



**2017
DELTA GROUP
CSR REPORT**



www.deltaww.com





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Contents

About the CSR Report	02	3. Communication with Stakeholders	23	6. Employee Relations and Social Participation	77
A Word from the Management	03	3.1 Stakeholders Identification	24	6.1 Key Performance Indicators	78
		3.2 Materiality Assessment	26	6.2 Talent Attraction and Retention	80
				6.3 Employment Relations and Labor Rights	85
				6.4 Talent Management and Learning Development	91
				6.5 Social Participation	96
				6.6 General Issues	106
1. Delta Group Overview	07	4. Corporate Governance	29		
1.1 Delta Electronics Organizational Structure	09	4.1 Key Performance Indicators	30		
1.2 Global Success Stories	10	4.2 Innovation	32		
1.3 Enhancing Brand Value	11	4.3 Information Security Management	35		
		4.4 Transcending Customer Expectation	37		
		4.5 Supplier Sustainability Management	39		
		4.6 General Issues	46		
2. Sustainable Management	13	5. Environmental Protection and Energy Conservation	51	7. Appendix	113
2.1 Sustainable Management	14	5.1 Key Performance Indicators	52	7.1 Screening Criteria of the Reporting Boundaries	114
2.2 Commitment and Promotion	17	5.2 Proactive Response to Climate Change	54	7.2 Environmental Data	115
2.3 Responding to Global Sustainable Development	20	5.3 Energy Management	60	7.3 Index of GRI Standards Indicators	116
		5.4 Water Resources Management	66	7.4 Summary of Information Assured (ISAE3000)	121
		5.5 Green Product Liability	69	7.5 External Assurance Statement and Report	123
		5.6 General Issues	74		



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

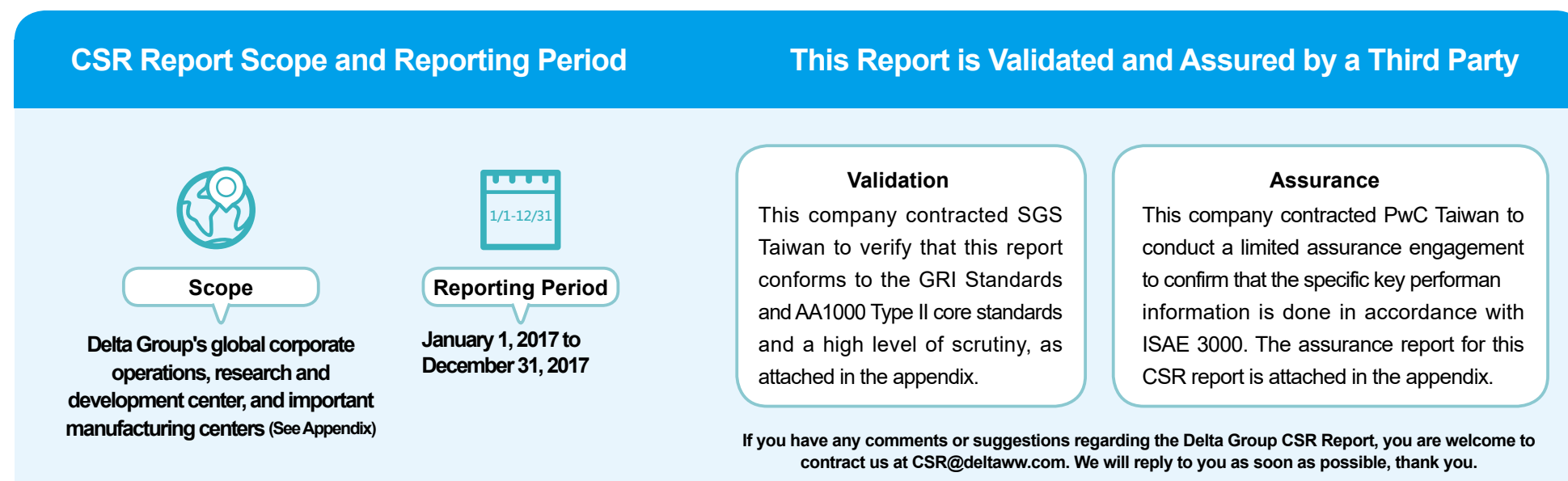
Appendix

About the CSR Report

Since 2005, the Delta Group has published an annual corporate social responsibility (CSR) report that compiles and describes the company's corporate governance, environmental protection and energy saving, employee relationship, community and social participation, and related CSR activities, progress, and substantive performance for the given year. Delta supports the 17 Sustainable Development Goals (SDGs) established by the UN. Delta has worked toward achieving the SDGs through various projects, as stated in the first pages of this CSR Report's Governance, Environment, and Society chapters. In addition, twelve major issues were identified from Delta's stakeholders through materiality analysis. From the economic aspect, Innovative R&D, Information System Security Management, Customer Relationship Management, and Supplier Sustainability Management were included. From the environmental aspect, Climate Change, Green Product Responsibility, Energy Management, and Water Resources Management were included. From the social aspect, Talent Attraction and Retention, Human Rights, Human Capital Development, and Social Participation were included. All twelve of these major issues specifically explain the results of Delta's investment and key development direction for the future based on "Alignment with SDGs", "Strategic Policies", "Commitment", "2020 Vision", "Key Initiatives for the Alignment with SDGs", and "Future Plans".

The structure of this report follows the Global Reporting Initiative's (GRI) "GRI Sustainability Reporting Standards" (GRI Standards). In addition, this report was prepared in accordance with the Taiwan Stock Exchange Corporation's Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. The date of the most recent report is June 30, 2017. Pursuant to important topics for stakeholders, the substantive analysis results, disclosure, and feedback are described in the following chapters.

The reporting period and scope of the 2017 Delta Group CSR report are summarized below:





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

A Word from the Management

The Founder

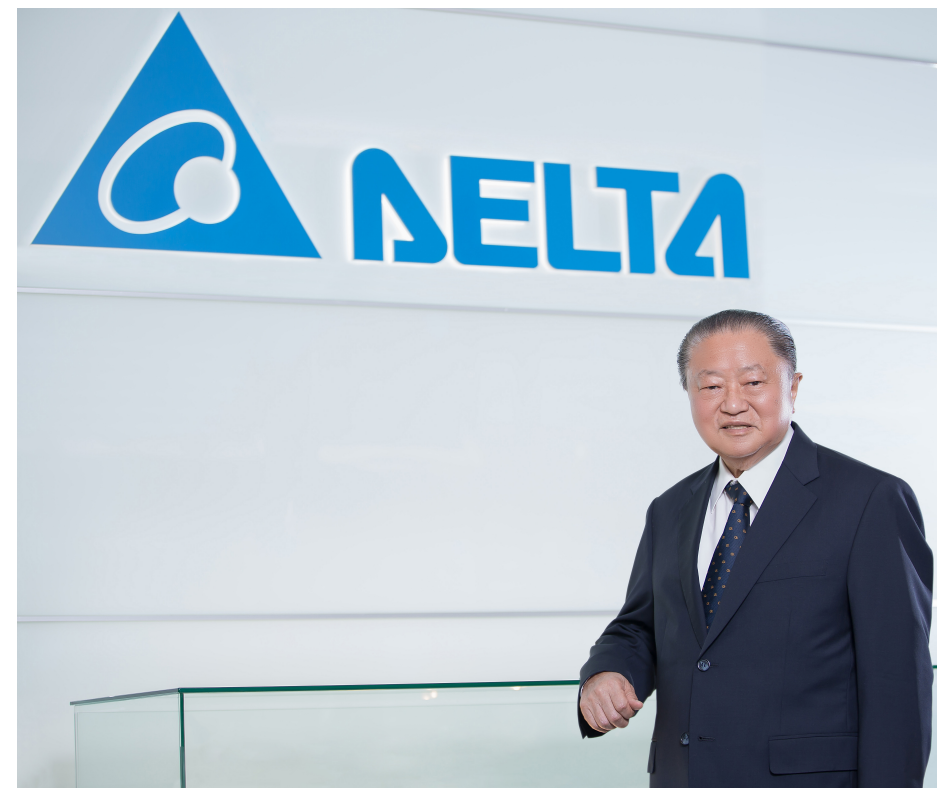
With a lifetime of business management experience, I have often pondered the value of a business. A business can only develop if it is profitable. But more importantly, a business must utilize its business competence and know-how to contribute to society. In recent years, CSR fulfillment has become a topic of widespread consensus as well as a new norm. We must earnestly deliberate on ways to incorporate CSR practices into business management to achieve a sustainable future.

Society today is faced with ever more severe challenges from global warming, regional air pollution, and shortages of water resources and energy. Such environmental issues as well as severe problems from a continuous departure of skill labor are providing us with major focuses for our CSR strategies.

As part of the electronics industry, Delta understands that while industrial development has brought much convenience to our lives, it is also causing the depletion of the Earth's natural resources and a major impact on many ecosystems. Over the years, Delta has followed our company mission: "To provide innovative, clean and energy-efficient solutions for a better tomorrow." We expect our colleagues to solve environmental issues by creating innovative products that allow us to transform from problem originators to solution providers.

In recent years, climate change has become a material issue to the entire world. Not only have we witnessed a rapid increase in adversity caused by extreme climates, but many cities are also gradually becoming uninhabitable due to severe air pollution and water shortages. The Paris Agreement that was reached by the international community now faces an uncertain future due to the withdrawal of a major CO₂e emitting country, and the total volume of global GHG emissions is on the rise again.

The latest research from the Intergovernmental Panel on Climate Change (IPCC) indicates that by around 2040, the world temperature will rise by an average of 1.5°C compared to the late 19th century. Agriculture and fisheries will bear the brunt of frequent climate extremes and are likely to suffer huge losses. Scientists warn the ecosystem would gradually disintegrate, with social turmoil inevitable.



Bruce Cheng, Founder and Honorary Chairman of Delta Group



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

The Delta Electronics Foundation has dispatched personnel to the United Nations Conferences of the Parties (COP) each year since 2007 to bring the latest information to facilitate the public's understanding of the coming climate crisis. At COP23, held in Bonn, Germany at the end of 2017, Delta presented a speech at the Peripheral Meeting organized by the ICLEI – Local Governments for Sustainability, established by 1,500 cities and localities worldwide. We demonstrated our results and practices with green buildings, low-carbon transportation, and environmental education development, showing the world our experience as an enterprise in reducing carbon, while listening to relevant success stories from the global community.

Energy conservation is widely recognized as having the most carbon reduction potential, and we are continuously seeking technical breakthroughs through the efforts and research of our team of experts. By the year 2000 Delta offers some of the most energy efficient power products in the industry, including switching power supplies with efficiency over 90%, telecom power with up to 98%, and PV inverters with up to 98.8% efficiency. This helps our clients worldwide better utilize each unit of precious energy more effectively.

