 97% efficiency
  - Solar PV inverters achieve 98.5% efficiency
  - DC electrical vehicle charger system achieves 94% efficiency
- From 2011 to 2012, a total of 20 Delta products were certified with the Taiwan Energy Label (including interior lighting, street lighting and bathroom ventilation fans)
- Green building certifications in 2012
  - The Taoyuan Technology Center received U.S. LEED Gold certification and Taiwan Green Building EEWH Gold certification.
  - The Gurgaon Plant in India received LEED-INDIA Platinum certification
- The Tainan Plant was awarded the green factory label, the first certification for cleaner production for Taiwan's general industry sector.
- Taoyuan Plant 2 was honored with the Energy Conservation and Carbon Reduction Mark by the Environmental Protection Administration of the Executive Yuan and was also selected as an enterprise with outstanding achievements in the field of energy conservation and carbon reduction in northern Taiwan

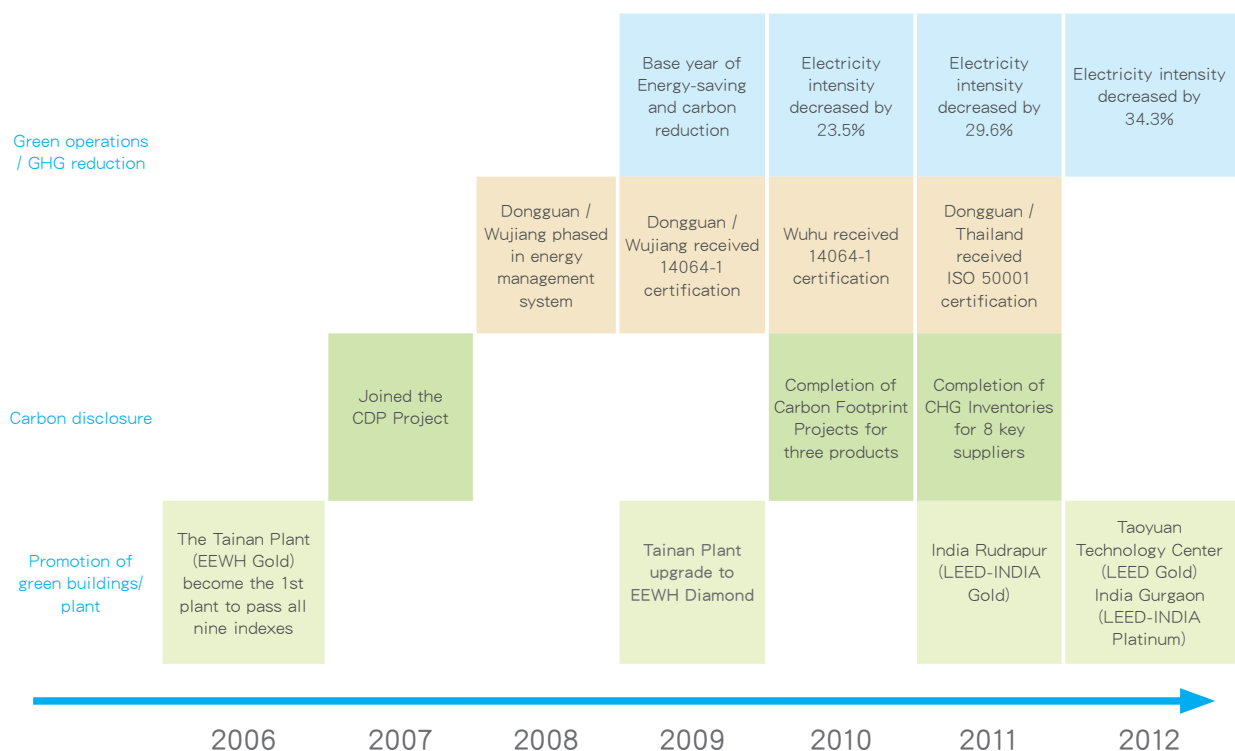
Key indicators for environmental protection	2012	2011	2010
Accumulated Energy Savings of Products (Billion kWh)	9.3	6.3	3.0
Accumulated Carbon Reductions of Products (Million ton CO <sub>2</sub> e)	5.0	3.4	1.6
Reduction rate of electricity intensity of major sites (%)	34.3%	29.6%	23.5%
Reduction rate of carbon intensity of major sites (%)	38.1%	30.7%	23.4%
Energy Savings of Green Offices/Plants (million kWh)	7.7	3.9	3.5

\* Major sites refers to Delta's China plants (Dongguan, Wujiang, Wuhu, Chenzhou, Tianjin), Taiwan plants (Taoyuan Plant 1, Taoyuan Plant 2, Tainan Plant), and Thailand plants.

## Active response to climate change

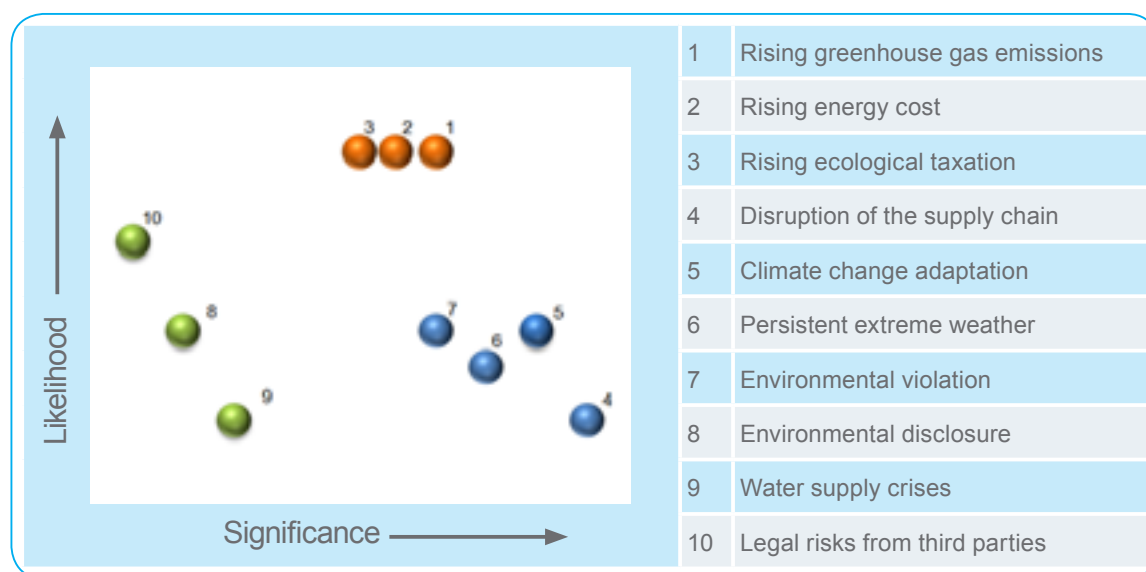
### Climate change management

Delta has included climate change among its major risk items for sustainable operations. Besides a deep concern for the latest trends in global climate change and an analysis of operational risks, Delta takes active measures in key aspects of green operations/greenhouse gas reduction, carbon disclosure, and the promotion of green buildings/factories. At the same time, Delta accumulates and expands R&D capacities based on climate change opportunities and continues to develop green energy/energy saving products and solutions as it pursues an active transformation of the company into a provider of green, energy-efficient solutions. Over the years, Delta has accomplished the following key achievements in the field of climate change management:



## Climate change risk analysis

Delta employed Risk Maps to identify a total of 10 risks that are caused by climate change as well as actively manage rising energy costs (such as electricity costs and fuel oil taxes), increasing greenhouse gas emissions, and ecology taxes (such as energy taxes, carbon taxes). The company also continues to conduct energy management in all major operational bases to improve energy efficiency, implement a low-carbon purchase and transportation policy.



## Carbon disclosure

In 2007, Delta began taking part in the Carbon Disclosure Project (CDP) set up by leading international institutional investors in 2003 and inventorying direct GHG emissions (scope 1), indirect GHG emissions (scope 2) of major sites in accordance with the "Greenhouse Gas Protocol" (GHG Protocol) issued by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). Since 2009, Delta's major sites have progressively achieved ISO 14064-1 GHG report verification. In 2010, Delta selected notebook adapters, DC fans, and PV inverter products for product carbon footprint inventory.

To effectively manage the GHG emissions of major sites<sup>6</sup>, we defined GHG intensity (tons of carbon dioxide equivalent/US\$1 million output value) as our GHG management indicator and set 2009 as the baseline year for energy-saving and carbon reduction. In 2012, direct GHG emissions from our major sites were 13,014 tons CO<sub>2</sub>e, and indirect GHG emissions were 264,349 tons CO<sub>2</sub>e. GHG intensity was 45.6, a 38.1% reduction compared to 73.7<sup>7</sup> in 2009.

**Note** 6. GHG emissions scope 1 and scope 2 covers Delta's China plants (Dongguan, Wujiang, Wuhu, Chenzhou, Tianjin), Taiwan plants (Taoyuan Plant 1, Taoyuan Plant 2, Tainan Plant), and Thailand plants. Scope 3 covers business flights by employees of Delta Electronics from Taiwan.

7. The historical electricity emission factors for the Taiwan region were modified in 2012.

## Dedication to environmental protection and energy conservation

In addition, we began cutting back on unnecessary business flights in 2010 and recording the mileage of employee business flights to estimate their GHG emissions (scope 3). In Taiwan for example, in 2012 Delta employees' business flights produced 2,991 tons CO<sub>2</sub>e GHG emissions, a reduction of 20% compared to 3,735 tons CO<sub>2</sub>e in 2010.

## Climate change opportunities

Environmental consciousness has been on the rise worldwide in the 21st century and energy-saving and carbon reduction has already turned into a globally agreed upon response to the problem of climate change. Delta not only shows concern for climate change trends and closely monitors and manages the risks associated with climate change, but has also identified the opportunities and sustainable development strategies shown in the table below :

Opportunities to slow down climate change	Sustainable business strategies
Development of clean energy	<ul style="list-style-type: none"> <li>• Our main development strategies in this field include solar power systems, wind power systems, super capacitor technology, and lithium polymer battery technology</li> <li>• In the field of transportation, we are firmly convinced that the solution of the problem of energy waste by modern transportation tools represents a great business opportunity. Electric vehicles will turn into a mainstream trend. Delta has therefore developed a series of electric vehicles and recharge stations.</li> </ul>
Enhanced energy efficiency	<ul style="list-style-type: none"> <li>• In view of exploding energy costs, Delta continues to focus on a constant improvement of the efficiency of power supply products and actively develops highly energy-efficient indoor and outdoor LED lighting devices, high-definition video products, electric vehicles, and car electronics products.</li> </ul>
Provide Energy-saving Services and Solutions	<ul style="list-style-type: none"> <li>• Our core product capabilities can be divided into three major application areas: power supply and components, energy management and smart green lifestyle, and transformation of the company into a provider of green energy conservation solutions.</li> <li>• We continue to apply and demonstrate our own green energy-saving projects at our business sites around the world. We are also integrating them into green energy-saving solutions, such as smart green building monitoring systems, to provide energy-saving services and solutions in the future.</li> </ul>

## Green operations

### Environmental data

The total inputs (energy, water resources, materials) and total outputs (greenhouse gases, air pollutants, waste, wastewater) of our major sites<sup>8</sup> around the world over the past four years are presented in the table below :

Type	Category	Item	2012	2011	2010	2009
Input	Energy	Purchased electricity (MWh)	331,256	360,225	373,742	358,081
		Purchased steam (MWh)	989	1,196	1,074	356
		Natural gas (MWh)	17.9	18.2	13.3	9.8
		Diesel (MWh)	5	10.6	8.5	7.0
		Gasoline (MWh)	2.3	2.3	3.3	2.7
		Liquid petroleum gas (MWh)	0.004	0.003	0.045	0.218
	Renewable Energy	Solar energy (MWh)	51	55.6	47.2	44.3
	Resources	Municipal water (Km³)	4,335	4,812	5,097	4,631
	Materials	Metals (ton)	141,623	136,348	134,788	113,723
		Packaging materials (ton)	44,016	43,614	42,898	36,283
Plastics (ton)		29,460	31,984	28,904	22,841	
Chemicals (ton)		3,117	2,013	2,149	1,779	
Other materials (ton)		2,483	3,846	5,095	3,359	
Greenhouse Gases	Direct emissions (tons of CO <sub>2</sub> e)	13,014	16,138	13,974	11,799	
	Indirect emissions* <sup>1</sup> (tons of CO <sub>2</sub> e)	264,349	299,184 (300,716)	318,598 (320,031)	306,555 (308,844)	
	Business flight (tons of CO <sub>2</sub> e)	2,991	3,500	3,757	No statistics	
Output	Wastewater	Municipal wastewater (Km³)	3,458	4,301	4,066	3,697
		Process wastewater* <sup>2</sup> (Km³)	0.27	0.29 (5.09)	0.17 (only Taiwan)	0.64 (only Taiwan)
	Waste	General waste (ton)	7,384	8,214	8,945	7,735
		Hazardous waste (ton)	1,839	2,094	1,708	1,295
		Recyclable waste (ton)	22,097	26,609	24,739	17,135
	Air pollutants	Volatile organic compounds (VOC) (ton)	12.9	17.9	11.1	15.3

\*1: The electricity emission factors of Taiwan were modified in 2012. The numbers in parentheses are based on the old coefficients.

\*2: Industrial wastewater is defined as the total amount minus recycled and reused water. The numbers in parentheses represent the unmodified amounts.

**Note** 8. Major sites refers to Delta's China plants (Dongguan, Wujiang, Wuhu, Chenzhou, Tianjin), Taiwan plants (Taoyuan Plant 1, Taoyuan Plant 2, Tainan Plant), and Thailand plants. For business flights, only the GHG emissions by employees of Delta Electronics from Taiwan were assessed.

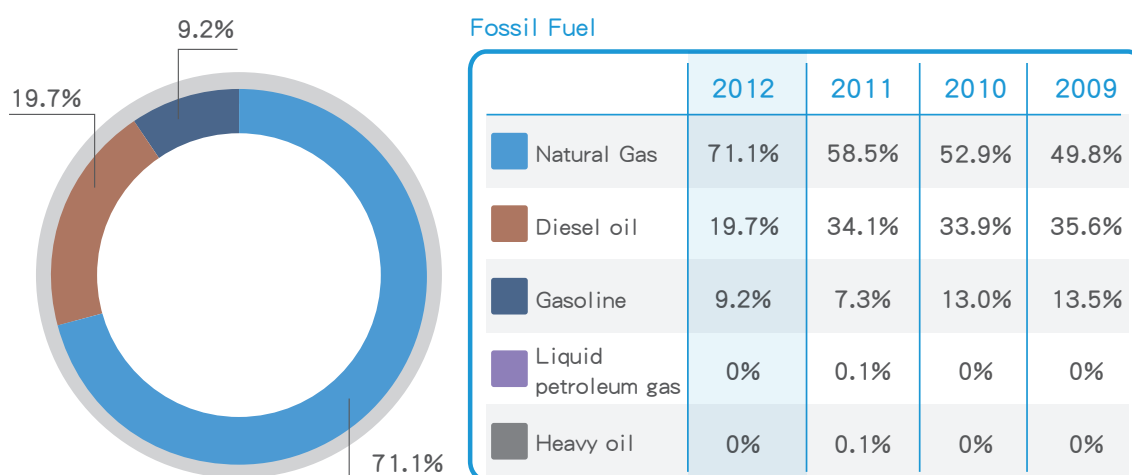
Dedication to environmental protection and energy conservation

## Energy management

Energy used by Delta at our major sites around the world include fossil fuels, externally purchased steam, and externally purchased electricity.

### 1. Fossil fuels

Fossil fuels were mainly used by plant generators, forklifts, official vehicles, and boilers in living areas, (including employee dormitories and cafeterias). When sorted by heat value (million kcals), the percentages for each fuel type between 2009 and 2012 were as shown in the table below. Over the years certain changes have been implemented in the use of fossil fuels. One of the main changes was the gradual conversion of the boilers in the living areas from burning LPG or diesel to more clean natural gas. In addition, our China sites actively implemented energy-saving measures in 2011 and 2012 to turn into electricity guarantee enterprises as defined by local governments. The diesel consumed by plant generators has been reduced as well. Compared to 2011, diesel has been reduced by about 53%.



### 2. Externally purchased steam

Among the main sites, only Tianjin in China purchases steam to provide hot water to the employee dormitory and warm environment air to the plant. Starting in 2010, the Tianjin plant collaborated with the local government to convert the dormitories to a parallel solar and steam system. Excess rooms were also rented to other local workers. In 2012, the steam pipes in the Tianjin Plant were maintained and cleaned to enhance the usage efficiency. Compared to 2011, purchased steam has been reduced by around 17.3%.

### 3. Externally purchased electricity

The manufacturing process at Delta's major sites consists mainly of system assembly and externally purchased electricity and is the largest source of GHG emissions (95%). The main energy management indicator was set as electricity intensity (MWh/MUSD output value) to facilitate effective energy management. In addition to reaching a short term target of reducing the overall electricity intensity by 30% in 2012 compared to the baseline year 2009, 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.

Starting in 2010, Delta follows the ISO 50001 energy management system as a blueprint to gradually introduce the energy management system to our main sites in China, Thailand and Taiwan. In 2011, a trans-regional energy management committee was set up to implement a Plan-Do-Check-Action (PDCA) management mechanism that integrates energy management with routine operations. In July, 2011, Delta's Dongguan plant in China became the first power and component electronics enterprise in the world to pass the ISO 50001 Conformity Evaluation. The Thailand plant passed the same evaluation in September, 2011, as well, making it the first company in Thailand to do so.

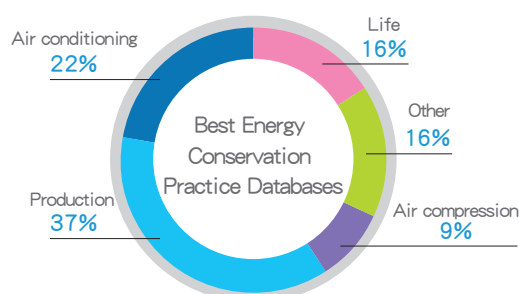
We also began introducing the energy management information system (iDEMS) developed in-house by the Delta Group and integrated with digital metering technology at our main sites in China, Thailand and Taiwan. The real-time monitoring and analysis functions provided by the system helped with identifying more opportunities for energy saving and carbon reduction. The iDEMS was adopted by 87% of our China plants between 2011 and 2012.

To spread sound energy-saving practices at each plant to all other plants, we also set up an energy-saving technology work team in 2011 that worked with external expert consultants, experts from Delta's R&D center, and that drew on the practical experience of plant based energy-saving teams. The team worked to select energy-saving projects with shorter payoff times and better energy-saving results to set up a database of the best energy-saving practices. Through 2012, a total of 32 best energy-saving practices were compiled from various plants.

Energy management information systems(iDEMS)



Best energy-saving practice database





## Dedication to environmental protection and energy conservation

Compared to 2009, electricity consumption of Delta's major sites around the world decreased by 27 million kWh, while the electricity intensity (MWh/MUSD output value) dropped by 34.3%. The result surpassed our target of a 30% reduction in electricity intensity set for 2013.



Between 2011 to 2012, our main sites continued to implement energy-saving initiatives in seven key energy-saving areas: heating, ventilation, and air conditioning (HVAC) systems, air compressor systems, injection molding machines, lighting systems, burn-in energy recovery, process improvements and others as shown in the table below. The energy-saving practices implemented in 2012 were assessed to result in electricity savings of 21,390 MWh and a reduction of GHG emissions by about 16,310 tons of CO<sub>2</sub>e.

Energy Saving Topic	2012 energy saving projects		2011 energy saving projects	
	Cases	Annual environmental benefit	Cases	Annual environmental benefit
HVAC	36	<ul style="list-style-type: none"> <li>• Saved 5,166 MWh</li> <li>• Reduced 4,626 tons CO<sub>2</sub>e</li> </ul>	20	<ul style="list-style-type: none"> <li>• Saved 4,530 MWh</li> <li>• Reduced 3,911 tons CO<sub>2</sub>e</li> </ul>
Air	17	<ul style="list-style-type: none"> <li>• Saved 1,520 MWh</li> <li>• Reduced 1,332 tons CO<sub>2</sub>e</li> </ul>	13	<ul style="list-style-type: none"> <li>• Saved 1,690 MWh</li> <li>• Reduced 1,437 tons CO<sub>2</sub>e</li> </ul>
Injection Molding Machine	4	<ul style="list-style-type: none"> <li>• Saved 2,705 MWh</li> <li>• Reduced 2,352 tons CO<sub>2</sub>e</li> </ul>	7	<ul style="list-style-type: none"> <li>• Saved 8,650 MWh</li> <li>• Reduced 7,844 tons CO<sub>2</sub>e</li> </ul>
Lighting System	15	<ul style="list-style-type: none"> <li>• Saved 1,013 MWh</li> <li>• Reduced 743 tons CO<sub>2</sub>e</li> </ul>	17	<ul style="list-style-type: none"> <li>• Saved 7,480 MWh</li> <li>• Reduced 6,522 tons CO<sub>2</sub>e</li> </ul>
Burn-in Recovery System	10	<ul style="list-style-type: none"> <li>• Saved 7,662 MWh</li> <li>• Reduced 4,810 tons CO<sub>2</sub>e</li> </ul>	15	<ul style="list-style-type: none"> <li>• Saved 13,410 MWh</li> <li>• Reduced 12,060 tons CO<sub>2</sub>e</li> </ul>
Process Improvement	38	<ul style="list-style-type: none"> <li>• Saved 1,890 MWh</li> <li>• Reduced 1,450 tons CO<sub>2</sub>e</li> </ul>	29	<ul style="list-style-type: none"> <li>• Saved 3,380 MWh</li> <li>• Reduced 3,048 tons CO<sub>2</sub>e</li> </ul>
Others	12	<ul style="list-style-type: none"> <li>• Saved 1,434 MWh</li> <li>• Reduced 996 tons CO<sub>2</sub>e</li> </ul>	34	<ul style="list-style-type: none"> <li>• Saved 3,270 MWh</li> <li>• Reduced 3,086 tons CO<sub>2</sub>e</li> </ul>
<b>Total</b>	<b>132</b>	<ul style="list-style-type: none"> <li>• Saved 21,390 MWh</li> <li>• Reduced 16,310 tons CO<sub>2</sub>e</li> </ul>	<b>135</b>	<ul style="list-style-type: none"> <li>• Saved 42,400 MWh</li> <li>• Reduced 37,908 tons CO<sub>2</sub>e</li> </ul>

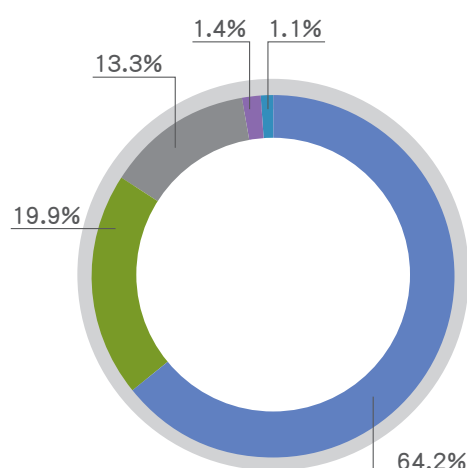
Most energy saving practices in 2012 represented a continuation of the best energy-saving practices of 2011. To enhance energy-saving effects and to achieve our 2015 energy management target of a reduction in electricity intensity by 50%, the energy-saving technology work team has been engaged in implementing energy diagnoses at main sites. The team is working to achieve the next breakthrough in energy-saving based on systematic measurement and analysis procedures. At the same time, we are integrating successful energy-saving cases from other businesses and the in-house energy-saving solutions used in our green buildings/plants to other plants.

Dedication to environmental protection and energy conservation

## Material management

The main materials used by Delta include: 1. metal (iron, steel, aluminum, copper and others); 2. plastic (used for casings, insulation and sockets); 3. chemicals (mainly organic solvents including thinners, cleaners and fluxes); 4. packaging or transportation materials (paper/cardboard, cartons, paper pallets, filling materials and timber); and 5. other materials (epoxy resin used for bonding electronic materials and insulation, and asphalt used in electronic ballasts). No substances harmful to the ozone layer are used during our production processes.

While sorted by purchased amounts (tons), the percentages of each material used between 2009 and 2012 are shown in the table below. The amount of metals and chemicals has slightly increased, and the other materials were slightly decreased. Generally speaking, the percentages for each material have remained more or less constant over the years.