In addition to energy-saving products, we are also committed to education. Over the years, we have utilized many forms of media, ranging from campus promotions, seminars and speeches, to hosting empowerment workshops. Besides passing on energy-conserving knowledge on the front lines, Delta's corporate volunteers have assisted in renovating many elementary and middle schools to achieve better energy efficiency. We have also collaborated with experts to develop energy-saving course materials, and are helping the public to learn positive habits for conserving energy in their daily lives.

To this end, green buildings have been the focus of Delta's energy education. Since 2005, Delta has built 26 green buildings worldwide, either for use as Delta facilities or as donations to educational institutions. Building energy efficiency has gradually improved from 30% and 50% in the early days, to 70%, and now to net zero this year. Our certified green buildings saved 14.9 million kWh of electricity in 2017. These certified numbers reinforce our faith that green building is definitely among the best measures for saving energy.

Delta has long paid attention to cultivating talent. This is especially important today with global trends such as Industry 4.0, Automation, IoT (Internet of Things), and AI (Artificial Intelligence). These trends are making it difficult for a traditional school education to cater to future industry changes and employment needs. To stay ahead, everyone needs to foster the habit of lifelong learning at all times. The popular MOOC (Massive Open Online Course) is an online education system that responds to these trends. Anytime we turn on a computer and connect to the Internet we can absorb new knowledge without being in school.

In 2014, the Delta Electronics Foundation introduced DeltaMOOCx, a free educational platform. The courses are customized for an industrial automation program and high school level basic sciences, helping students from remote regions as well as disadvantaged groups who lack resources to enjoy new learning opportunities. The platform gives Taiwan's next generation a chance to ride the next wave of industrial transformation, and to become the talent force of the future for Taiwan's businesses.

This CSR Report compiles Delta's experiences as an international corporate citizen. We are deeply aware of the limits of our own capabilities, and we can only devote greater effort to contributing to a better environment. We are constantly exploring the latest methods for raising social awareness. For example, Delta sponsored the late director Po-lin Chi during the filming of *Beyond Beauty - Taiwan from Above*, where both the beauty and the sadness of the land are observed from the air. Subsequently, Delta also commissioned the professional NHK Enterprise team from Japan to film a water-themed exhibition in Taiwan. The film will incorporate the latest 8K video technology and visual concepts with Delta's pioneering, one-of-a-kind DLP® 8K projection technology. We look forward to raising more social awareness and encouraging more people to join us in our tireless efforts toward promoting lifestyles for a sustainable planet.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

The Chairman and the CEO

As a sustainable business, Delta believes it is our obligation to place a greater emphasis on corporate social responsibility (CSR), while focusing on revenue and growth. Delta continues to focus on climate change with our company mission: "To provide innovative, clean and energy-efficient solutions for a better tomorrow." Delta has taken the lead in establishing science-based targets by proposing to lower our carbon intensity by 56.6% by 2025 using 2014 as the base year. In December 2017, Delta passed the SBTi (Science Based Targets initiative) evaluation, becoming the first company in Taiwan, as well as one of the first 100 companies in the world, to pass the evaluation. This action also marks Delta's efforts to control the global temperature rise to within 2°C. Additionally, Delta continues to focus on the trend for internal carbon pricing. Although Delta does not undertake practices that emit large quantities of CO₂e, our internal carbon pricing is still set up to strengthen internal carbon management. We internalize the economic costs of carbon emissions from operating activities as a strategic tool to help our decarbonization efforts, as well as to serve as a risk management tool.

Delta embraces our corporate core competencies, practicing energy saving and carbon emissions reduction through three energy conservation dimensions that include products dimensions, which are: factory operations, and green buildings. The 2016 Energy Efficiency Market Report issued by the IEA indicates that improving energy efficiency is one of the most effective methods to mitigate climate change. In regards to conserving energy through our products, Delta continuously invests in innovative R&D, and has vigorously enhanced the energy conversion efficiency of all of our product lines over the years. Delta's high-efficiency energy-saving products have helped our global customers save nearly 24.3 billion kWh of electricity between 2010 and 2017. This is equivalent to reducing approximately 12.96 million metric tons of emissions, which is a major way Delta contributes to carbon reduction.

Manufacturing accounts for over 90% of Delta's electricity consumption. Delta puts a strong emphasis on energy-saving in manufacturing operations, such as using an energy recycling system designed for the testing of power products and burn-in equipment, which allows up to 95% of power consumption to be recycled. From 2011 to 2017, Delta has cumulatively undertaken 1,582 energy-saving projects. Delta has promised to reduce our

overall intensity consumption 30% by the year 2020, a target that has expanded beyond our factories and into our office buildings and data centers as well. Delta brings together the efforts of our entire workforce, which is wholly involved in specific energy-saving actions in response to climate change.

In regards to energy conservation through green buildings, Delta has facilitated the creation of 26 green buildings over the past 12 years, including some of our main operation facilities as well as buildings donated to academic institutions. Our certified green buildings have collectively conserved 14.90 million kWh of electricity in 2017, representing approximately 9,268 metric tons of CO₂e reduction. In 2017, Delta's EMEA (Europe, Middle East & Africa) headquarters, located in the Netherlands, became a renovated green building that



Yancey Hai, Chairman of Delta Electronics, Inc.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

was certified as a "Building Research Establishment Environmental Assessment Method" sustainable facility and boasted not only a Dutch "A-class Building" energy label but also a "Very Good" rating by the Dutch Green Building Council. In addition, the solar power system and energy management system adopted at our Americas Headquarters helped us achieve net zero consumption, with the energy generated by our solar power system even exceeding our energy consumption in July 2017.

Delta actively strategizes for smart production and low-carbon smart cities in response to climate change and rapid changes in industry. In terms of smart production, we have integrated industrial automation system software and hardware into our factories, helping us shorten the production cycle and significantly enhance our daily productivity, while reducing our labor needs. Significant growth in external sales has also occurred. The application of Delta's multiple energy-conserving plans in various fields has helped to achieve our vision of low carbon cities. For instance, we have provided a high efficiency PV inverter for a Denmark solar power project aiming to establish solar power stations



Ping Cheng, CEO of Delta Electronics, Inc.

with a total output of 75.4 MW. Delta's subsidiary Eltek has helped the United Nations Development Programme (UNDP) implement reusable energy solutions for 104 hospitals in Zimbabwe, on top of actively collaborating with auto manufacturers in North America, Europe, and China to develop products such as Traction Motor, ISG, Power Control Unit, On-board Charger, Charging Station that are applicable to a new generation of electric vehicles.

"In addition to practicing corporate social responsibility through daily operations, Delta is paying more attention to international sustainable development as it proactively engages in the 17 Sustainable Development Goals (SDGs) released by the United Nations in 2015. Among them, six goals in particular that are the focus of Delta's efforts, namely: 'Quality Education,' 'Affordable and Clean Energy,' 'Industry, Innovation, and Infrastructure,' 'Responsible Consumption and Production,' 'Climate Action,' and 'Partnerships for the Goals;' the goal of 'Sustainable cities and Communities' added in 2018. This serves as the direction for Delta to follow in promoting sustainable development, while seeking further business opportunities and building a mutually beneficial and sustainable future."

Delta's results in promoting corporate social responsibility have received widespread recognition. In 2017, we were selected for the DJSI World and DJSI Emerging Markets, as well as honored with the rating of "gold class in the Sustainability Yearbook 2017" from Robeco SAM. Our "Carbon Disclosure Project" also achieved Climate Change Leadership level recognition in 2016-2017, while the climate change disclosure of our supply chain was honored with an A- level ranking. At the same time, Delta received CSR awards from Global Views Magazine, CommonWealth Magazine, and the Taiwan Institute for Sustainable Energy in 2017. We also ranked in the Top 5% in a Corporate Governance Evaluation from the TWSE.

As for Delta's plans for the future, we aspire to achieve balanced development in Power Electronics, Automation and Infrastructure, the three business categories that we formed after our organizational restructuring in 2017. The Power Electronics business will achieve organic growth, while growth of the Automation and Infrastructure groups will accelerate and expand market share through M&A and innovation. We will work hand-in-hand with our employees and lead Delta to achieve robust growth, while proposing solutions that solve problems for humanity, are environmentally-friendly, and bring positive benefits to society. We will continue to guide Delta in enhancing our role as an internationally leading socially responsible enterprise.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

1

Delta Group Overview

- 1.1 Delta Electronics Organizational Structure
- 1.2 Global Success Stories
- 1.3 Enhancing Brand Value


Established : 1971

Delta Electronics' Consolidated Sales Revenue*¹
7,512 MUSD

Delta is a global leader in power supplies and thermal management solutions, as well as in energy-saving and new energy solutions. Our products and solutions also include displays, industrial automation, networking, renewable energy, LED lighting, automotive electronics, and EV charging systems, with markets across the world. Delta's worldwide revenues*² have grown at a compounded annual growth rate of 30.5% since 1971. Delta is headquartered in Taipei, Taiwan, and has main sales offices throughout the world, including nearly 40 countries in Europe, Asia, America, and Africa. With our corporate mission "To provide Innovative, clean and energy-efficient solutions for a better tomorrow", Delta was the Climate Savers Computing Initiative's (CSCI)*³ first member

from 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 the Taiwan Electrical and Electronic Manufacturers' Association (TEEMA). We are also members of associations in China, such as the China Power Association, Chinese Association of Automation, China Textile Machinery Association, and China Renewable Energy Society. We strive to do our utmost to reduce the environmental impact of our operations and to help slow global warming with more energy-efficient products and solutions. We believe in fulfilling Delta's CSR goals through sound corporate governance, balancing stakeholder interests, and supporting social progress.

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

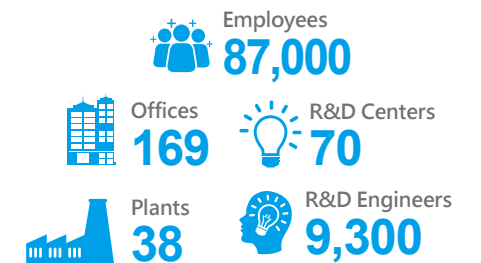
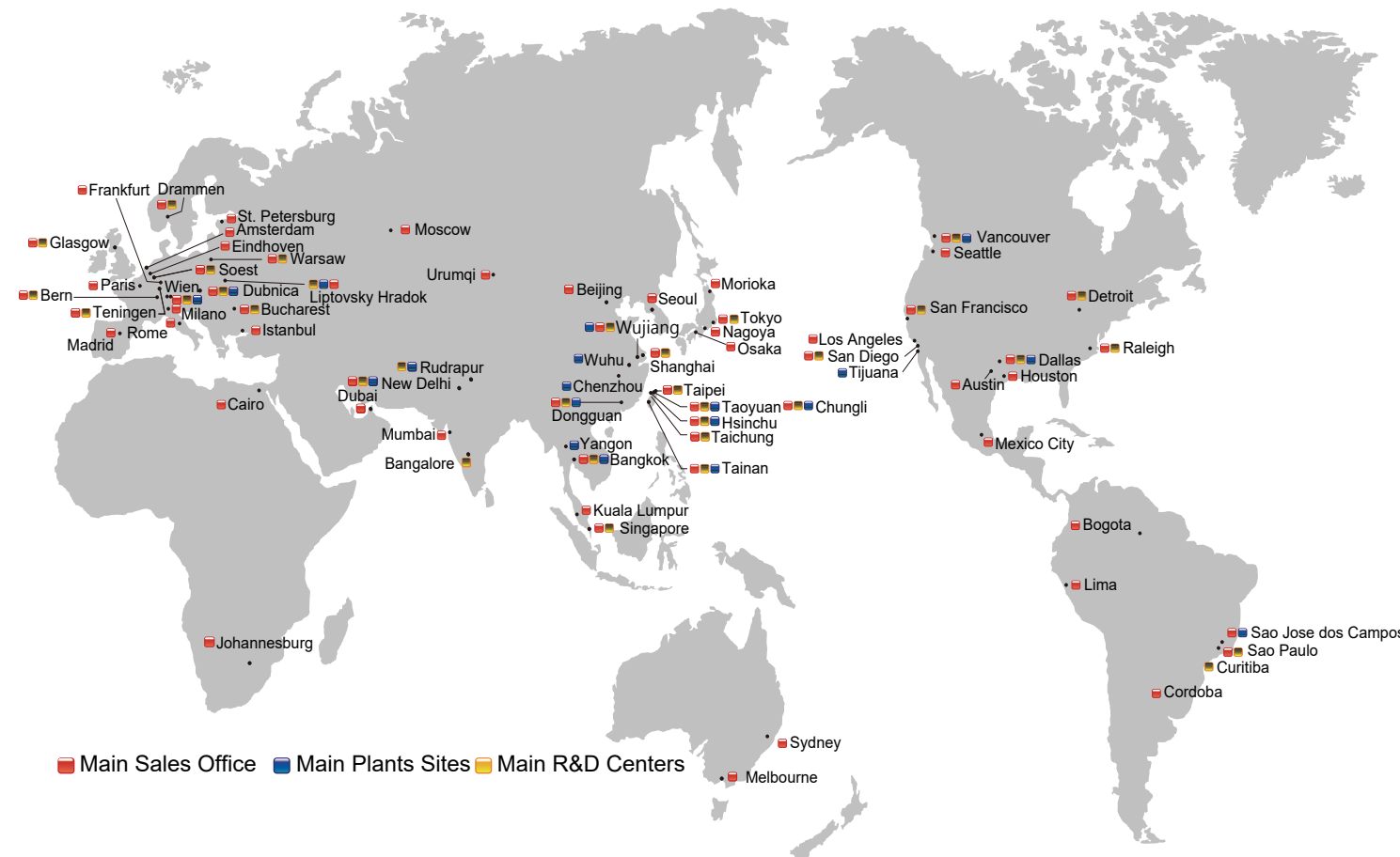
Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



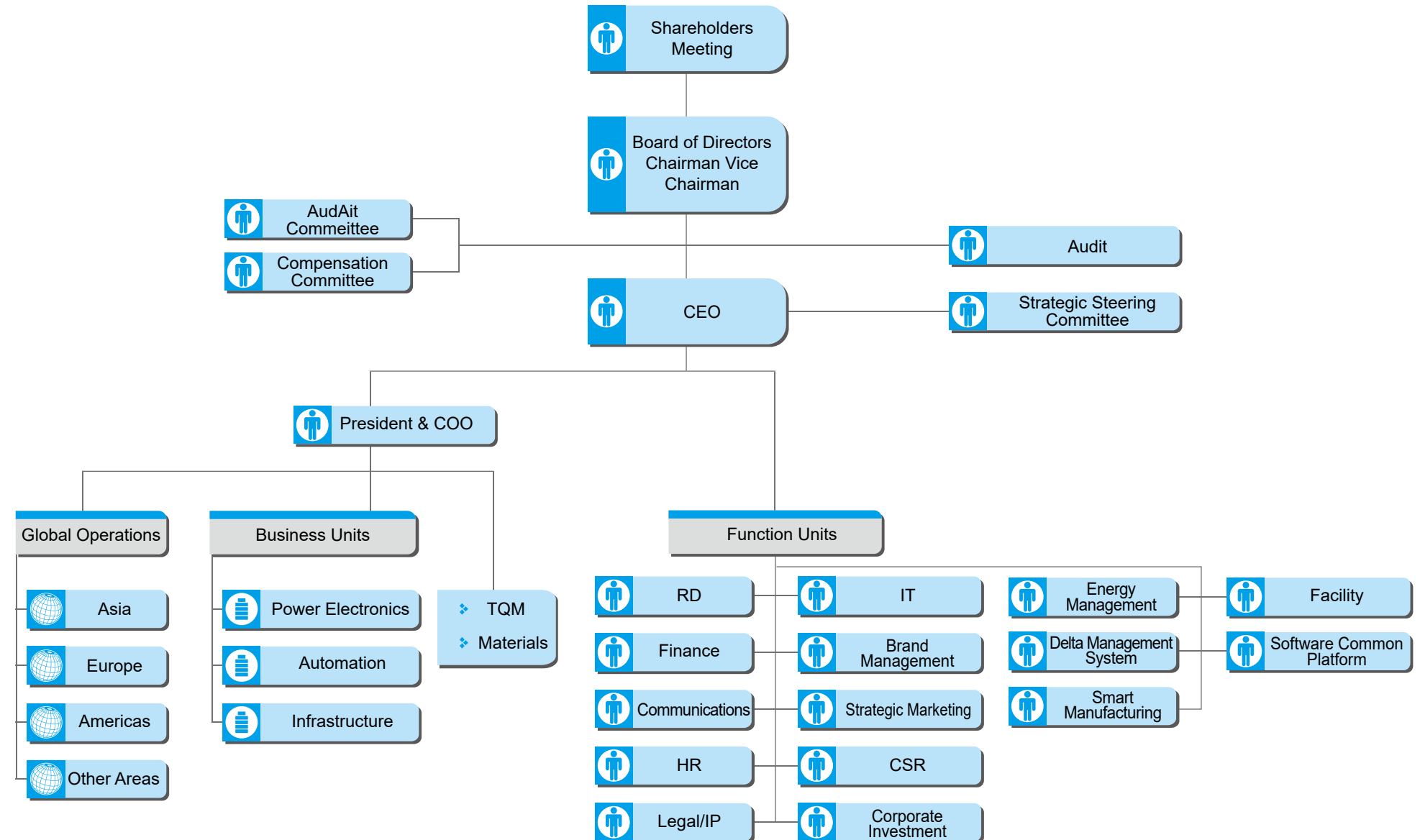
*1. Please refer to the 2017 Delta Electronics, Inc. (DEI) annual report revenue boundary.

*2. 2017 Delta group global revenue: 8,471 MUSD
Other than DEI revenue, Delta Thailand is also included. Delta and Delta Thailand are publicly listed companies in Taiwan and Thailand, respectively. Delta owns slightly more than 20% of Delta Thailand's equity. They each have their own Boards of Directors and operating teams under respective policies of corporate governance. As a leader in power electronics, products, and solutions, Delta and Delta Thailand continue to work hard to create greater value for shareholders.

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



1.1 Delta Electronics Organizational Structure



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix



1.2 Global Success Stories

By leveraging our core competence in power electronics, Delta has developed innovative technologies in both hardware and software based on the needs of our clients. We provide innovative, clean, energy-efficient solutions and system integration services while striving to promote our brand and enhance our corporate image. From 2012 to 2017, Delta has had 592 successfully completed cases all over the world. These projects have covered areas such as industrial automation and control systems, building automation, green data centers, telecom power systems, intelligent monitoring & management systems, electric charging systems, and renewable energy. Not only have these projects assisted clients in saving operations costs and improving their global competitiveness, but they have also contributed to reducing global warming.

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

LED display (6.2m x 34.1m) for the Space Shuttle Atlantis attraction at NASA's Kennedy Space Center

DALI Lighting System for Manchester Airport in the United Kingdom

PV inverters for 75.4 MW solar energy project in Denmark

EV charging solutions in Norway, Sweden, and Finland

InfraSuite datacenter solution for a web-hosting company in Berlin that serves a large German shopping website

Delta Ako Energy Park uses a 4.6 MWp distributed solar power system with Delta's PV Inverters and energy storage system in Japan

Smart LED street lighting solution in New Taipei City

Solar tracking systems for a power plant in the U.S.A.

Delta Controls' building management technology for more than 200 buildings at a university in the eastern U.S.A.

DLP video wall system for a transportation control center in China

CNC solution applied to a world-class manufacturing company's production line as an automatic loading and unloading

Outdoor telecom power solutions with integrated PV systems for a telecom operator in Africa

Renewable Energy Solutions with Eltek's Rectifier for 104 Hospitals in Zimbabwe under the UNDP's "Solar for Health" Program

Smart monitoring, surveillance, and power management solution for a countrywide ATM network in India

LED-based DLP Video walls for the first traffic management center in Bangalore, India

The world's largest video wall with 324 LED DLP 80" cubes and DVCS system in China

Robot solution with machine vision system for function testing of AC motor drives in China

Delta InfraSuite solutions helped a smart city project in Henan, China, build a modular datacenter



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

1.3 Enhancing Brand Value

Our target is to align brand value with corporate social responsibility



Brand Positioning

Delta's brand emphasizes innovation and energy conservation and features a combination of business development and corporate social responsibility. The brand transition of Delta entered a vital year to focus on "Power Electronics", "Automation", and "Infrastructure". With rapid changes in the global market, Delta's diversified products and services are even more advantageous and flexible. Delta continues to grasp the momentum of growth of the global industry, provide customers and consumers with more efficient and energy-saving solutions, and make the brand's external communications more focused and integrated.

"To provide innovative, clean and energy-efficient solutions for a better tomorrow" - This is both our corporation mission and our commitment to environmental protection. From our core competencies to product development, Delta is committed to the brand promise of "Smarter. Greener. Together." This not only embodies Delta's own demands for itself, it is also a commitment to investors, customers, and employees alike. We believe deeply in bringing together leading technology and customer cooperation to continuously create highly efficient, reliable power and component products, industrial automation, energy management systems, and consumer products. Delta is dedicated to providing industry customers and consumers alike with a variety of products and services that support a smart, environmentally-friendly future.



Delta Electronics Foundation's Executive Director Shan-Shan Guo shares Delta's experience at the COP23 side event.

Top 20 Best Taiwan Global Brands

Since 2011, Delta has been continuously listed on Interbrand's brand valuation of the Top 20 Best Taiwan Global Brands. In 2017, Delta's brand value once again took a leap forward, rising 11% compared to that of 2016, and reaching 250 MUSD. Delta was the only enterprise whose brand value has seen double-digit percentage growth for five consecutive years.