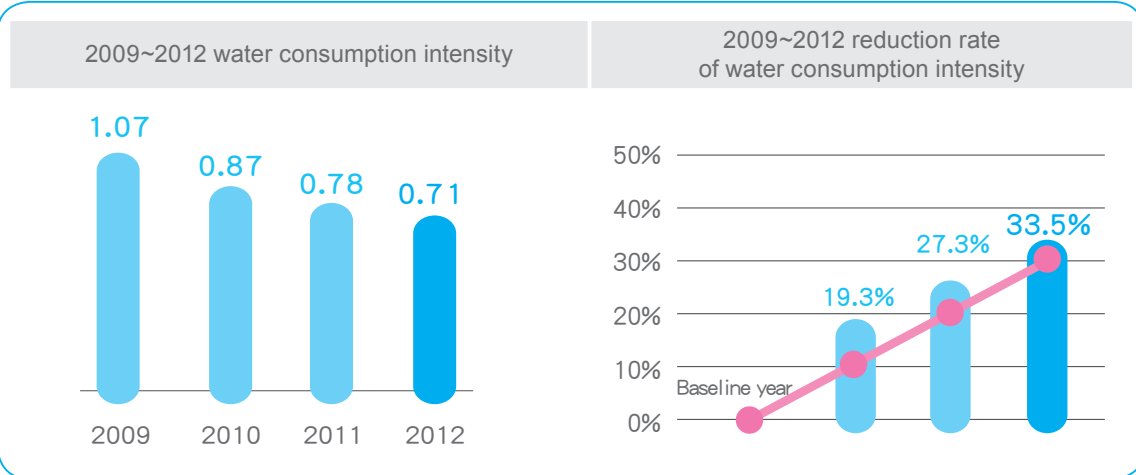


Material Management

	2012	2011	2010	2009
Metals	64.2%	62.6%	63.0%	63.9%
Packaging	19.9%	20.0%	20.1%	20.4%
Plastics	13.3%	14.7%	13.5%	12.8%
Chemicals	1.4%	0.9%	1.0%	1.0%
Other	1.1%	1.8%	2.4%	1.9%

## Water resource management

Most of the water used by Delta's main sites is for domestic use (95%). Municipal water is the main source and no ground water is used. Compared to 2011, water consumption was reduced by 477,000 tons for a reduction of 10% in 2012. Over the years, we have continued to implement various water-saving measures at main sites, such as upgrading to water-saving taps or water saving devices, using water-saving toilets, reducing water output from taps and the water level of cisterns, managing the excess water of cooling towers as well as reusing the wastewater from water purifiers. If water intensity (million liters/MUSD output value) is used as an indicator, water intensity in 2012 was 0.71, a reduction of 33.5% compared to 1.07 in 2009.



In addition, we have adopted the Global Water Tool developed by the World Business Council for Sustainable Development (WBCSD) and take into account the type and distribution of water resources at the local level as well as the actual water consumption of individual plants. We have identified relatively high water shortage risks for the Tianjin Plant in China and Taoyuan Plant 2 in Taiwan. These plants have now formulated countermeasures for insufficient water supply, rising water prices, and conflicts between stakeholders over water access in potential short-, medium- and long term water shortage scenarios.

## Pollution prevention

### 1. Wastewater management

The wastewater at all key Delta sites is processed by appropriate sewage treatment facilities or directly channeled to the industrial zones' wastewater treatment plants. Wastewater discharge is estimated at 80% to 90% of total water usage. The quality of all discharges conforms to current regulations and wastewater is regularly tested to ensure that it has no significant environmental impact on the surrounding water bodies. In 2012, there were no significant leaks or spill incidents at any Delta site.

### 2. Waste management

All Delta operational bases divide waste into three categories: resource waste, hazardous waste, and general waste. Resource waste includes metal waste, plastic waste, waste pallets, paper, and paper boxes, which are sorted, collected, and handed over to local qualified recycling businesses. Hazardous waste includes electronic waste, waste glass tubes and glass, and solvents which are also sorted, collected, and handed over to local qualified waste treatment businesses. General waste is transported to garbage incinerators and landfill sites designated by the government by qualified garbage disposal businesses. The percentages for the different waste types between 2009 and 2012 are shown in the table below. General waste amounts were reduced by roughly 10% in 2012 compared to 2009 (10.5% if hazardous waste is

## Dedication to environmental protection and energy conservation

included in the calculation). In addition, the percentage of general waste which was treated in landfills was slightly increased to 90%.



### 3. Air pollutants management

The production processes at major Delta sites are mainly assembly-based. Currently there are no fixed pollution sources that require approval, regular inspection or reporting. We continue to monitor the air quality around our plants to ensure that we generate a minimum environmental impact on the surrounding atmosphere. Air pollutants generated by the main sites include Volatile Organic Compounds (VOCs), Nitrogen Oxides (NOx) and Sulfur Oxides (SOx). VOCs are mainly given off by asphalt, which is used as filler in electronic ballasts, and by organic solvents during heating and evaporation, such as flux and isopropanol. In 2012 the amount of VOCs generated was approximately 12.9 tons. NOx and SOx came mainly from the testing or emergency use of power generators, hot water boilers in the living areas and cafeteria cooking, but the quantities were minute.

### Green buildings/factories

Delta sites separate waste into three types for waste management: recyclable waste, hazardous waste and general waste. Recyclable waste includes metallic wastes, waste plastic, waste palettes and waste paper/cartons. These are sorted and delivered to qualified local recycling companies for recycling. Hazardous waste includes electronic wastes, waste glass tubes/glass and waste solvents. These are sorted and then delivered to qualified local firms for disposal. General waste is transported to government-designated incinerators or landfills. The percentages for the different waste types between 2009 and 2012 are shown

in the table below. General waste amount were reduced by roughly 10% in 2012 compared to 2009 (10.5% if hazardous waste is included in the calculation). In addition, the percentage of general waste which was treated in landfills was slightly increased to 90%.

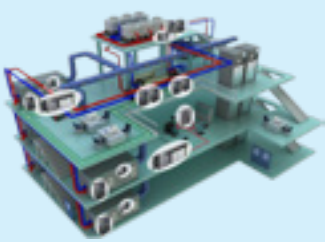


Currently Delta has four certified green buildings/factories worldwide. Our Tainan Plant received the green factory label and the first cleaner production certification for the general industry sector in Taiwan. Based on electricity consumption per unit floor space (EUI, kWh/m<sup>2</sup>.yr) of Taiwan conventional office buildings<sup>9</sup> or Indian commercial buildings<sup>10</sup>, Delta's green buildings/factories allow electricity savings of up to 8,000 MWh and carbon emission reductions<sup>11</sup> of 5,600 tons CO<sub>2</sub>e.

Delta green building/green factory		Green Measures	2012 energy and water conservation effects
Taoyuan Technology Center ♦ Inaugurated in 2011 ♦ LEED gold-level		♦ Adoption of Delta energy-saving products and solutions such as HVAC smart air-conditioning systems, energy-efficient elevator solutions, LED lighting solutions, and solar energy photovoltaic systems ♦ Combination of green building design, a building automation system for energy conservation, and a plant management visualization ♦ Water resource management system, water conservation equipment, and a rainwater collection system	♦ Saved 53% energy of traditional office buildings ♦ Electricity savings of 2,910MWh ♦ Carbon emissions reduced by 1,560 tons CO <sub>2</sub> e ♦ Water savings of 5,766 tons
India Gurgaon Plant ♦ Inaugurated in 2011 ♦ LEED-INDIA platinum-level		♦ Adoption of natural lighting, highly efficient air-conditioning systems, solar power generation, and LED street lamps ♦ Installation of anaerobic sewage treatment facilities, recycling of wastewater for cleaning and irrigation ♦ Adoption of drainage sumps, grass-planting bricks, and local water-saving plants	♦ Saved 63% energy of commercial office buildings ♦ Electricity savings of 1,063MWh ♦ Carbon emissions reduced by 969 tons CO <sub>2</sub> e
India Rudrapur Plant ♦ Inaugurated in 2008 ♦ LEED-INDIA gold-level		♦ Adoption of natural lighting, highly efficient air-conditioning systems, and solar energy photovoltaic systems ♦ Installation of a sewage treatment and recycling system ♦ Establishment of a rainwater collection and recycling system	♦ Saved 76% energy of commercial office buildings ♦ Electricity savings of 2.923MWh ♦ Carbon emissions reduced by 2,666 tons CO <sub>2</sub> e
Tainan Plant ♦ Inaugurated in 2006 ♦ Taiwan green building mark diamond-level certification		♦ Adoption of energy conservation technologies such as concave sun shields, natural lighting, buoyancy ventilation towers, and highly efficient air conditioning systems ♦ Adoption of solar energy photovoltaic systems ♦ Adoption of highly efficient lighting systems	♦ Saved 24% energy of traditional office buildings ♦ Electricity savings of 808MWh ♦ Carbon emissions reduced by 433 tons CO <sub>2</sub> e

- Note**
9. <Bureau of Energy, Ministry of Economic Affairs>, Reference indicators for electricity consumption by building types. Office building (parking lot not included) average EUI value: 241.9 kWh/m<sup>2</sup>.yr
  10. <UN and Indian Bureau of Energy>, Improvement program for energy efficiency of commercial buildings in India. Commercial building average EUI value: 210 kWh/m<sup>2</sup>.yr
  11. Emission factors in Taiwan: 0.536kg/kWh and in India: 0.912kg/kWh (IEA, CO<sub>2</sub> Emissions from Fuel Combustion Highlights, 2012 Edition)

## Dedication to environmental protection and energy conservation

Among Delta's green buildings/factories, the Taoyuan Technology Center has adopted a "Smart Green Building" design concept and has integrated "Green Building", "Building Automation", and "Visualized Factory Management". In addition, it has used a wide range of Delta's energy-saving solutions such as HVAC management systems, energy management information systems, LED lighting management systems, elevator energy-saving systems, solar PV systems, and electric vehicles (EV) charging solutions. The following Delta energy-saving solutions can be applied to industry:

HVAC Management Systems	Elevator Energy-saving System	LED Lighting Management System
		
The HVAC Management System integrates SCADA, PLC and Inverters. The energy-saving rate is between 20 to 50%.	The Elevator Energy-Saving System includes IED and power regenerative unit. Combined with Permaent-magnet synchronous motor systems, the energy-saving rate is between 30 to 55%.	The LED Lighting System integrates indoor and outdoor LED lighting devices and a control/adjustment system. The energy-saving rate is up to 50%.

Delta is more than willing to share its experience in the field of green building/factory design with other parties. Green building volunteer programs or environmental education programs are currently actively promoted by the Delta Electronics Foundation in cooperation with local environmental groups to share green energy conservation concepts with the general public.

## Green offices

Between 2011 and 2012, Delta' s main sites continued to practice the following energy saving measures for offices:

### 1.Office lighting :

All plants have progressively upgraded to LED lights, adjusted the lighting in each work area, turned off lights after working hours and during breaks, installed independent switches for lights in office areas, or added light-or time-control devices for lighting systems.



## 2. Energy-saving office products :

Office and testing computers changed from 180W PCs to 30W low-power PCs (Atom CPUs) or desktop machines replaced by notebook computers. In addition, we purchased Energy Star qualified office products such as computers, monitors and printers.

## 3. Water-saving products :

All plants have adopted water-saving washing facilities, water-saving toilets, non-flush urinals or water-saving taps.

## 4. Energy-saving elevator system :

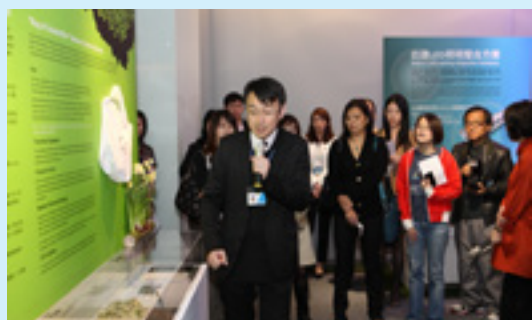
Some plants have installed an elevator energy recovery system developed by Delta to regenerate electricity and reduce heat generation to lower the air-conditioning demand for elevator machine rooms. Up to 50% in energy savings was achieved.

## Reducing environmental impact from our operations

Delta had no significant violation of environmental regulations in 2012. As all major Delta sites are located in industrial parks, science parks, or local industrial zones, this reduced the environmental impact on the local ecology to a minimum during operations and avoided any significant negative impact on local biodiversity. The commissioning of green buildings/factories with diverse plantings and eco-ponds has made a positive contribution to biodiversity.

As for reducing the impact on local communities, some plants have worked with local environmental groups to promote environmental education and our green building design philosophy. We also promote interactions between community members through the adoption of local green areas, such as Wende Park No.3 in Taipei, and offer environmental education lectures, or specific exhibitions on energy conservation, such as the Delta "Ring of Celestial Bliss" in the Sunshine Building in Taipei.

Special exhibition on energy conservation –  
Delta "Ring of Celestial Bliss"



Environmental education lectures –  
Learn more about Tuvalu



Dedication to environmental protection and energy conservation

## Green production

Besides improvements in energy savings, our main sites also continue to implement green production measures in process optimization, automation, process simplification, jig optimization, and logistics improvements. At the same time, six sigma projects were combined to actively advance R&D and process innovation. Statistics regarding the benefits of green production for 2011 and 2012 are shown below:

Project Type	Implementation Summary	2012 Benefit	2011 Benefit
Process optimization	Optimization of existing production processes	Savings of 14.9 MUSD	Savings of 16.5 MUSD
Automation control	Adoption of automation control systems for labor intensive production stages	Savings of 14.3 MUSD	Savings of 8.6 MUSD
Process simplification	Simplification of traditional or complex procedures	Savings of 0.9 MUSD	Savings of 0.5 MUSD
Tool optimization	Optimized design of jigs	Savings of 0.4 MUSD	Savings of 2.9 MUSD
Logistics improvements	Improvement of delivery and storage methods	Savings of 1.0 MUSD	Savings of 0.1 MUSD
Total		Savings of 28.6 MUSD	Savings of 31.5 MUSD

Note: The calculation of the effects of green production takes into account manpower, wages, and cost savings after the implementation of improvements

## Energy/resource recycling and renewable energy

### 1. Electricity recycling

Burn-in testing for AC motors, power supplies or uninterruptible power supplies (UPSs) traditionally converts electricity into waste heat. Power is not only unrecoverable but the heat produced often needs to be dissipated using additional equipment, resulting in inefficiency and high cost. Delta's main sites have now adopted the self-developed Energy Recycling Systems (ERS). The ERS not only recycles electricity used during burn-in testing but also reduces heat generated and thus lowers the loading of the air conditioner and the personnel and plant square footage needed by traditional burning racks. By using Delta ERSs, including ERSs adopted in 2011 and before 2011, over 56,825 MWh of electricity was recycled in 2012, reducing GHG emissions by 47,160 tons compared to when the ERS was not in use.

## 2. Solder recycling

Our main operational bases have installed solder recycling devices. In the past, overflow solder was collected from receptacles and recycled afterwards. Some plants have improved on this method by implementing immediate recycling methods. In 2012, roughly 53.6 tons of solder were recycled.

## 3. Water recycling and reuse

Process cooling water, rainwater, condensate water from blowers, and water discharged by RO systems are the main recyclable and reusable water resources. In 2012, the Tianjin plant recycled a total of roughly 5,500 tons of cooling water, while the Taoyuan Technology Center recycled and reused a total of 5,766 tons of rainwater, condensate water, and water discharged by RO—3,302 tons were used for toilet flushing, while 2,464 tons were used for plant irrigation.

## 4. Solar power applications

Our main sites have established solar water heating systems and solar PV systems. In 2012, the solar PV systems at major sites generated 44.7 MWh of electricity while solar water heating systems—8,486 m<sup>2</sup> of heat collecting surfaces in total—produced nearly 5,373 million kcal. Total energy provided by solar power applications was 51 MWh, reducing GHG emissions by 1,654 tons compared to when solar PV and water heating systems were not used. In addition, the Dongguan Plant and Wujiang Plant have joined the "Golden Sun Model Project Program" in China to install solar PV modules with a capacity of 2.117 MWp and 2.177 MWp respectively in late 2012. These modules started generating electricity in January 2013.

# Green products and services

All Delta products comply with international safety standards or international environmental requirements. Products or product packaging are also labeled with conformity information in accordance with the environmental regulations of the target market, such as the EU RoHS and WEEE directives, and the China Measures for the Control of Pollution from Electronic Information Products. We also display environmental certification information such as US Energy Star and 80 PLUS on our products that are required by our customers for green marketing purposes. In 2012, Delta did not violate any laws or regulations concerning the provision and use of products and services.

## Green design




The Life Cycle Assessment (LCA) is a green design approach that systemically analyzes the environmental impact of a product from material extraction, manufacturing, shipping, product use, and disposal. The ISO 14040 international standard divided LCA into several key processes including the definition of the goal and

Dedication to environmental protection and energy conservation

scope, inventory analysis, and impact assessment and interpretation. Due to the complex nature of supply chain relationships in the electronics industry, Delta knows that a complete LCA will consume enormous amounts of time and resources. Delta has drawn on research by the Society of Environmental Toxicology and Chemistry (SETAC) on LCA methodology and adopted the Screening, Simplified and Streamlined LCA (SLCA) to focus on the issues with the most significant environmental impact, such as GHG emissions, and reduced the amount of data that needs to be gathered. Additionally, we use available LCA databases as supporting tools to further facilitate the SLCA process. By using the SLCA methodology, we can identify design or process areas for improvement.

## 1. Product Carbon Footprint

Product carbon footprint is the best example of the SLCA in action. Delta has now completed the carbon footprint inventory and verification of several Business-to-Business (B2B) products based on the PAS 2050 Product Carbon Footprint Standards issued by the British Standards Institution (BSI) including notebook adaptors, PV inverters and DC fans. The notebook adaptor in particular was the first power supply product from Taiwan to complete BSI PAS 2050 carbon footprint verification.

Adaptor(90W)	PV Inverter (250VDC)	DC fan (12V)
		
Material extraction stage: 7.65 kg CO <sub>2</sub> e Manufacturing stage: 0.25 kg CO <sub>2</sub> e	Material extraction stage: 653.04 kg CO <sub>2</sub> e Manufacturing stage: 33.38 kg CO <sub>2</sub> e	Material extraction stage: 1.48 kg CO <sub>2</sub> e Manufacturing stage: 0.28 kg CO <sub>2</sub> e

## 2. Strategies for lowering the environmental impact of products

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

### (1) Reduce use of environment-related substances:

Delta has implemented the Green Product Management (GPM) IT system based on the QC 080000 hazardous substance process management system. Apart from inspecting materials testing reports from

suppliers, Delta manages parts/components based on their environment-related substance risk level to ensure the proper control of environment-related substances. Delta sites have also introduced lead-free processes and low-halogen materials to help customers develop greener and more eco-friendly products.

#### (2) Reduction of carbon emissions during material transport

We have implemented a low-carbon procurement policy. Local suppliers are given priority for all materials except key components. For instance, 75% of the materials used for power management products were provided by Chinese suppliers in 2012, which greatly reduces carbon emissions during the transport process. In addition, we also encourage the suppliers of mechanical parts to set up local hubs and employ reusable transport containers, which not only helps reduce the costs for both parties, such as transportation, time, storage, and materials, but also generates energy conservation and carbon reduction effects. In addition, Delta cooperates with transport service providers in the adoption of a single standard for pallets, combined shipments, and the planning of optimal transport routes to jointly achieve the cost-saving effects of green logistics.

#### (3) Adoption of green packaging materials

We employ green packaging materials for all our products, including corrugated paper, cardboard, paper and wooden boxes, for the transport process. Waste materials can be recycled, reused, or used repeatedly. For example, paper packaging materials that contain more than 80% paper are 100% recyclable and reusable. Automated motors, on the other hand, are placed in wooden boxes with fixed flaps which can be used repeatedly.

#### (4) Enhanced energy efficiency

The continued improvement in product energy efficiency is a concrete expression of Delta's commitment to "To provide innovative, clean and energy-efficient solutions for a better tomorrow". Most of Delta's power management products have surpassed 90% energy efficiency, such as our PV inverters with a conversion efficiency of over 98.5%, and telecom power supplies with 97% efficiency.

#### (5) Products can be recycled and disassembled with ease

We always strive to design our products for ease of recycling/disassembly. Apart from actively helping B2B customers improve the reuse rate and recycling rate of waste electronics products to conform to environmental regulations of the target region, such as the EU's WEEE directive. For our own brand products, we are also working with local recycling organizations to ensure the proper recycling and ultimate disposal of waste products. For instance, our mobile power brand Inneergie has registered with local EU authorities and joined the German electronic waste recycling system.

Dedication to environmental protection and energy conservation



## Eco-marks and eco-declarations

### 1. Type I eco-labels

Type I Eco-labels conform to specification standards of organizations or governments and have been verified by third parties. They represent professional trademarks that are easily identified by clients and consumers. Prominent examples are the Taiwan Green Mark and US Energy Star. Twenty of our products have obtained the Taiwan Green Mark, including interior lighting, street lighting, and bathroom ventilating fans in. Our series of DC brushless fans is the first of its kind in Taiwan to obtain the energy label for all products in the series, of which there are nine. Please refer to the official website of the Taiwan Energy Label for more details.

### 2. Type II environmental declarations

Our experience from several product SLCA's shows that the environmental impact from the use of Delta's core products is most significant during their lifecycle. We are therefore promoting product environmental information disclosure and integrating this with the ISO 14021 Product Environmental Labels and Declarations and the ISO 14025 Environmental Product Declaration (EPD). In 2010, we launched the "EnergyE" program for rectifiers. An energy-savings calculator was provided on the product webpage to help customers understand the cost and energy-saving benefits they can achieve by using Delta products under different scenarios based on the type of power source, number of sites, average load per site and energy cost information. In addition, we added EnergyE labels to our Rectifier product catalogs and products with an energy effectiveness of over 96% to allow easy identification by customers. The following product models are currently available for selection: DPR850, DPR2000, DPR2900, DPR4000, and DPR 6000.

EnergyE Energy Saving Calculator	EnergyE Product Label
	 <p>DPR 6000</p>

## Green products/services innovation

Based on our sustainable development strategy in response to climate change risks, Delta has divided its core production capabilities into three main categories: Power Electronics, Energy Management, and Smart Green Life. The relative percentages for each application field for 2010-2012 are shown below. Compared to 2011, Energy Management and Smart Green Life account for a larger percentage of revenues in 2012.



Application areas	Key Products	2012	2011	2010
Power Electronics	<ul style="list-style-type: none"> <li>• Embedded Power Supplies</li> <li>• Mobile Power Supplies</li> <li>• Fans and Thermal Management</li> <li>• Electronic Components for ICT Equipment</li> </ul>	63.2%	66.5%	64.2%
Energy Management	<ul style="list-style-type: none"> <li>• Industrial Automation</li> <li>• Telecom Power Systems</li> <li>• UPS &amp; Datacenter Infrastructure</li> <li>• Renewable Energy</li> <li>• Automotive Electronics &amp; EV Charging</li> </ul>	17.1%	14.5%	21.2%
Smart Green Life	<ul style="list-style-type: none"> <li>• Networking Systems</li> <li>• Display &amp; Visualization</li> <li>• LED Lighting</li> <li>• Healthcare Devices</li> <li>• Voice Intelligence Platform</li> <li>• <b>Innervie</b></li> <li>• <b>vivitek</b></li> </ul>	17.7%	17.3%	13.9%

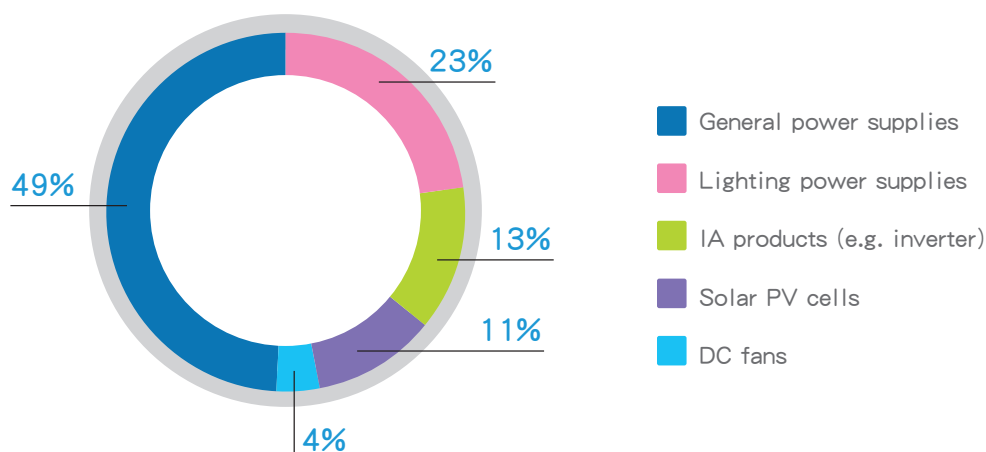


Dedication to environmental protection and energy conservation

Delta not only maintains our leadership position in the field of ODM but we are also actively expanding into DMS solutions. With integration of Delta products via hardware and software technologies, we provide several energy-saving, comfortable and convenient DMS solutions.