International Corporate Citizen

The business development of Delta and corporate social responsibility are tied together. Delta provides energy-saving solutions that are innovative and lead in energy efficiency. At the end of 2017, Delta Electronics Foundation's Executive Director Shan-Shan Guo was invited by ICLEI (International Council for Local Environmental Initiatives) to



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

share Delta's specific practices in green buildings and low carbon transportation at side events held at COP23 (2017 United Nations Climate Change Conference) in Bonn, Germany. Delta has participated in the UN climate change conference for 11 consecutive years, which provides a great opportunity to show the world the carbon reduction efforts of Taiwanese companies and communicate Delta's brand and technical strength.

In 2015, Delta held several side events at COP21 in Paris, as well as the "Green Architecture Footprints: Delta Green Building Exhibition" at the Grand Palais in Paris, which demonstrated the architecture and

benefits of Delta's many green buildings. Delta subsequently held the Beijing and Taipei, and participated in the "EcoMobility World Festival" at Kaohsiung in October 2017. The green building exhibition integrated low carbon transportation and energy management, and outlined a blueprint for a low carbon city. An environmental education documentary was also presented at the festival using Delta's most advanced high-brightness 8K projector. The beauty of Taiwan's water resources was shown with detailed imagery, which encouraged the public to cherish important natural resources.

Over 150,000 people and many opinion leaders attended the global exhibition tour. We invited corporate guests, customers and distribution partners to personally experience Delta's corporate culture and energy conservation efforts. We hope that everyone will jointly promote and increase the impact of this cause by sharing Delta's green building energy saving solutions, and help us achieve Delta's brand commitment of "Smarter. Greener. Together."

Pushing for Corporate Social Responsibility in External Brand Communications

To create a consistent brand image, Delta Group has mobilized its resources to include all clients and distributors from around the world at important global expos. We aim to promote our brand positioning and commitments to the global market. Delta's initiatives



1 Delta's Green Building Exhibition integrates low-carbon transportation and energy management as well as an enhanced range of multimedia technologies to enable more interaction with our audience. 2 Delta's Green Building Exhibition introduced the first 8K educational documentary produced in collaboration, showing the beauty of water in Taiwan.

for green buildings, energy saving, and carbon reduction were shared at various global exhibitions and international press conferences around the world. Delta's international reputation was enhanced through wall-to-wall broadcasting at exhibition events to increase our brand's international reputation.

Internal Brand Communication: Achieving a CSR Consensus among Employees

Over the past few years, Delta has issued its Delta Brand News bi-monthly to encourage the development of a brand consensus, as well as to share Delta's branding practices and operations in various regions of the world. In 2015, we launched the digital version of our bi-monthly newsletter. In 2016, we implemented an update in video and social media links. Not only do these creative measures enrich our employees' reading, but we also share the with our external partners. Delta devotes significant resources to providing brand communications and training at our offices around the world. This helps employees better understand brand development, brand positioning, and CSR. We sincerely hope to make CSR more than just a part of company culture, but also to help instill CSR into our lives so it becomes part of who they are. In this way, everyone at Delta becomes a spokesperson for Delta.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

2

Sustainable Management

2.1 Sustainable Key Performance

2.2 Commitment and Promotion

2.3 Responding to Global Sustainable Development



2.1 Sustainable Management

2.1.1 Sustainable Key Performance

2015 2016 2017

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

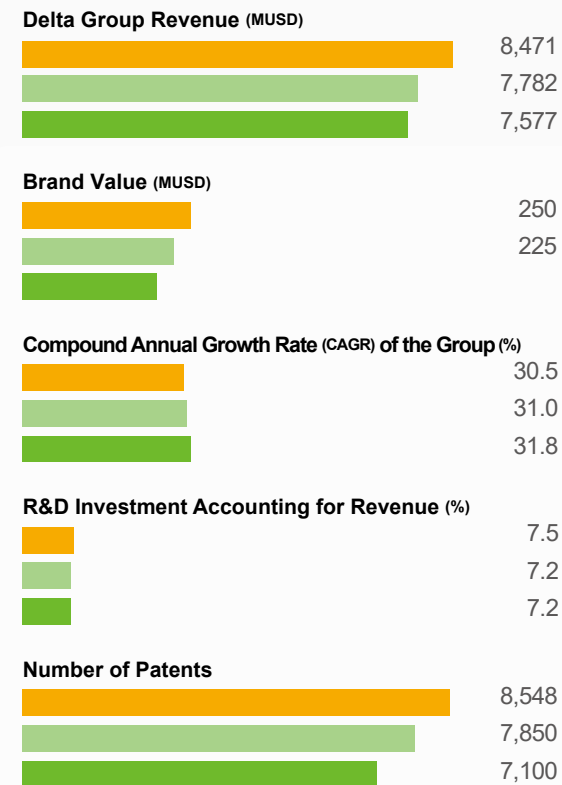
Corporate Governance

Environmental Protection
and Energy Conservation

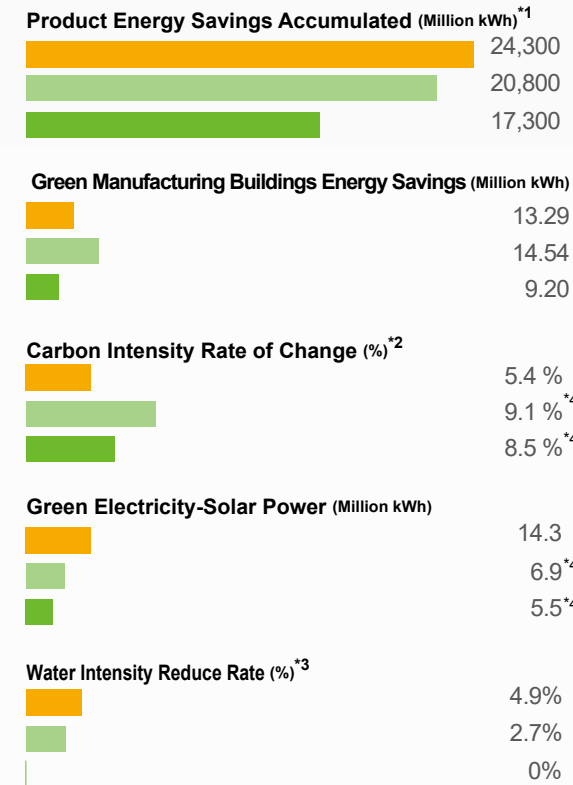
Employee Relations and
Social Participation

Appendix

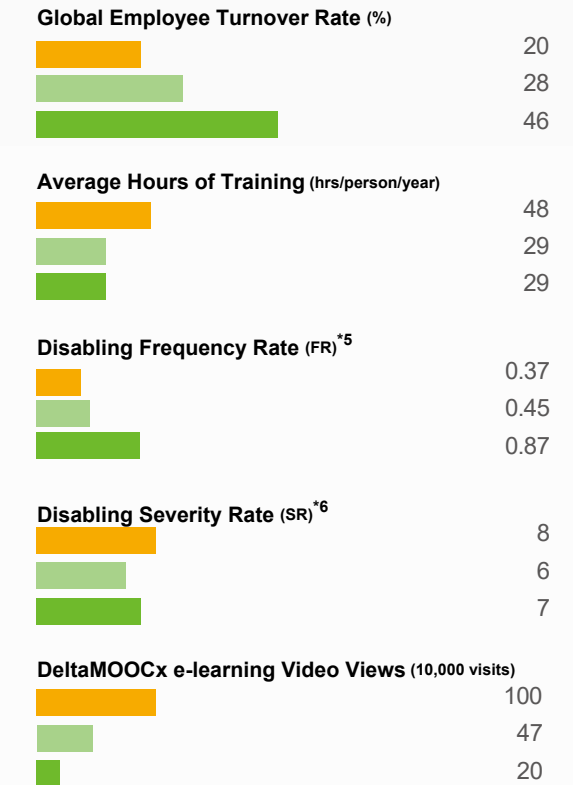
Corporate Governance



Environment



Employee Relations and Social Participation



^{*1}. Cumulative from 2010. ^{*2}. 2014 as the base year. ^{*3}. 2015 as the base year. ^{*4}. Numbers are rounded to one decimal place. ^{*5}. Disabling Frequency Rate (FR) = disabling injuries x 1,000,000/ total work hours. ^{*6}. Disabling Severity Rate (SR) = total days lost to disabling injuries x 1,000,000/ total work hours.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

2.1.2 Awards and Recognition

2017 Dow Jones Sustainability Indices (DJSI)



Since 2011, Delta has been listed in the "DJSI World Index" for seven consecutive years, and five consecutive years in the "DJSI Emerging Markets Index". Delta has also been awarded silver class in the Sustainability Yearbook 2018 published by RobecoSAM.

2017 Climate Change Leadership of CDP



Delta has received Climate Change Leadership A- level of CDP for two consecutive years. In 2017, Delta proactively participated in the supply chain program of CDP, with the result of A-level performance.

ENERGY STAR Partner of the Year

Delta was awarded the Product Brand Owner Award from the U.S. Environmental Protection Agency from 16,000 ENERGY STAR Partners for two consecutive years.

13th Corporate Social Responsibility Awards of Global Views Magazine

Delta received three major awards at the 13th CSR Awards of Global Views Magazine, including first prize for the "CSR Comprehensive Survey of the Electronics Industry", "Environmentally-friendly Award", and "Education Promotion Awards".

2017 CSR Excellence in Corporate Social Responsibility Awards of Commonwealth Magazine

Delta was honored with Commonwealth Magazine's Top Excellence in CSR Award - Large Enterprises for the second consecutive year and for an accumulated fifth time.

2017 The 10th Taiwan Corporate Sustainability Award

Delta received four major awards at the 10th Taiwan Corporate Sustainability Awards held by the Taiwan Institute for Sustainable Energy in 2017, including the Ten Most Sustainable Companies Award, the Climate Leadership Award, the Supply Chain Management Award, and the Top 50 Corporate Sustainability Report Award, in the field of electronics and information industry.

Corporate Governance Evaluation Ranked in Top 5% of Listed Companies

Delta received the 3rd Taiwan Stock Exchange's Corporate Governance Evaluation Award, and was ranked in the top 5% of listed companies for three years in a row.

FTSE4Good TIP Taiwan ESG Index

Selected for the FTSE4Good TIP TW ESG Index.

2017 MSCI Taiwan ESG Leaders Index

Selected for the 2017 MSCI Taiwan ESG Leaders Index

- ① Delta received three major Corporate Social Responsibility Awards from Global Views Magazine ② Delta received 2017 CSR Excellence in Corporate Social Responsibility Awards from Commonwealth Magazine ③ Delta received four major awards from the Taiwan Institute for Sustainable Energy





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



The Best Practice Award of the Research Report on the Independent Contribution of Chinese Enterprises to Cope with Climate Change

By "Promoting innovation and energy savings and creating a low carbon life together", Delta was selected for the first edition of the Research Report on the Independent Contribution of Chinese Enterprises to Cope with Climate Change, which was co-organized by the Chinese Social Responsibility 100 Forum and CSR Cloud. Delta also won the "Best Practices Award" for its contributions to coping with climate change.

2017 China Outstanding CSR Award of Xinhuanet

The CSR Award list is jointly organised by Xinhuanet and the CSR Research Centre of Chinese Academy of Social Sciences. Delta was honored with the 2017 China Outstanding CSR Award.