Complete solutions	Description of application range
Industrial Automation Solutions	Delta provides its customers with customized automated industrial solutions which are widely applied in areas such as machine tools, textiles, printing, packaging, large-scale construction, food products, electronics equipment, plastics & rubber, elevators, heating and ventilation, and woodworking
Building Automation Solutions	The Delta Technology Center in Taoyuan employs energy conservation and automated products and solutions which are applied in lighting control, HVAC air conditioning, elevators, water management systems, and renewable energy electricity supply devices. HVAC solutions and energy-efficient elevator solutions provide energy conservation of up to 50%.
Datacenter Solutions	The Delta InfraSuite Data Center Solution possesses the following advantages: modularization, high manageability, flexible integration, high efficiency, and high reliability and provides the following integrated services required for the basic infrastructure of data centers: UPS, power allocation, environmental monitoring, precision air conditioning in addition to energy conservation of more than 25%.
EV Charging Solutions	Delta's DC Quick Charger has received the global industry standard for quick charging - CHAdeMO standard certification and provides 95% charging efficiency. In Taiwan and Thailand, Delta has installed the first full-spec EV charging station with a large variety of charging solutions that correspond to international standards. In addition, we have also introduced high efficiency EV Charging Solutions for the Ishavsveien Charging Network in Norway.
Telecom Network Energy Solutions	The Delta telecom power solutions integrate different power sources including solar energy, wind power, AC power, Diesel power generation, and fuel cells providing customers with low-carbon, safe, and uninterruptible power solutions. The Delta Base Station telecom power solutions conserve 34% more energy than traditional telecom power systems.
Renewable Energy Solutions	Delta has adopted solar PV cells manufactured by affiliated enterprises and our PV inverters with energy efficiency of 98.5%. We installed a solar PV system for the roof of the main venue of the World Games in 2009 and also provide competitive solutions for clients in countries that are key global developers of renewable energy, such as China.
Display and Monitoring Solutions	Delta provides projection solutions for the outer walls of large-scale buildings, and fusion projection solutions by employing high-end projection technology to project images for clients in the fields of environmental protection, sports, technology, and culture and creativity.

Delta constantly improves the energy efficiency of our products and develops green energy/energy-saving products and solutions to assist customers in saving more energy and achieving better cost-savings. Based on the quantities<sup>12</sup> of Delta's power supplies, DC fans, UPSs, ballasts, inverters, PV cells and more shipped by Delta in 2010~2012 from its Taiwan, China and Thailand plants, the adoption of Delta high efficiency products helps customers save almost 9.3 billion kWh of electricity and reduces carbon emissions by nearly 5 million tons CO<sub>2</sub>e. Sorted by product properties, the energy-saving ratios for the mentioned product types between 2010 and 2012 are shown below :



- Note** 12. The estimate is based only on energy-saving products in 2012. The estimation method is as follow:
- Power supplies and DC fan products: the calculation is based on efficiency improvements compared to 2011, with the assumption of load and hours at use (or standby) mode under normal situations.
  - Lighting (LT) and industrial automation (IA) products: the calculation is based on before and after the adoption of these products, with the assumption of load and hours at use under normal situations; For the IA products, we only estimate the energy-saving benefit of inverter products adopted in energy-saving applications, such as air-conditioning systems, injection molding machines, water treatment and elevator energy-saving.
  - PV cells: the calculation is based on total product capacity shipped in 2012 to estimate the electricity generated under normal conditions.
  - CO<sub>2</sub> emission coefficient: Thailand shipments are calculated by using an electricity emission coefficient of 0.5113 kg/kWh. All other plants are calculated using Taiwan's electricity emission coefficient of 0.536 kg/kWh.

# Employee relations and social contribution

## Key performance indicators

### 2 Million Attendances

Over 2 Million attendances for Delta's environmental and energy education programs

### 30% Energy Savings in Schools

12 schools achieved energy savings of 30% (based on EUI) supported by Delta technology

### 5 Donated Green Buildings

Delta actively promotes green buildings having sponsored a total of 5 green buildings since 2009

- Industry trend-setter for green buildings

Delta's Tainan plant was the first building in Taiwan awarded certification for all nine indicators of the Taiwan Ministry of Interior's Green Building EEWH rating system. This green building has attracted a total of almost 8,000 visitors from industrial, government, and academic circles

- Assisting in the formulation of the world's first green factory rating system

Delta and members of the Taiwan Corporate Sustainability Forum, assisted the government in formulating the world's first green factory rating system

- Iconic sustainable design for festival activities

Delta's Ring of Celestial Bliss set an example of low-carbon, energy-efficient, and recyclable design as a one-time large-scale festival activity

- Expansion of social involvement from different perspectives

- The Delta Electronics Foundation participated in reconstruction work after typhoon Morakot and was honored with a special merit award by Taiwan's Executive Yuan

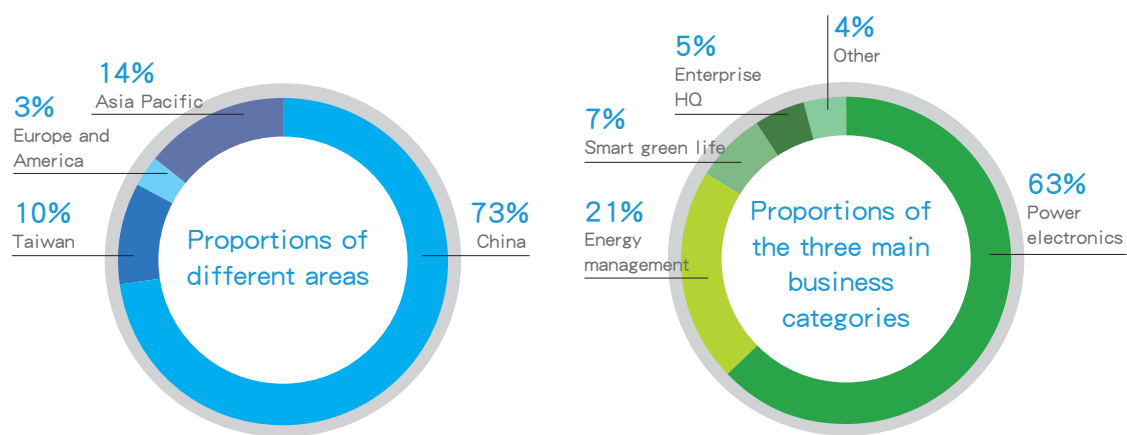
- Over the years Delta has sponsored 30 environment-related exhibitions, 16 book releases on environmental topics, and the production of 12 documentaries

Employee relations and social contribution indicators	2012	2011
Percentage of Female Employees (%)	60.2	63.3
Indirect Employee Turnover Rate (%) - Taiwan area	12.3	11.5
Average Time of Educational Training (hours/person)	27	35
Occupational Safety and Health - Frequency of Disabling Injuries (F.R=Number of disabling injuriesx 1000000 / Total working hours)	0.56	1.38
Occupational Safety and Health - Severity of Disabling Injuries (S.R=Number of days lost due to disabling injuries x 1000000 / Total working hours)	6.93	7.04

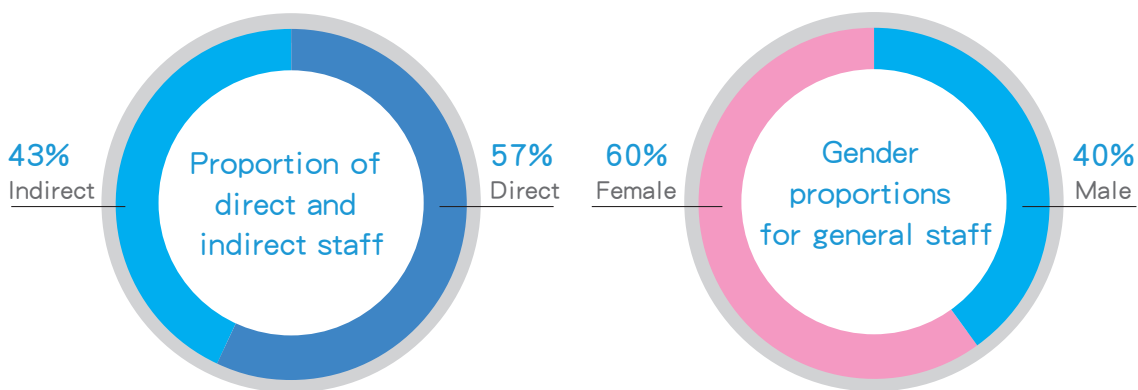
## Employee composition

By the end of 2012, Delta has a total global workforce of around 80,000. Most employees—a total of 63% of Delta's global workforce—are employed in the power electronics business category. For geographical distribution, most employees(73%) work in China.

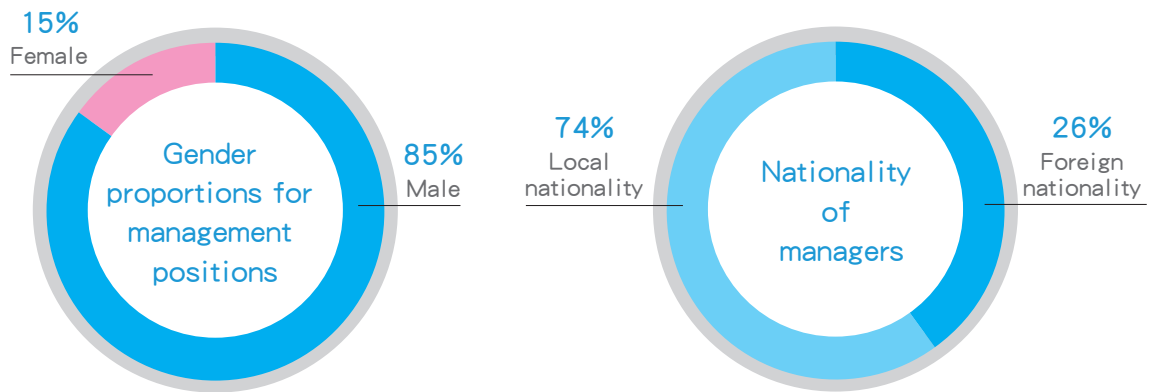
The distribution of the global workforce is shown below :



The recruitment, employment and development of employees at Delta is based on merit. All employees are treated equally regardless of race, religion, color, nationality, age, gender, sexuality and disability. Female employees account for 60.2% of all Delta employees at major sites in Taiwan, China and Thailand. Direct labor and minority groups account for 56.6% and 1.7% of all employees. 73.9% of supervisors over the grade of assistant manager are local nationals and 15.2% are female.



## Employee relations and social contribution



## Employment policy

As a world enterprise and a responsible corporate citizen, Delta Group is committed to offering our employees an environment to develop their capabilities. To fulfill this commitment, Delta Group constantly strives to comply with local regulations and to meet international labor and human rights standards, including the Electronic Industry Code of Conduct (EICC), Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles, OECD Guidelines for Multinational Enterprises, and more. To accomplish this objective, the Company has implemented the Delta Group Employment Policy.

**Law Compliance :** Delta complies with applicable labor or employment laws and international standards wherever it operates.

**Freely Chosen Employment :** Delta prohibits hiring forced labor or child labor. All jobs shall be taken voluntarily and employees can voluntarily leave the company within a reasonable period after giving notice.

**Humane Treatment :** Delta prohibits any form of harassment and inhumane treatment, including any sexual harassment, abuse, slavery, corporal punishment, threatening, exploitative, mental or physical coercion or verbal abuse of employees.

**Non-Discrimination :** Delta hires employees based on capabilities, and does not discriminate based on race, religion, color, nationality, age, gender, sexual orientation, disability, or other reason which is protected by law in recruitment, training, awards, promotion, termination, retirement, or other employment condition.

**Working Hours :** Delta establishes management mechanisms for working hours in line with labor laws and regulations. Unless for special operating conditions, employees shall be allowed at least one day off for each seven working days.

**Compensation and Benefits** : Delta provides employee compensation and benefits to meet the applicable laws, including minimum wages, holidays with pay and welfare provided in the law.

**Freedom of Association** : Delta respects the rights of employees to associate freely on a voluntary basis and to organize labor unions, and to establish employee communication channels according to local regulations.

**Training Opportunity** : Delta ensures equal opportunity for employee development and provides job-related training to enhance employee capabilities and skills

**Health and Safety** : Delta provides a safe and healthy working environment in accordance with applicable safety and health regulations, and establishes and maintains an occupational safety and health management system that defines operational procedures and monitors the implementation of continuous improvements in safety and health performance.

## Employee communication

Our employee policy recognizes employees' right to freedom of association and unionization. We have also established channels of communication with our employees in accordance with local law. In Taiwan for example, the quarterly labor-management meetings as well as the regional welfare committee enable employee representatives to provide feedback and suggestions on certain issues. The issues are discussed during the meetings so a consensus can be established with the company. In China, communication consists of talk panels as well as employee-management meetings led by the human resources department. The meetings are organized independently by each plant and held once per quarter. Employees can raise any issues they have regarding work or lifestyle for the relevant departments and managers to answer and propose improvements.

Apart from our basic employee policy, Delta also offers a variety of channels for communications for cultivating positive labor relations. For example, Delta has set up an internal website called MyDelta as a platform for providing around 80,000 employees all over the world with real-time multi media materials and publishing 500 news/announcements on average every year. The site is browsed by an average of 3,000,000 visitors annually.

Employees can also use written letters, e-mails, or the 24-hour service hotline to make suggestions to the company. Our sites also have documented processes such as the "Internal and External Communications Procedure", "Employee Rights Protection Procedure" and "Employee Complaints Management Procedure" to ensure that each channel of communication remains open.

## Employee relations and social contribution



Delta internal Internet and media platform - MyDelta

Delta also works with third-party professional organizations to conduct employee engagement surveys to gain a better understanding of employees' suggestions for further improvements. The results of the 2012 survey indicate that a large number of employees commend the company for outstanding performance in corporate social responsibility practice, co-workers, senior leadership, and learning and development. In addition, each region conducts employee opinion surveys based on local demands to better understand employee opinions about the overall work environment, hardware facilities, and plant services.

To realize Delta's corporate mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow", every plant organizes CSR-related activities such as employee nights at the Ring of Celestial Bliss, tree planting activities, eco-friendly fashion shows, an "Earth-hour" lights-off activity, and competitions in energy conservation knowledge. These activities have received enthusiastic feedback from our staff.





Employee night at the Delta "Ring of Celestial Bliss"

More than 3,000 employees and family members enthusiastically participated in this activity to experience a perfect combination of environmental protection, culture, and technology.



More than 1,800 employees and family members participated in this tree planting activity at the Dongguan Plant

Employee relations and social contribution



Delta plants in Shanghai, Wujiang, Dongguan, Wuhu, and Tianjin voluntarily participated in the global "Earth Hour" eco-activity. The picture shows the dorm of the Wujiang Plant.



Delta organizes activities for the annual selection of best employees and the recognition of senior employees.

## Remuneration and benefits

We regularly adjust compensation structures and benefits based on local laws and markets. We have designed incentive schemes to attract and retain talented personnel to maintain our competitiveness in the job market and show employees that Delta values talent. In recent years, Delta has allocated more than 10% of its profits for bonuses to maintain our competitive edge on the job market as well as show our commitment to retaining talent. In 2012, the company allocated 13% of its net profit to employees in the form of bonuses.

The corporate-level remuneration strategy is formulated by the compensation committee based on the competitive environment, company performance and benchmark markets. Recommendations for management salaries are then based on team performance, personal potential and actual performance. The recommendations are submitted to the Board of Directors for confirmation. Remuneration is not influenced by personal factors such as gender, race, nationality or age.

For employee performance reviews, Delta has adopted the Performance Management and Development (PMD) system to link the company's strategy targets, personal performance targets, company values and abilities as well as individual career development. The system reflects individual responsibilities in performance reviews and all Delta employees are governed by this scheme. The performance of managers in plant management, labor safety, factory administration and human resources, for example, are all closely linked to labor safety, environmental protection and labor indicators. Salaries also fully reflect the link with performance. In principle, the higher a manager is in the hierarchy the more closely their remuneration is linked to performance.

Delta not only provides insurance, benefits and pension contributions in accordance with local laws or practice, but also provides group insurance that exceeds legally mandated levels to protect the safety of employees at work and at home.

## Employee training and development

Delta considers our employees 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.

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

- (1) Orientation training: Guidance training for new employees and management competency training for newly appointed managers.
- (2) Professional training: Marketing, sales, R&D, engineering, finance, management, import & export,

procurement and information technology.

- (3) Management skill training: Training programs for mid- and high-level managers, including scenario simulation training, and lectures on the management of benchmark enterprises.
- (4) General education training: Corporate mission, corporate culture, customer satisfaction, quality, safety and health, and brand management.
- (5) Direct labor training: Skill training in the workplace
- (6) Project-based training: Workshops and seminars
- (7) Self-development training: Language courses and e-Learning.

To improve learning results, we also provide multi-dimensional learning environments and platforms such as:

- ⊗ 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.
- ⊗ World-class technical symposiums and seminars, such as the annual TAB Meeting
- ⊗ Support for external training courses and in-service learning
- ⊗ Integrated training development and performance management systems to maximize employees' skills and unlock their hidden potential

In 2012, the total training hours at Delta's major plants in Taiwan and mainland China and Thailand exceeded 1.73 million hours (subsidiaries not included). We are training "internal experts and instructors" in Taiwan and China for subjects such as sales, course planning and project management. By providing a better match for the requirements of the company organization and processes, we can help employees settle more quickly into their work and make a difference. Additionally, in 2012, Delta assisted more than 3,500 employees in the acquisition of special skill certificates such as quality assurance and computer applications.

## Employee retention

Employees are Delta's most important assets. Delta provides a variety of employee communication channels, competitive salaries and benefits, comprehensive training frame work and a comfortable, safe work environment to encourage employees to stay with the company. If an employee submits their resignation, Delta immediately organizes an interview with the applicant to understand their reasons for leaving. We then do our best to offer our support and persuade them to stay. In 2012, the turnover rate of indirect labor in major plants in Taiwan, China, and Thailand was 21% (12% in Taiwan alone).

## Occupational safety and health

### Occupational safety and health management organization

"Provide employees with a safe and healthy work environment" is one of Delta's most fundamental responsibilities as a corporate citizen. A dedicated labor safety department reporting directly to the regional top management was set up by Delta in China where our main production sites are located. For the R&D and administration-oriented offices in Taiwan, an environmental safety & health risk management center reporting directly to the CEO is responsible for the planning, execution and auditing of plant safety & health management.

### Occupational safety and health management system

All of Delta's major sites in Taiwan and China have achieved OHSAS 18001 certification. As environmental protection and workplace safety & health are two sides of the same coin in many management issues, Delta is gradually integrating our plants' environmental management system with the occupational safety & health management system. So far the five main plants in China (Dongguan, Wujiang, Wuhu, Chenzhou, Tianjin) as well as the Taoyuan plants in Taiwan have all achieved both ISO 14001 and OHSAS 18001 certification. Delta has also made Disabling Frequency Rate (F.R.)<sup>13</sup> and Disabling Severity Rate (S.R.)<sup>14</sup> the main safety & health management indicators. Annual plant and regional targets have been set along with safety & health audits, safety& health education, regular work environment inspections and improved information exchange to effectively reduce the frequency of safety & health incidents. At the monthly inter-plant safety & health meetings, safety & health representatives from each plant discuss incidents related to employees and contractors, analyze the reasons, and propose improvements or engineering changes to prevent any further recurrence.

### Occupational safety and health audit

Besides internal OSH inspections carried out at each plant in accordance with the law, we also organize cross site audits conducted jointly by OSH committee members and audit personnel. Through complete audit plans, the task force audits ESH documents, the results of risk assessments, ESH control and

**Note** 13 . F.R Frequency of disabling injuries (F.R=Number of disabling injuries x 1000000 / Total working hours)  
14 . S.R Severity of disabling injuries (S.R=Number of days lost due to disabling injuries x 1000000 / Total working hours)



## Staff and social involvement

operations, monitoring and measurement, as well as the work environment, the equipment, and onsite 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 pots, chemical use, surface mount technology (SMT) equipment, specialist equipment, ventilation equipment, contractors' specialist operations such as cranes and fire, EICC - ESH execution, and other specialist checks. The executive directors on each site also convene monthly OSH meetings to review OSH performance.

### Safety and health education and emergency response training

Delta conducts ESH training at each of our plants to improve employees' knowledge of occupational safety and health issues. In 2012 for example, our major plants in Taiwan, China and Thailand organized occupational safety and health training, emergency response and firefighting training, and external specialist training for new and current employees. Over 111,000 attendances and over 456,000 man-hours of training were achieved to ensure personnel safety and reduce the impact of accidents.



Fire drill organized by the Wujiang Plant

### Occupational safety and health information exchange

In addition to regular OSH meetings, the OSH department uses the company intranet and suggestion boxes to convey OSH messages to employees and boost the exchange of OSH information in a timely manner. Employee feedback on OSH 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.

### Work environment inspection

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

### Enhanced mental and physical health of staff members

Delta has established clinics where employees can receive health care administered by professional medical personnel. To give employees a better understanding of their own health conditions, Delta also cooperates with professional health check centers to provide staff with health check services and counseling. Based on health check data, lectures are organized to remind our employees to pay attention to their health and have medical personnel conduct examinations, diagnosis, and treatment if health issues are detected. In addition, Delta also encourages employees to establish clubs and participate in different types of activities beneficial to mental and physical health and to keep a close eye on their health while focusing on their work. Delta is committed to employing green design concepts for all new factories and office buildings to give employees a chance to maximize their work efficiency in a healthy and comfortable environment. In 2012, the Chungli Plant in Taiwan and the subsidiary Cyntec Technology received the Healthy Workplace Certification and Health Initiation Mark from the Bureau of Health.

The mental health of employees is important to Delta. Various facilities and methods are used to help employees relax and unwind. The plants in China not only provide clinics with professional medical personnel but also libraries, movie theaters, billiard rooms, cafeterias, staff service centers, interview rooms, vent rooms, and psychological testing areas. In addition, our professional psychological counseling team provides different forms of mental health services and counseling by phone, mail, or face-to-face for employees and also organizes interactive workshops and professional lectures to offer support. In 2012, Delta organized a large number of lectures—a total of over 15,000 hours—on stress relief in the workplace.



Staff and social involvement



"Heart-to-Heart Station" organized a lecture series on refreshing the mind, which became a staff favorite. Lecture themes are about emotion management, pressure adaptation, interpersonal relationships to relieve pressure, elevating mental energy, and easily facing difficult situations.

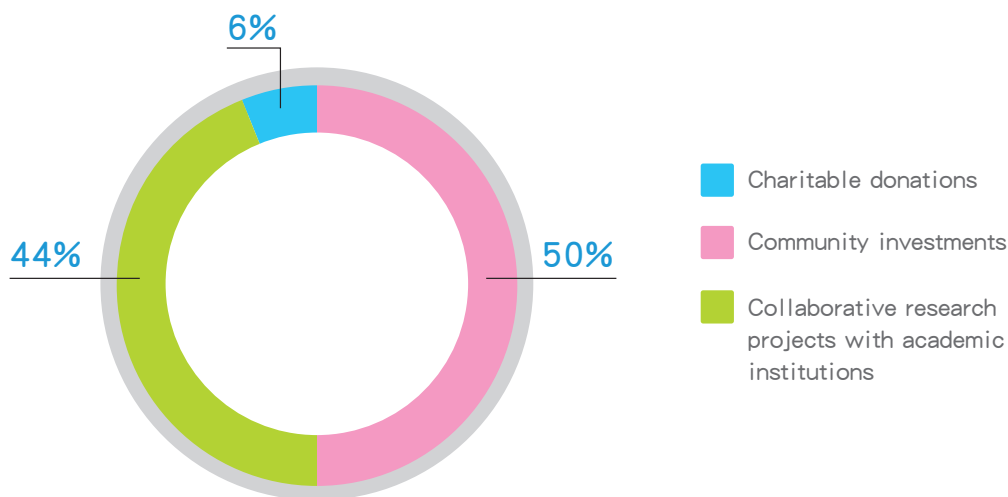
### Achievements in occupational safety and health

In 2012, Delta's F.R for the five main plants in China was 0.28 and S.R was 5.72, achieving the targets of  $F.R < 0.7$  and  $S.R < 7$  for the region. The results were also a significant improvement on  $F.R = 0.53$  from 2011. The Wuhu plant was selected as an advanced unit in occupational health in 2012. No occupational illnesses or work-related deaths were reported among employees or contractors at the above plants.

## Social contributions

Delta not only provides eco-friendly products and services for customers all over the world, but we also actively participate in various social contribution activities. In recent years, we have achieved impressive results in environmental and energy education, promotion of green buildings, cultivation of talent, support of academic research and disadvantaged groups, all through a CSR strategy that integrates our core capabilities with making social contributions. In 2012, Delta invested approximately 220 million NTD in social contributions. Charitable donations accounted for 6%<sup>15</sup>, while community investment and collaborative research projects with academic institutions accounted for 50%<sup>16</sup> and 44%<sup>17</sup>, respectively.