2016 The Stock Exchange of Thailand

In 2017, Delta Electronics Thailand was honored with the Outstanding CEO Award and the Best Company Performance Award of 2016 by the Stock Exchange of Thailand.

THAIPAT ESG Rating

Delta Electronics Thailand ranked on the ESG100 for the third year in a row.

Honorable Mention in the Livable Buildings Award program of UC Berkley's Center for the Built Environment

Delta Americas Headquarters was honored by UC Berkley's Center for the Built Environment (CBE), earning an Honorable Mention in its 2017 Livable Buildings Award program.

CSR-Sustainability Monitor of Baruch College, City University of New York

The Corporate Social Responsibility Report of Delta was positively received by Baruch College, City University of New York, which placed it as a top 25 CSR report among 629 U.S. and international company CSR reports analyzed for rigorous content analysis, completeness, and content.

- Delta was named to the top 10 foreign enterprises index of the best corporate social responsibility reputations in China, according to the Blue Book of Corporate Social Responsibility for three consecutive years
- The Delta CSR report on China was acknowledged for the "2016 Overall Five-Star Ranking of CSR Reports in China"
- Delta was selected for the Top 100 Most Desirable Companies Among the Young Generation organized by Career Magazine for six consecutive years
- Delta received the Talent Quality Management System (TTQS) Silver Award Certificate from the Workforce Development Agency, Ministry of Labor

- ① Delta received the Product Brand Owner Award from Energy Star Partner of the Year ② Delta received the 2017 China Outstanding CSR Award of Xinhuanet ③ Delta Electronics Thailand (DET) received the Outstanding CEO Awards and the Best Company Performance Award from The Stock Exchange of Thailand



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

2.2 Commitment and Promotion

2.2.1 CSR Commitment

Founded in 1971, Delta has been devoted to the mission statement "To provide innovative, clean and energy-efficient solutions for a better tomorrow". With the Delta brand promise "Smarter. Greener. Together" the company expresses its commitment to promoting economic, environmental and social sustainable development in its various aspects of operation. These include providing energy-saving products and green solutions, improving corporate governance, taking stakeholders' benefits into account, protecting the environment, focusing on energy saving, providing environmental education, and more.

As an international corporate citizen, Delta not only supports international labor and human rights standards including the RBA Code of Conduct (formerly known as the EICC Code of Conduct), Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles and the OECD Guidelines for Multinational Enterprises, but also maintains an emphasis on corporate governance. By means of continuous innovation, the development of high value-added products, and the creation of an empowering working environment for employees to fully realize their potential, Delta spares no effort in creating benefits for our employees, our shareholders, and society as a whole.

Delta's Board of Directors has clearly defined four major principles through "the Delta Corporate Social Responsibility Best Practice Principles" to concretely implement corporate social responsibility: Implement corporate governance, develop a sustainable environment, safeguard public welfare, and enhance the disclosure of corporate social responsibility information.

Our Commitments

- Maintain good corporate governance and adhere to business ethics
- Adhere to laws and regulations
- Create company value and improve shareholders' rights
- Invest in innovative R&D, develop intellectual property rights, and do our best to improve technology for humanity's social and economic development, and sustainable development of the global environment
- Develop environmental protection and energy saving products and implement environmental protection as a way to reduce our impact on the environment
- Provide a safe and healthy work environment for employees, space for their full talents, and reasonable compensation and benefit
- Actively participate in environmental protection and energy conservation education, and encourage employees to participate in social welfare activities
- Promote the concept and practice of corporate social responsibility to Delta's supply chain and jointly pursue better performance



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

2.2.2 CSR Committee

The top CSR organization within Delta is the CSR Committee. Mr. Bruce Cheng, founder and honorary chairman of Delta, serves as honorary chairman of the committee, while Chairman Yancey Hai acts as the chairman. The committee is composed of the following members: vice chairman, CEO, COO, and top executives from regional and functional management. 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 Office serves as the secretary for analyzing international trends in sustainable development and understanding stakeholder expectations to identify the risks and opportunities for Delta on relevant issues and climate change that may impact business operations and carry out mitigation and adaptation. The CSR report is formulated and submitted to the CSR Board for review before it is released annually. The other advisory organization is the Delta Electronics Foundation. The foundation focuses specifically on the three themes of: energy and climate, green building, and education. To effectively implement the three areas of corporate governance, environmental protection, and employee and social participation, the CSR Committee is made up of heads from the business groups, region directors, and department directors. The committees have the responsibility to formulate policy, define indicators, develop tools and processes, and report on implementation performance. From ESG dimensions, we set up 9 sub-committees to promote the integration and implementation of related cross-department efforts.

In 2017 there were two minor subcommittee changes to expand the issues covered by the CSR Committee. The Supply Chain CSR subcommittee was renamed the Supply Chain ESG Subcommittee and reclassified from the environmental dimension to the corporate governance dimension. It will cover supplier related corporate governance, environment, social, and EICC/RBA issues. This subcommittee is expected to expand its focus to more relative areas, streamline contact windows for important issues, and facilitate Delta Group's supply chain management mechanism, customer queries, and supplier evaluations. The Carbon Footprint Committee was renamed the Product Stewardship Subcommittee. In addition to carbon footprint, which it already covers, this subcommittee will gradually expand its focus to other product life cycle issues to extend producer responsibility. Short-, mid-, and long-term issues include environmental labeling, product efficiency, and product take back responsibilities.

In addition, Delta is strengthening its CSR structure by harmonizing the global operations of its CSR issues. Delta's China and Thailand regions will also soon establish their CSR committee structures.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

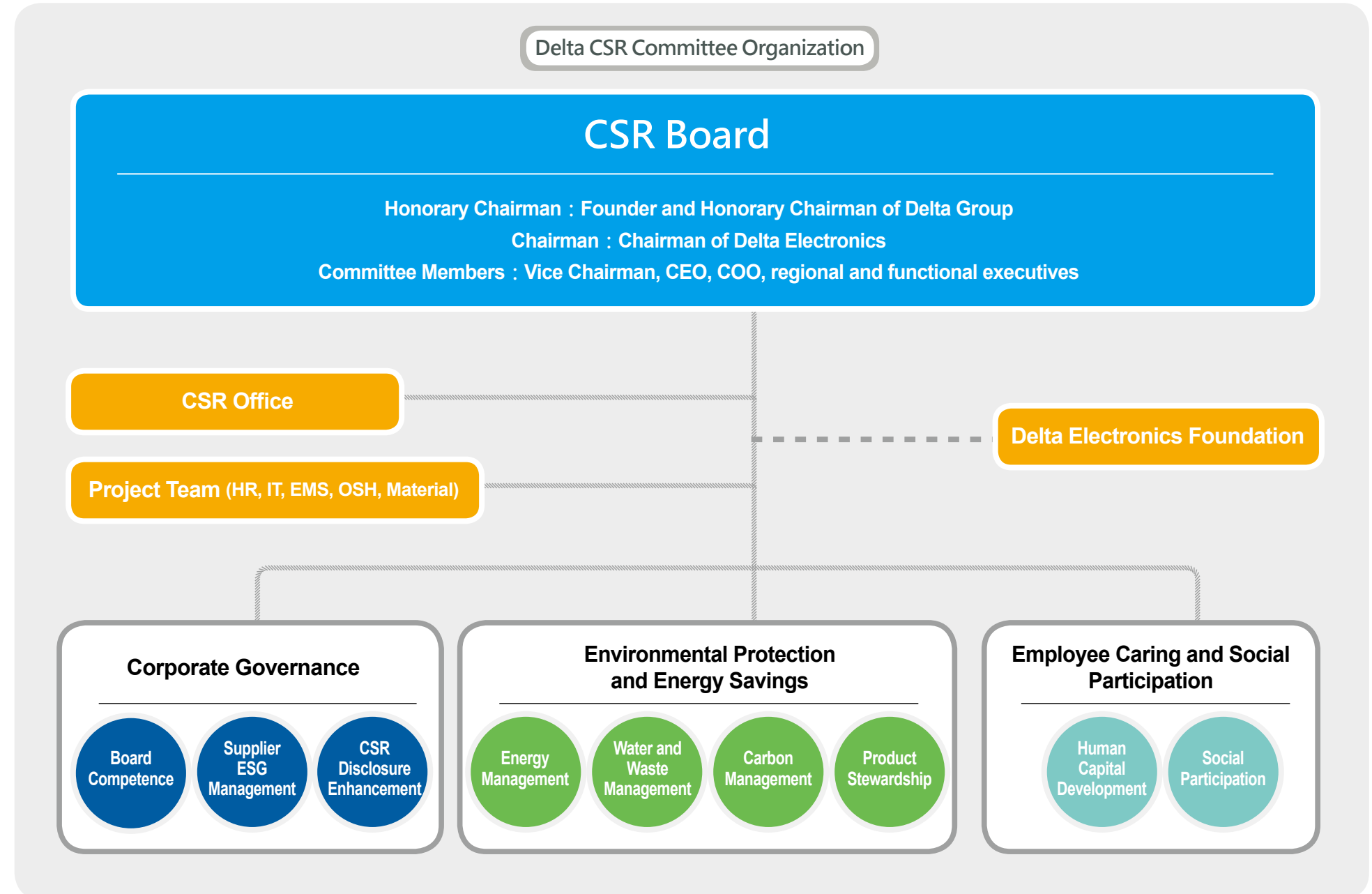
Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix





2.3 Responding to Global Sustainable Development

U.N. Sustainable Development Goals

The United Nations passed the Sustainable Development Goals (SDGs) in 2015, which set up 17 targets that are related to global sustainable development. Delta decided to focus on 6 of them as Delta's key development direction in the future after it was discussed and decided by the CSR committee.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