2012 Percentage of different types of social contributions



## Campus and community environmental energy education

### 1. Delta energy education

To introduce the importance of energy and climate change issues to the next generation early, the Delta Foundation, Earth Passengers, and the Taipei Municipal University of Education drew on materials from the overseas Whole-school Approach to Energy Education to develop localized teaching materials for the Taiwan Energy Education Program (TEEP). We also established three Zero-Carbon Classrooms in Northern, Central, and Southern Taiwan in 2011 to demonstrate renewable applications and energy-saving products. The twelve "Energy Conservation Schools" which received technical support from Delta

- Note**
- 15. Mainly invested in the reconstruction and maintenance project of Namasia Ming Chuan Elementary School by the Delta Electronics Foundation
  - 16. Mainly invested in activities related to the promotion of energy education, raising of the awareness of climate change and global warming, popularization of green building concepts, and environmental scholarships by the Delta Electronics Foundation
  - 17. Mainly invested in research programs in cooperation with academic institutions

conserved 30% more energy compared to the average energy use intensity (EUI) of generic junior high and elementary schools. These schools also took the lead in reaching the 2015 EUI targets set by the government (18.6 kWh/m<sup>2</sup>yr). The best energy-saving school among the "Energy Conservation Schools" exceeded the energy conservation target by 51%.

Starting with learning about energy types, students are encouraged to measure the electrical appliances in their daily life as well as the energy consumed during product lifecycles. This is used to introduce the concept of the carbon footprint so students can learn to take an active interest in energy-saving at home and at school. They may even help promote carbon reduction among their parents, relatives and friends. The TEEP has now been selected by Penghu County as the official school energy teaching materials for developing a Low-Carbon Island.

## 2. Energy education volunteers

Since 2006, the Delta Electronics Foundation has enlisted employees on an annual basis for training as energy education pioneers to assist in the guidance of energy conservation schools and serve as tour guide volunteers for climate awareness-related exhibitions. In 2012, a total of 114 energy education volunteers provided services for 50 classes. The number of energy education volunteers (including Delta and external volunteers) around the world amounted to 1,500. These volunteers have imparted energy conservation and carbon reduction-related knowledge and practices to over 50,000 school children.

## 3. Mobile energy education

In 2011, the Delta Electronics Foundation cooperated with the National Taiwan Science Education Center and the National Science Council in the creation of the first national "3D Low-carbon Mobile Cinema". The cinema toured campuses all over Taiwan to show 3D or HD environmental protection-related movies and promote low-carbon and eco-friendly concepts with the goal of spreading environmental education even to remote schools. The 3D Low-carbon Mobile Cinema visited six cities and counties including Ilan, Pingtung, Kaohsiung, and Chiayi and participated in the Taipei Film Festival and the NTU Azalea Festival. The cinema was on tour for roughly 200 days and attracted a total of 10,000 visitors.



Enlistment of Delta Energy Education Volunteers in 2012



Training of Delta Energy Education Volunteers in 2012



3D low-carbon mobile Cinema

## Raising climate awareness

### 1. Energy and climate-related exhibitions

Delta is deeply concerned about the climate change issues and actively promotes carbon reduction. Delta's high-end projection equipment, solar tracking systems, electric vehicles, and EV charging poles have been used by the National Science Council and the National Museum of Natural Science for the large scale climate awareness exhibitions, such as the "Bright Future through Low Carbon in Taiwan" exhibition in 2011 and the Armageddon Display Exhibition in 2012. Delta's advanced visualization and projection solutions have also been employed by the National Taiwan Science Education Center for the Environmental Aerial Film and Photo Exhibition "Our Land, Our Story". In this exhibition, images show the beauty of Taiwan to make the message of environmental protection more convincing to the general public. During the 6-month exhibition period, many visitors suggested expanding the exhibition to other locations around Taiwan or even abroad. Scholars and specialists from more than 40 educational institutions and 6 national and international environmental research organizations visited the exhibition and recorded the environmental changes in Taiwan. "Our Land Our Story" has become an excellent model for other environmental exhibitions. Delta's climate awareness-related exhibitions attracted almost 300,000 visitors in 2012 alone.



President Ma attends the opening ceremony for the Environmental Aerial Film and Photo Exhibition "Our Land Our Story"



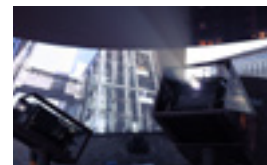
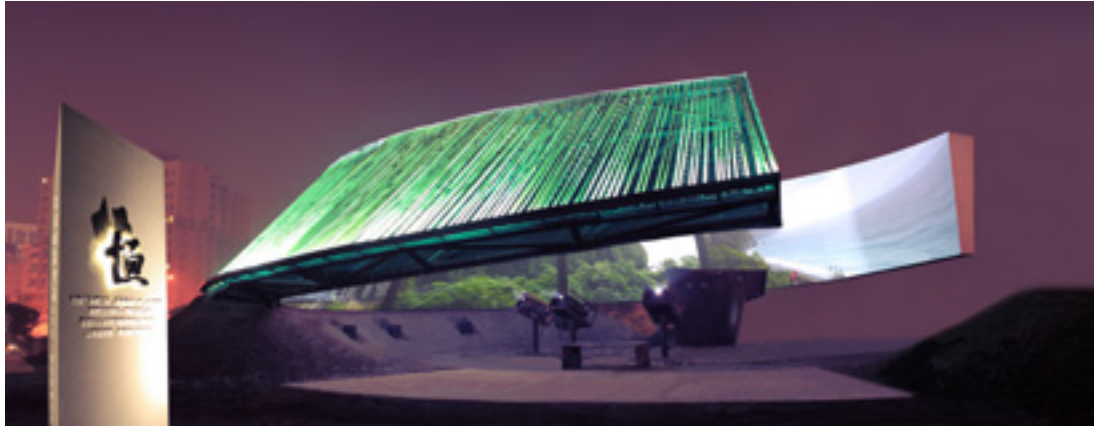
Field trips organized by more than 40 schools

## 2. Taiwan Lantern Festival – Delta "Ring of Celestial Bliss"

Delta participated in the Taiwan Lantern Festival which was organized by the Hsinchu County Government in 2013 to realize its corporate mission "To provide innovative, clean, and energy-efficient solutions for a better tomorrow." The "Ring of Celestial Bliss" represents not only Delta's mission, but also offers outstanding material for environmental education. The 10m tall, 70m wide and 270° circular structure is the world's largest festival lantern and Taiwan's first to pass carbon audit assessment system for CO<sub>2</sub> emission reductions. The carbon emissions of the "Ring of Celestial Bliss" were reduced by almost 80% compared to generic steel and concrete buildings. Delta's high-end projection equipment also contributes to carbon reduction—luminous efficiency per Watt is 40% higher compared to other products with the same luminosity. Delta's LED wall wash luminaires achieve energy savings of almost 80% compared to traditional halogen lamps. The "Ring of Celestial Bliss" emphasizes recycling and sustainability concepts. It uses local eco-friendly construction materials to lower energy use during transport and reuse after modification. Eco-friendly construction materials include reusable bamboo that doesn't contain formaldehyde, a reusable projection screen, and a reusable steel structure. Carbon emissions of the "Ring of Celestial Bliss" structure are only 21.3% of generic steel and concrete buildings of the same type which equals a reduction of carbon emissions by 350 tons. The "Ring of Celestial Bliss" attracted 300,000 international and more than 12,000,000 Taiwanese visitors during the 2013 Lantern Festival.

## 3. Climate think tank

The Delta Electronics Foundation conducts in-depth research in cooperation with National Chengchi University and the Chinese Association of Low Carbon Environment on issues such as urban heat island effects and reasonable electricity prices. The goal is to become a climate think tank to provide government, industry, and academia with objective data as the basis for follow-up studies.



The Ring of Celestial Bliss represents a successful combination of culture, creativity, technology, and eco-friendliness and a perfect model of a sustainability concept integrated into a festival activity.

#### 4. Climate media platform

To promote eco-friendly concepts, the Delta Electronics Foundation continues to enhance the knowledge of the general public about environmental protection and energy conservation-related issues by establishing a knowledge-sharing platform for eco-friendly lifestyles. In 2012, the Foundation became a UNFCCC official observer, officially registering as a civil organization with the UN. The Foundation's "Low-carbon Lifestyle" Blog has accumulated a total of 2,800,000 views.

## Promotion of green buildings

Energy consumption by buildings accounts for one-fourth to one-third of total energy consumption, and is also responsible for a large amount of greenhouse gas emissions. Delta is committed to building only green buildings in the future but also to donating only green buildings.

The promotion of green buildings is a concrete and practical method for energy conservation and carbon reduction. Based on the energy conservation benefits and comfortable working environment of the Tainan



Plant's diamond-rated building, we have made a firm commitment to adopting green building design concepts for future Delta offices and donated buildings. Delta has already sponsored five green buildings, including the Y.S. Sun Green Building Research Center (also known as the Green Magic School) at National Cheng Kung University, the Delta Elementary School in Mianyang, Sichuan, the Kuo-Ting Optics and Photonics Building at National Central University, the NTHU Delta Building, as well as the Namasia Ming Chuan Elementary School. The energy savings of the Ming Chuan Elementary School achieves 64% compared to the average EUI value of Taiwan's elementary school buildings, while the renewable energy substitution rate is 26%.

Delta Electronics Foundation also cooperates with regional social and educational groups in training green building volunteers to help locals gain a better understanding of green building concepts as well as expose children to the green building environment. In addition, the Foundation worked with Tainan Plant employees for the first time in 2012 to participate in the training program for green building volunteers. The volunteers have provided guided tour services for the Green Magic School for more than 7,100 visitors since June. A total of 23,000 people visited Delta green buildings in 2012.

## Training of green-collar talent

### 1. Green designer workshop

The Delta Electronics Foundation continues to promote the green designer workshop in cooperation with the Taiwan Green Collar Association. These professional training courses for green architects and designers are based on green building concepts and practices. The curriculum emphasizes both theory and practice in design. The theoretical component includes "Green Building Theory" and "Green Building Design Strategy" while practical components include "Total Conversion to Green Building", "Green Building Evaluation System" and "Green Building Case Studies" as well as actual visits to green buildings. 140 specialists have been trained since the workshop courses were launched two years ago. In addition, 29 students signed up for the first fundamental course. The Green Designer Workshop received LEED green building credit certification that can be applied to continuous education (CE) hours for LEED AP and LEED GA. The workshop also issued the first Chinese-taught LEED green building credit in Taiwan.

### 2. Environmental scholarships

The Delta Electronics Foundation established joint environmental scholarships with the Netherlands Trade & Investment Office and the British Trade and Cultural Office in 2005 and 2007 respectively. The goal of the scholarships is to train international environmental specialists who are able to provide solutions for global issues and raise industrial competitiveness. By 2012, a total of 56 MA and PhD candidates had received scholarships for advanced studies in environmental fields in the UK and the Netherlands.



### 3. Support of Chinese language education in northern Thailand

To encourage the offspring of separated KMT troops in northern Thailand that live in a difficult learning environment to continue their studies, the Delta Electronics Foundation established scholarships for Chinese schools in northern Thailand in 2001 and for students who wish to pursue academic studies in Taiwan in 2006. A total of 10 overseas Chinese students from Thailand received scholarships for academic studies in Taiwan in 2012—the total number of scholarship recipients is 71.

### 4. Delta Corporate Environmental Ethics Research Grant

The "Delta Corporate Environmental Ethics Research Grant" sponsored by the Delta Foundation and administered by the Chinese Business Ethics Education Association was launched in 2011. The scholarship is the first research grant program targeted at business environment ethics in Taiwan. As part of the program, two outstanding teachers from business ethics-related disciplines are selected and a sponsorship given for short-term overseas research. The assistance helps the candidates expand their knowledge and experience in business ethics and environmental sustainability issues.

By promoting grassroots business ethics education in Taiwan, this will ultimately encourage industry, government and universities to pay more attention to business and environmental ethics. In 2012, Mr. Shih-Qing Liu, Assistant Professor of the General Education Center at Providence University and Ms. Yen-Lan Liu, Assistant Professor of the General Education Center at Chang Gung University received grants to conduct research in Europe and Canada, where sound and advanced corporate and environmental ethics systems are prevalent.



Grant recipient of the Delta Corporate and Environmental Ethics Grant Program in 2012

## Concern for disadvantaged groups

### 1. Donation of LED bulbs to disadvantaged groups

The Delta Electronics Foundation launched an LED light bulb purchasing activity that attracted 180 donors to help disadvantaged families replace 2000 old light bulbs with LED bulbs. It is estimated that the replacement will save 3 million NTD in electricity costs every year and that carbon emissions will be reduced by 240 tons. The government also plans to contribute to this program by subsidizing the purchase of LED light bulbs for over 200,000 mid- and low-income families. Estimated electricity savings for the whole country will be around 400 million NTD over a ten-year period.

### 2. Concern for northern Thailand

The Delta Electronics Foundation has given special attention to the learning environment of offspring of separated KMT troops in Northern Thailand over the last 12 years. In 2012, the Foundation cooperated with the plant in Thailand in the provision of scholarships for the improvement of the learning environment. Delta also donated LED products to Yunxing Chinese elementary school in Chiang Mai. These bulbs can help the school reduce electricity costs by 50%.

### 3. Green Christmas gifts for elementary schools in remote areas

The Delta Electronics Foundation and volunteers called on Delta employees to give eco-friendly Christmas gifts to the students of Namasia Min-Chuang Elementary School. The gifts are selected on eco-friendliness such as battery-free, baseball gloves made of pigskin instead of cowhide, and smart packaging with less waste. On Christmas Eve of 2012, our staff proceeded to Namasia Min-Chuang Elementary School in Kaohsiung to present the green gifts to children in these remote areas.

### 4. Continued concern for disaster refugees

After the Morakot typhoon disaster in 2009, the Delta Electronics Foundation and the Delta Group donated a total of 500 million NTD to assist the government in the reconstruction of Namasia Min-Chuang Elementary School and turn the school into a comfortable and healthy green building. The new campus received an EEWB diamond-rating green building certification — the highest ranking available in Taiwan. By using Delta's solar and wind power systems, its library can achieve "Net-Zero" in terms of energy consumption, setting an example for the next-generation "Green Campus".

The National Geographic Channel shot a documentary of the construction process which broadcasted in 35 countries around the world. The Namasia Min-Chuang Elementary School fulfills functions in aboriginal culture preservation, environmental protection, ecology awareness education, disaster prevention, and providing a disaster shelter. During torrential rains in June, 2012, the school served as a refuge and shelter three times for over 1,200 Namasia residents, providing food, water, and electricity.



Namasia Min Qhuan Elementary School - Net-Zero library



Namasia Ming Chuan Elementary School fulfills disaster prevention and shelter functions

# Index of GRI G3 Indicators

Aspec	Indicator	Description	Section	Page	Note
Strategy and Analysis	1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	Letter from the Chairman Letter from the CEO	2 4	
	1.2	Description of key impacts, risks, and opportunities.	Letter from the Founder Letter from the Chairman Active response to climate change	2 4 35	
Organizational Profile	2.1	Name of the organization.	Overview of the Delta Group	10	
	2.2	Primary brands, products, and/or services.	Overview of the Delta Group	10	
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Organizational Structure 2012 Delta CSR Report	14 15	
	2.4	Location of organization's headquarters	Overview of the Delta Group	10	
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specially relevant to the sustainability issues covered in the report.	Overview of the Delta Group 2012 Delta CSR Report	10 15	
	2.6	Nature of ownership and legal form.	Overview of the Delta Group	10	
	2.7	Markets served.	Overview of the Delta Group	10	
	2.8	Scale of the reporting organization.	Overview of the Delta Group	10	
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Organizational Structure	14	
	2.10	Awards received in the reporting period.	CSR Highlights	6	
Report Parameters	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	2012 Delta CSR Report	15	
	3.2	Date of most recent previous report (if any).			July, 2012
	3.3	Reporting cycle (annual, biennial, etc.).	2012 Delta CSR Report	15	
	3.4	Contact point for questions regarding the report or its contents.		84	
	3.5	Process for defining report content	2012 Delta CSR Report	15	
	3.6	Boundary of the report.	2012 Delta CSR Report	15	
	3.7	Limitations on the scope or boundary of the report.	2012 Delta CSR Report	15	
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.			The boundary of each performance indicator is defined based on the management needs of the company.
	3.9	Data measurement techniques and the bases of calculations.			Data measurement techniques and calculations are based on GRI Protocol. If there is any exception, the specific calculations will be noted in the relative sections.
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.			None
	3.11	Significant changes from previous reporting periods.			None
	3.12	Table identifying the location of the Standard Disclosures in the report.	Index of GRI G3 Indicators	79	
	3.13	Policy and current practice with regard to seeking external assurance for the report.	2012 Delta CSR Report Third Party Assurance Letter	15 84	

Aspec	Indicator	Description	Section	Page	Note
Governance, Commitments, and Engagement	4.1	Governance Structure of the Organization	Board Competency	22	
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.			Please refer to page 12 of our annual report for our Board's structure
	4.3	The number of members of the highest governance body that are independent and/or non-executive members.			Please refer to page 12 of our annual report for our Board's structure
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Communication with Stakeholders Employee Communication Excellent Information Transparency and Communication with Shareholders	16 60 29	
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	Board Competency	22	
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Board Competency	22	
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Board Competency	22	
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	CSR Commitment Support of International Corporate Initiatives Employment Policy	19 24 59	
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	CSR Organizational Structure	20	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	CSR Organizational Structure	20	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Board Competency Implementation of Risk management Support of International Corporate Initiatives	22 23 24	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	CSR Commitment	19	
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Overview of the Delta Group	10	
	4.14	List of stakeholder groups engaged by the organization.	Communication with Stakeholders	16	
	4.15	Basis for identification and selection of stakeholders with whom to engage.	Communication with Stakeholders	16	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Communication with Stakeholders	16	
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Communication with Stakeholders	16	

Aspec	Indicator	Description	Section	Page	Note
Economic	Economic Management Approach		Letter from the Chairman Perseverance in Technical R&D and Pursuit of Innovation Strengthening Industrial Brand Image Social Contribution	4 25 28 70	
	EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Overview of the Delta Group Social Contribution	10 70	Please refer to our annual report for the operating costs, employee wages, gross taxes and revenues of Delta Electronics, Inc.
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Active Response to Climate Change	35	
	EC3	Coverage of the organization's defined benefit plan obligations	Employment Policy Remuneration and Benefits	59 62	
	EC4	Significant financial assistance received from government.			Delta is entitled to tax incentive. Please refer to page 77 of our English Annual Report or page 138 our 2012 Chinese Annual Report
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Cooperation with Suppliers	32	
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Employee Composition	58	
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Green Products and Services Social Contribution	50 70	
Environment	Environment Management Approach		Active Response to Climate Change Green Operations Green Products and Services	35 38-50 50-56	
	EN1	Materials Used by Weight or Volume	Green Operations	43	
	EN2	Percentage of materials used that are recycled input materials.	Green Operations	50	
	EN3	Direct energy consumption by primary energy source	Green Operations	39	
	EN4	Indirect energy consumption by primary source.	Green Operations	40	
	EN5	Energy saved due to conservation and efficiency improvements.	Green Operations	42	
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Global Success Stories Green Products and Services	12 55-56	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Green Operations	42	



Aspec	Indicator	Description	Section	Page	Note
Environment	EN8	Total water withdrawal by source.	Green Operations	44	
	EN10	Percentage and total volume of water recycled and reused.	Green Operations	50	
	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Green Operations	48	
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Green Operations	48	
	EN16	Total direct and indirect greenhouse gas emissions by weight.	Green Operations	38	
	EN17	Other relevant indirect greenhouse gas emissions by weight.	Green Operations	38	
	EN19	Emissions of ozone-depleting substances by weight.	Green Operations	43	
	EN20	NOx, SOx, and other significant air emissions by type and weight.	Green Operations	45	
	EN21	Total water discharge by quality and destination.	Green Operations	38	
	EN22	Total weight of waste by type and disposal method.	Green Operations	38	
	EN23	Total number and volume of significant spills.			There was no significant spill in 2012.
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Green Products and Services	50-56	
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Green Products and Services	50-52	
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Green Operations	48	
Labor Practices and Decent Work	Labor Practices and Decent Work Management Approach		Employment Policy Employee Communication Employee Training and Development Occupational Safety and Health	59 60 64 66	
	LA1	Total workforce by employment type, employment contract, and region.	Employee Composition	58	
	LA2	Total number and rate of employee turnover by age group, gender, and region.	Employee Retention	66	
	LA4	Percentage of employees covered by collective bargaining agreements.	Employee Communication	60	
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.			Delta is compliant with the local labor laws/ regulations across all organizations.
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region	Occupational Safety and Health	69	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Occupational Safety and Health	66-69	



Aspec	Indicator	Description	Section	Page	Note
Labor Practices and Decent Work	LA10	Average hours of training per year per employee by employee category.	Employee Training and Development	64	
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Employee Composition	58	
	LA14	Ratio of basic salary of men to women by employee category.	Remuneration and Benefits	62	
Human Rights	Human Rights Management Approach		Cooperation with Suppliers Employment Policy Employee Communication	32 59 60	
	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.			We consider geography, infrastructure, human resources, environmental regulations, labor regulations, labor union status and more in our significant investment agreements.
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Cooperation with Suppliers	32	
	HR4	Total number of incidents of discrimination and actions taken.	Employment Policy	59-60	There was no incident of discrimination in 2011.
	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Employment Policy	59-60	
	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Employment Policy	59-60	
	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Employment Policy	59-60	
Society	Society Management Approach		Support of International Corporate Initiatives Social Contribution	24 70	
	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Green Operations	48	
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	Implementation of Risk Management Support of International Corporate Initiatives	23 24	
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Support of International Corporate Initiatives	24-26	
	SO4	Actions taken in response to incidents of corruption.	Support of International Corporate Initiatives	24-26	
	SO5	Public policy positions and participation in public policy development and lobbying.	Green Operations Raising Climate Awareness Promotion of Green Buildings Training of Green-Collar Talent	45-46 72 75 75	
	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			In 2011, Delta did not suffer any significant monetary fine and/or non-monetary sanction due to violation of laws or regulations.

Aspec	Indicator	Description	Section	Page	Note
Product Responsibility	Product Responsibility Management Approach		Green Products and Services	50-52	
	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Green Products and Services	50-52	
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Green Products and Services	50-52	
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.			Our marketing communication complies with relevant laws such as Fair Trade Act. For example, we address antitrust/anticompetitive policy in Delta's CoC and provide specific antitrust trainings to all employees around the world.
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Green Products and Services	50	

In the 2012 CSR Report, we will describe our progress on CSR 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](mailto:CSR@delta.com). tw. We will respond as soon as possible. Thank you.

# Third Party Assurance Letter



## ASSURANCE STATEMENT

### **SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE Delta Electronics, Inc.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2012**

#### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Delta Electronics, Inc. (hereinafter referred to as DELTA) to conduct an independent assurance of the Corporate Social Responsibility Report of 2012. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in DELTA's all operational sites of this report.

The information in the DELTA's Corporate Social Responsibility Report of 2012 and its presentation are the responsibility of the superintendents, CSR committee and the management of DELTA. SGS has not been involved in the preparation of any of the material included in the DELTA's Corporate Social Responsibility Report of 2012.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification set out below with the intention to inform all DELTA's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative Sustainability Reporting Guidelines. These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organisation.

This report has been assured using our protocols for:

- evaluation of content veracity at a moderate level of scrutiny; and
- evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G3 2006).

The assurance comprised a combination of pre-assurance research; interviews with relevant employees at headquarter of DELTA in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

#### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from DELTA, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with QMS, EMS, SMS, EnMS, GPMS, SA 8000, GHG Verification Lead Auditors and experience on the SRA Assurance service provisions.

**VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within DELTA's Corporate Social Responsibility Report of 2012 verified is accurate, reliable and provides a fair and balanced representation of DELTA sustainability activities in 01/01/2012 to 12/31/2012.

The assurance team is of the opinion that the report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. The report is the second to be assured by an independent assurance team and DELTA has taken a bold step by offering the report to evaluation against Global Reporting Initiative's G3 guidelines. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of Global Reporting Initiative G3 Application Level A+.

**GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS****Principles, Standard Disclosures and Indicators**

The report, DELTA's Corporate Social Responsibility Report of 2012, is adequately in line with the Global Reporting Initiative G3 application level A+. The report has addressed the great majority of DELTA's material issues at an appropriate level to reflect their importance and priority to the stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting. The performance indicators (LA2, LA13, HR2 and SO3) may be further enhanced in accordance with indicator protocol. It is also recommended to have more disclosure on the performance of supplier chain management and organizational governance required in GRI G4.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer  
Taipei, Taiwan  
20 June, 2013  
WWW.SGS.COM