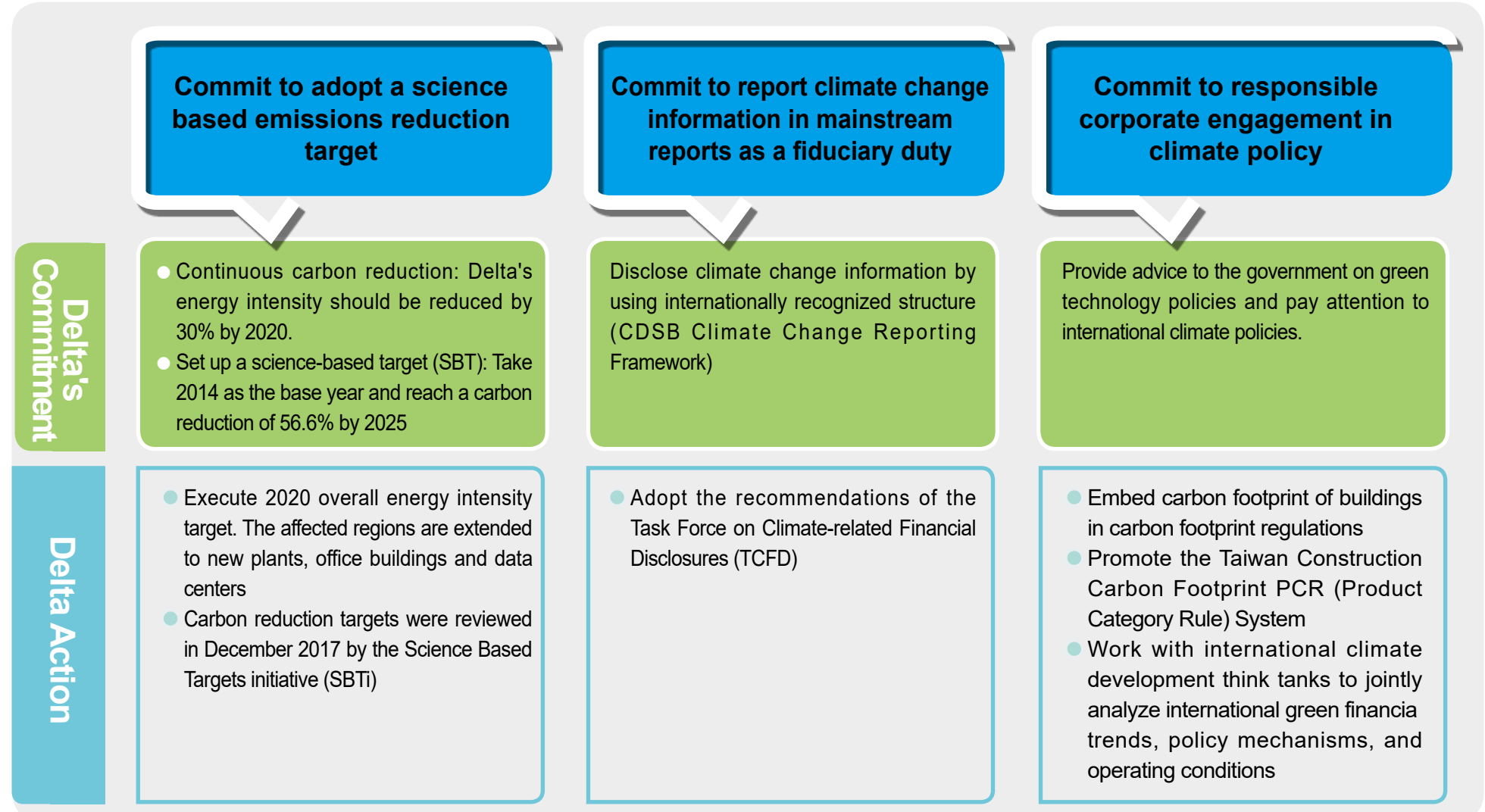
Appendix



Delta's 3 Major Commitments for Climate Change

Climate change is an issue that Delta has focused on for a long time. Dealing with climate change has become an extension of the Delta brand and our corporate social responsibility commitments. We were a leader in publishing the Delta Climate Action

Plan in 2015. We publicly committed to the CDP's "Commit to Action" carbon reduction campaign, signed the "We Mean Business" initiative, and committed to adopting a science based emissions reduction target, reporting climate change information in mainstream reports as a fiduciary duty, and engaging in a responsible corporate climate policy.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

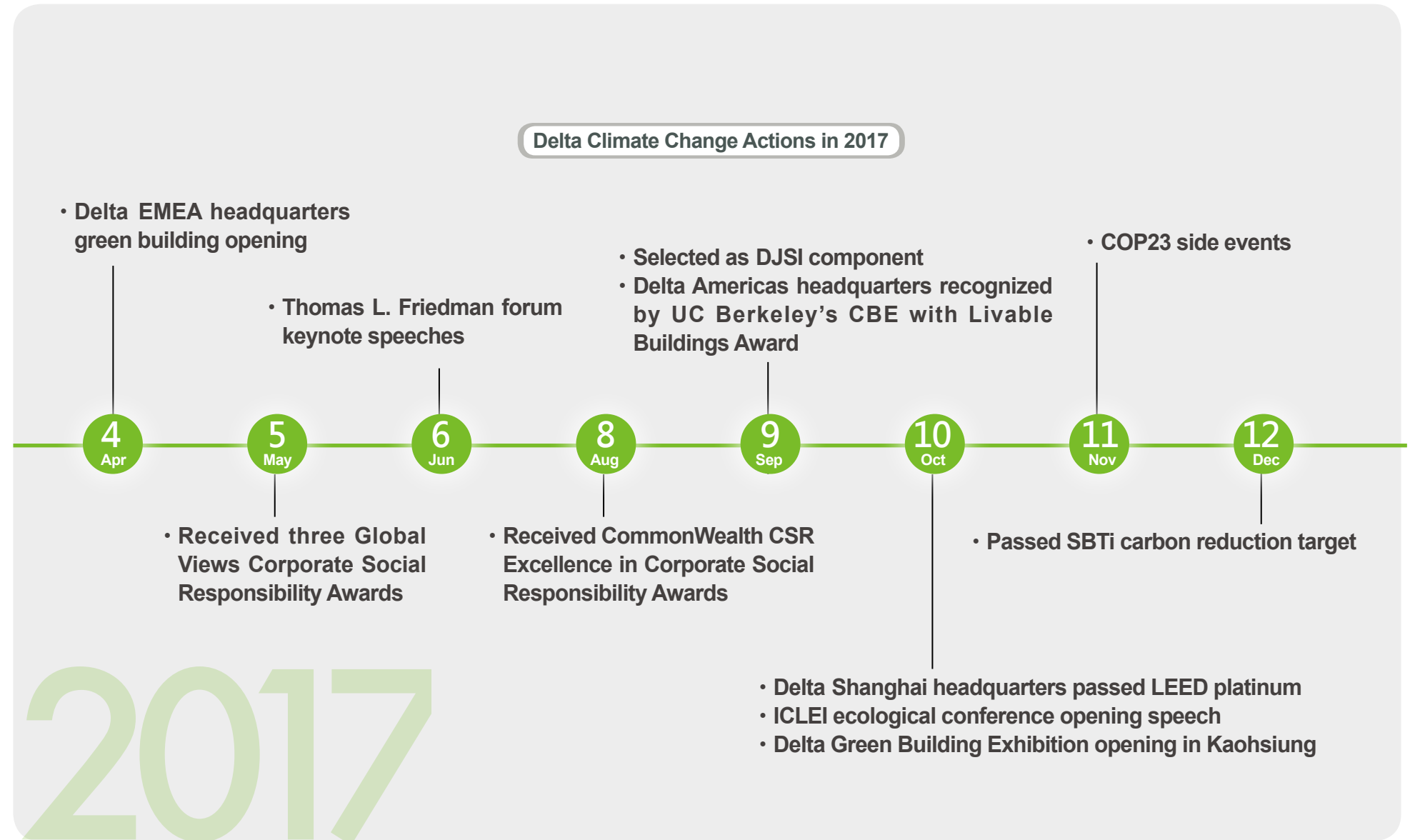
Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

3

Communication with Stakeholders

3.1 Stakeholders Identification

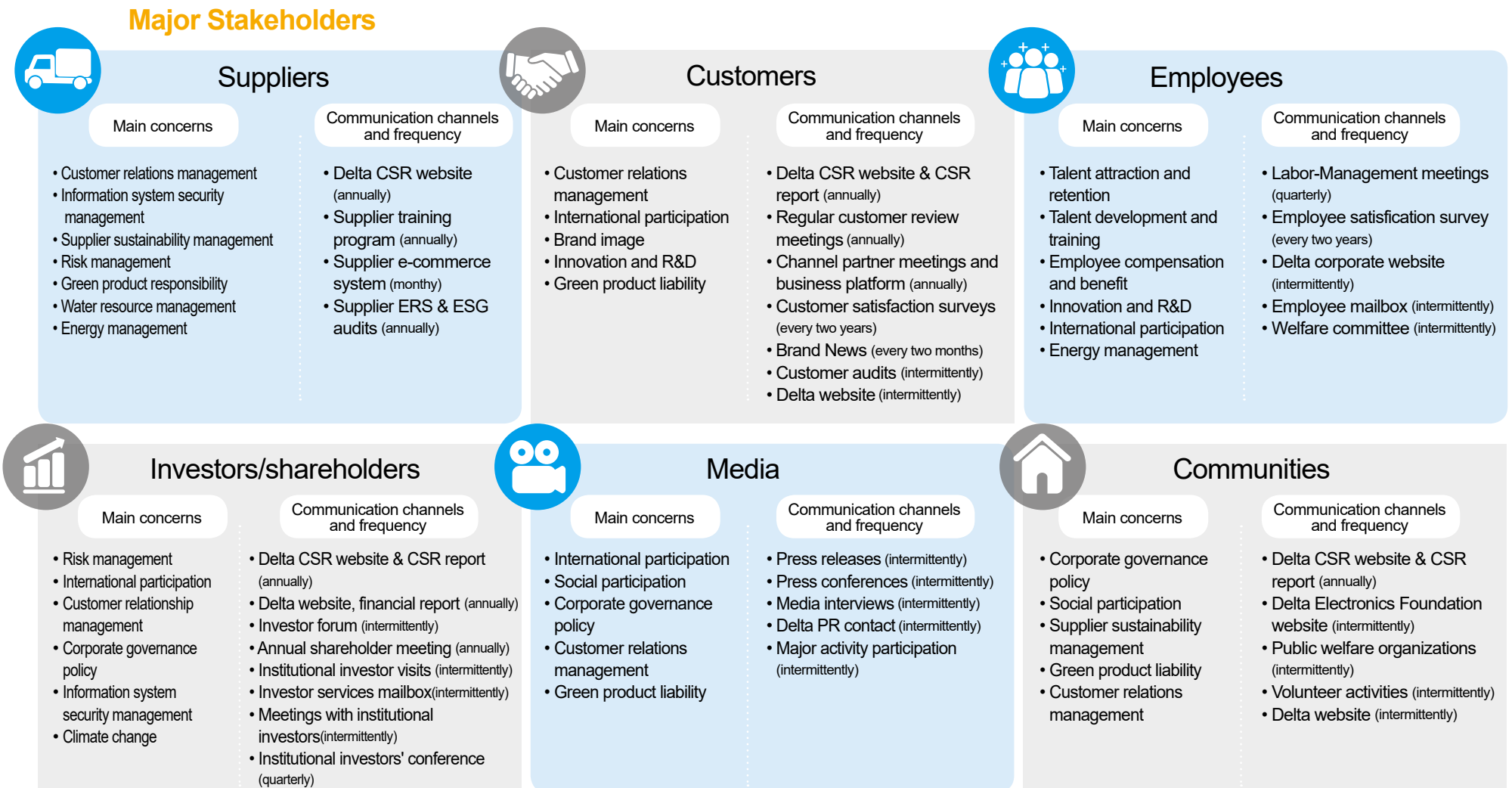
3.2 Materiality Assessment



3. Communication with Stakeholders

3.1 Stakeholders Identification

As a corporate citizen, Delta communicates with stakeholders through comprehensive channels to understand and respond to their needs in a timely manner, which serves as the foundation for practicing corporate social responsibility. Delta adopts the channels below to communicate with stakeholders. We identify key issues for stakeholder concern through materiality analysis, so that we take the necessary actions and enhance the content of our information disclosures.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

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

Communication with Stakeholders



Suppliers

Communication channels

Supplier ERS & ESG audits

Major issues

- The definition of technical criteria of our "Environment-related Substance Management Guidelines" and service capabilities that can be offered externally
- Delta's management requirements for key suppliers

Response summary

- Establish management measures for green materials in accordance with international regulations and customer requirements
- Delta identifies high risks through a key supplier ESG survey, and conducts audits and coaching by the PDCA method to reduce the risk of a broken chain



Customers

Communication channels

Customer audits

Major issues

- The schedule and result of third party audits with RBA (RBA VAP)
- Working hour management in China

Response summary

- Delta's plant in China aims at 1 day off every 7 days and is gradually improving time management and becoming a more friendly workplace.



Employees

Communication channels

Labor management meetings

Major issues

- Employee benefits, working conditions, labor meeting operation

Response summary

- The relevant discussion topics are formally tracked and the company and employees have reached a mutual consensus.



Investors

Communication channels

Institutional investors' conference

Major issues

- Future growth strategy

Response summary

- Delta shall increase growth through M&A
- Delta shall continue R&D research and new business development



Media

Communication channels

Press releases and interviews

Major issues

- Delta's operational strategy, restructuring of organization and future strategic development
- Delta CSR commitment and results

Response summary

- Delta has rolled organizational reform and reorganized its business groups into three business categories: "Power Electronics", "Automation", and "Infrastructure".
- Delta has set an SBT and received approval



Communities

Communication channels

Delta Green Building Exhibition

Major issues

- Promotes green buildings with low-carbon lifestyle and dynamic cities

Response summary

- Combined Delta's global tour of its green buildings exhibition with low-carbon transportation at the Pier-2 Art Center in Kaohsiung
- Delta low carbon city forum, Namasia Library- Robotic Children's Workshop, and Home Energy Saving Seminar were held during the exhibition period



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

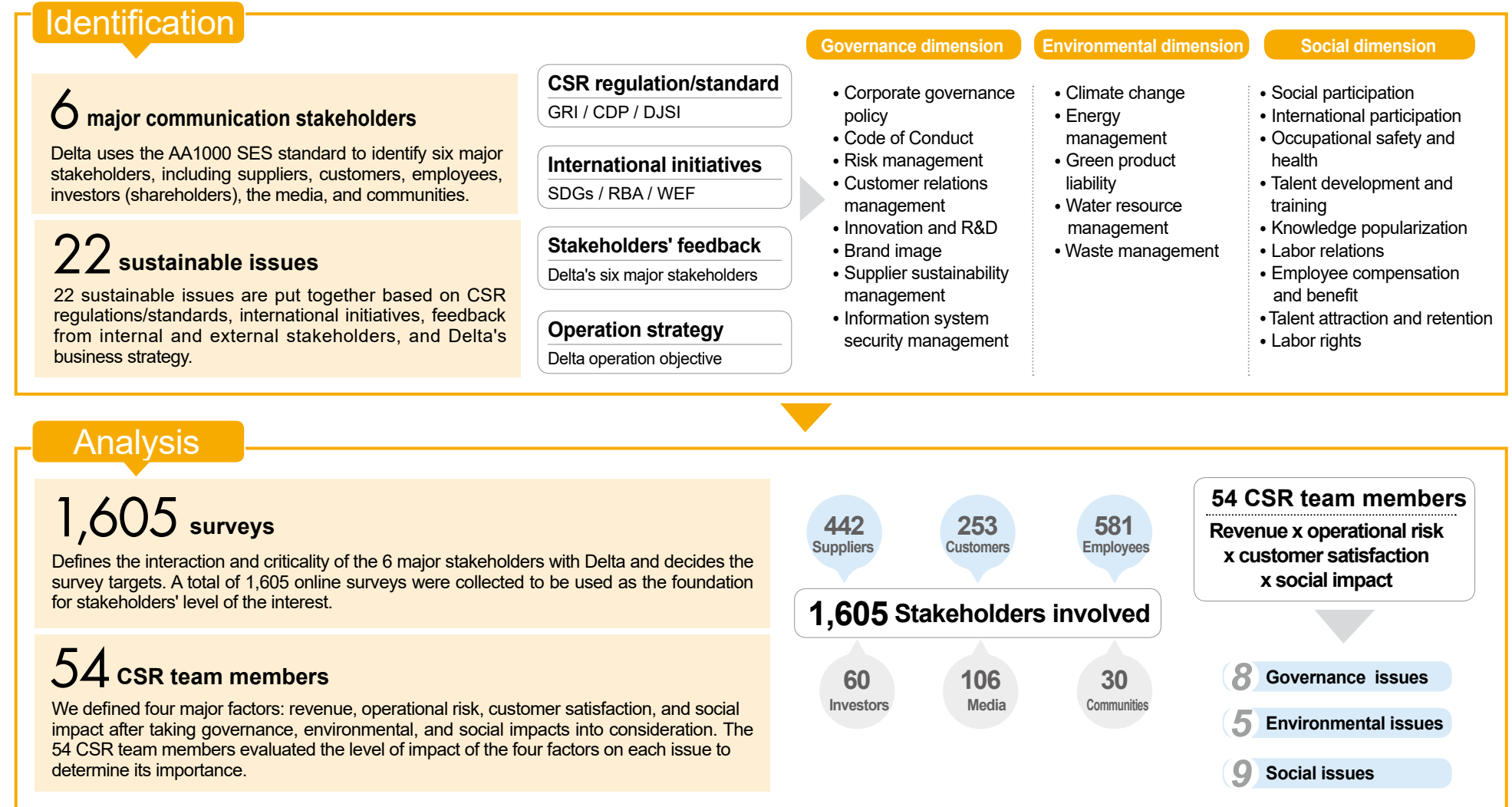
Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

3.2 Materiality Assessment

We established a systematic and standardized major analysis method to achieve effective communication between the CSR report and stakeholders, and it serves as a framework for Delta's internal sustainable management. Delta follows the "GRI guidelines" and AA1000 SES and has divided the major analysis process of sustainable development into three major stages: identification, analysis, and validation, which will define the priority, information collection boundaries, and reporting basis of the major issues.





Validation

12 major sustainable issues

Delta's significant matrix diagram was elaborated on after Delta consolidated the analysis results of external stakeholders and CSR team members. 12 sustainable issues that are significant and major for Delta were decided on after validation was made among the CSR team, external experts and senior executives. These issues are disclosed as top priorities for Delta's CSR.

15 GRI specific topics

The 12 major sustainable issues that were identified will be matched with the 15 specific topics of the GRI guidelines. The information disclosure boundary of Delta's value chain (supply chain management, operations, products, society) is then graphed based on these topics and used as the basis for reporting.

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

7 ca a i b j W h c b ' k j h ' G H _ Y c ` X Y f g

Corporate Governance

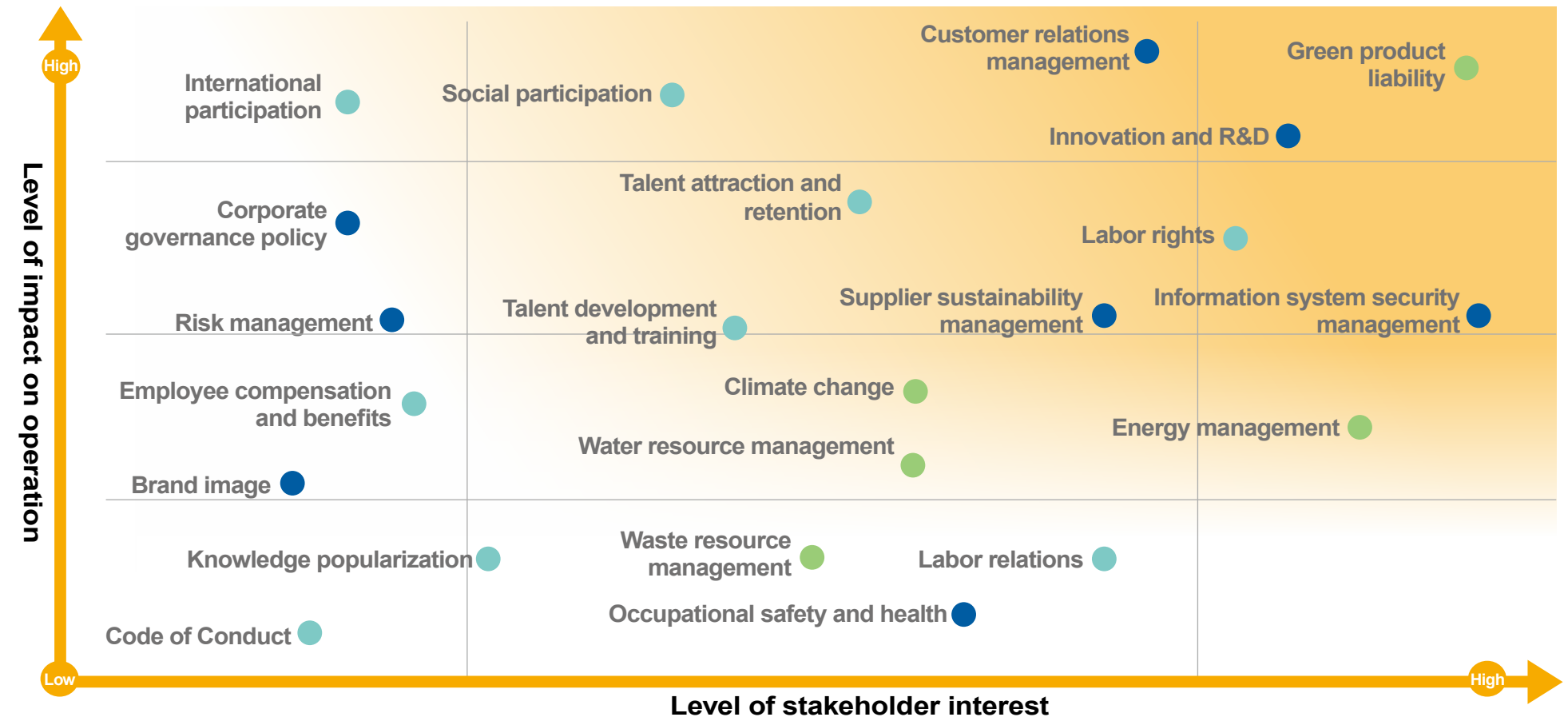
Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Stakeholder Materiality Analysis

● Governance ● Environmental ● Social





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Delta's Materiality Issues and Value Chain

Aspect	Materiality Issue	GRI Guideline Topics	Supply Chain Management	Operation	Product	Society
Governance	Innovation and R&D	Energy		V		
	Information system security management	Customer privacy		V	V	
	Customer relations management	Customer privacy, marketing and labeling		V	V	
	Supplier sustainability management	Procurement practices, supplier environmental assessment, supplier social assessment, materials	V	V	V	
Environmental	Climate change	Emissions, economic performance		V	V	V
	Energy management	Energy	V	V	V	
	Water resource management	Water, effluents and waste		V		
	Green product liability	Customer health and safety, energy		V	V	V
Social	Talent attraction and retention	Market presence, economic performance, employment, diversity and equal opportunities			V	V
	Labor rights	Human rights assessment, non-discrimination, freedom of association and collective-bargaining, forced or compulsory labor, child labor, labor management relations	V	V		V
	Talent development and training	Training and education		V		V
	Social participation	Indirect economic impacts, local communities				V



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

4

Corporate Governance

- 4.1 Key Performance Indicators
- 4.2 Innovation
- 4.3 Information System Safety Management
- 4.4 Transcending Customer Expectations
- 4.5 Supplier Sustainability Management
- 4.6 General Issues



4.1 Key Performance Indicators

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

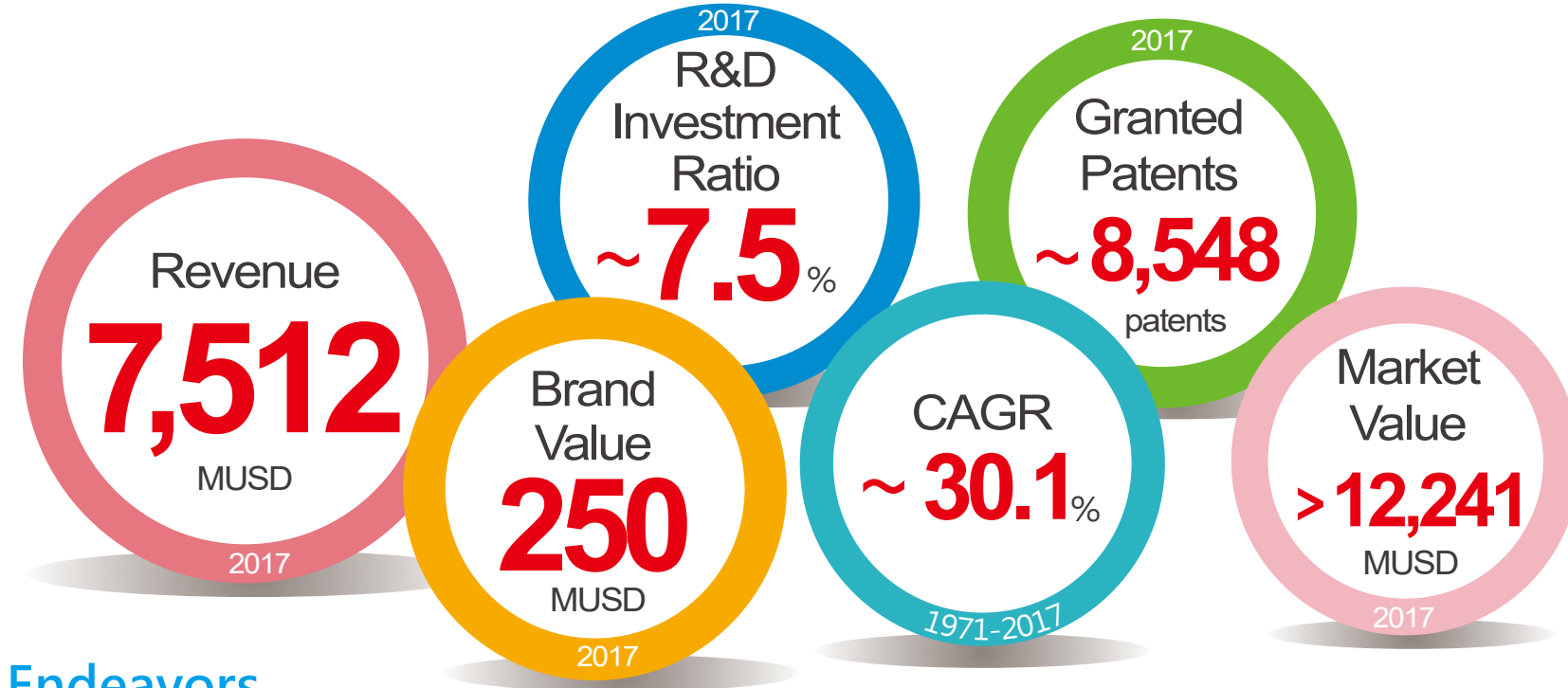
Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix



Main Endeavors

Implemented Corporate Governance

- Won the Taiwan Stock Exchange Corporate Governance Assessment Award for 3 Consecutive Years, ranking in the Top 5% of companies

Proactively Committed to R&D and Innovation

- Ranking No. 264 global and No. 4 in Taiwan respectively for the 2017 Global Innovation 1000 of PwC

International Corporate Citizen

- DJSI - Delta listed in the Dow Jones Sustainability Indexes (DJSI) for 7 consecutive years - Global Electronics Equipment Industry
- CDP - Delta strives for carbon information disclosure and reduction, and was selected for CDP Climate Change Leadership A- Level from 2016 to 2017
- Global Views Magazine Corporate Special Responsibility Awards - Delta won 1st First Prize for the "CSR Comprehensive Survey of the Electronics Industry", and model awards for "Delta Green Building Exhibition" and "DeltaMOOCx"
- Commonwealth Magazine CSR Award - Delta honored with Top Excellence award for Large Enterprises for the second consecutive year and for a total of five times
- Taiwan Institute for Sustainable Energy - Delta received Taiwan Corporate Sustainability Awards for 5 Consecutive years



Aligning with UN Sustainable Development Goals

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

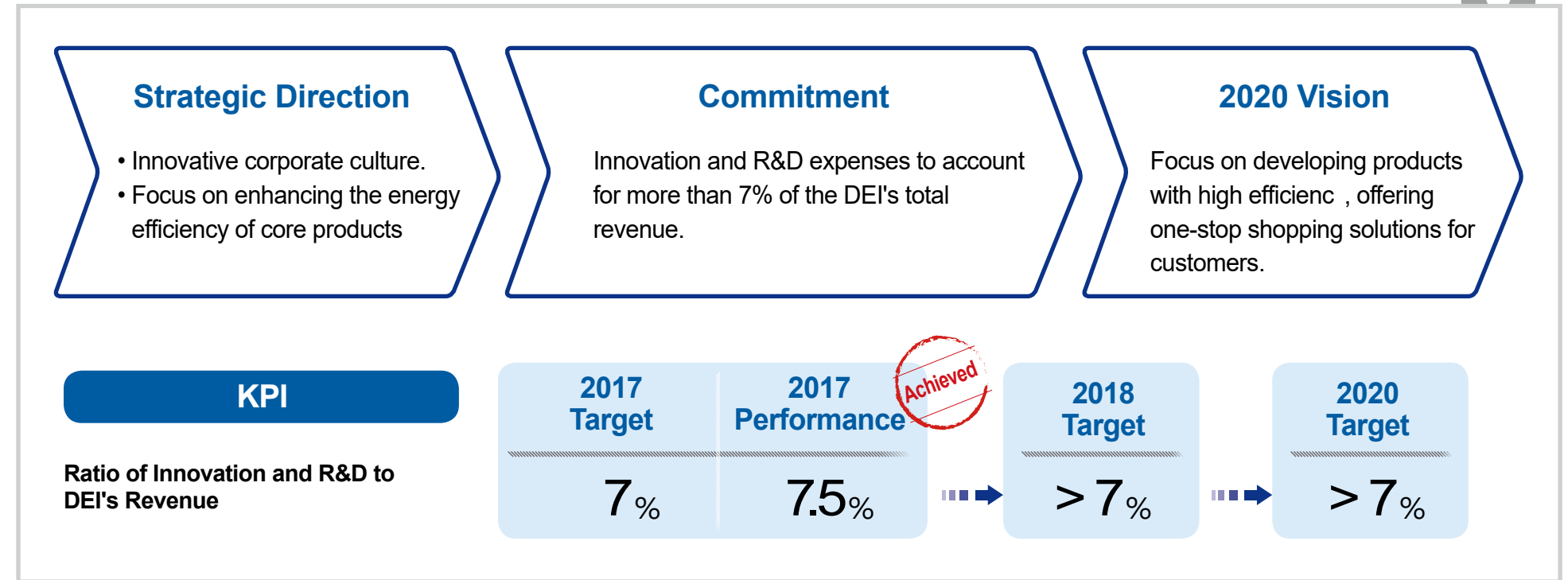
Appendix





Material Topics

4.2 Innovation



Key Initiatives for Alignment with SDGs

Delta has established R&D centers all around the world, and each year it invests 7% of its annual revenue into its R&D budget. In 2017, the R&D budget attained 7.5% of DEI's revenues. Delta also has industry-academia cooperation programs working with top international universities such as Virginia Tech, MIT, Case Western, and several Taiwanese universities. Delta periodically holds technology conferences examining the latest technology and its usage around the globe. Delta's corporate culture emphasizes innovative R&D, which has allowed the Company's switching power supply efficiency to improve year after year. Since 2002, Delta's switching power supplies have ranked in the world. Since 2006, Delta's DC brushless fans have also ranked in the world. Delta continuously improves the power efficiency of its switching power supplies. For example, the current efficiency level of switching power supplies is 90%, with telecom power supply efficiency achieving the world's highest level at 98% and PV inverters reaching 98.8%. Automobile DC-DC converters have reached an industry-leading efficiency level of 96%. Delta has also developed the world's first "80 Plus" titanium-grade server power supply, with an efficiency level of 96%.

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Delta Innovation Awards

To reward outstanding accomplishments and to cultivate a culture of innovation, Delta established the Delta Innovation Awards in 2008, with the management team serving as members of the judging committee. The awards are designed to encourage employee innovation as well as to reward exceptional innovation. In addition to the three grand prizes for "New Products," "Production," and "New Business Models and Processes," Delta also incorporated a "Patent Award" into the Delta Innovation Awards in 2017. This in turn encompasses an "Outstanding Contribution Award," "Excellent Patent Planning," and an "Elite Designer Award." These awards are designed to recognize individual and team development and to establish patent planning for commercial value. In 2017, a total of 35 patents were proposed by Delta's global employee organization teams, and judges decided to present the awards to 7 teams and 12 individuals. As of the end of 2017, 50 teams and 12 individual awards have been presented with over 1.38 MUSD in incentives.



The 9th Delta Innovation Award in 2017

Idea Bank

Beyond improvements in energy savings, our main plants also continue to implement green production measures in the processes of optimization, automation, process simplification, jig optimization, and logistics improvements. At the same time, Six Sigma projects have been combined to actively advance R&D and process innovation. For example, the Idea Bank was set up at Delta's Wujiang Plant in China to encourage the proposal of innovation improvements, which in turn enhance overall productivity. A total of 3,555 innovative ideas were proposed in Wujiang in 2017, leading to approximately US\$340,000 in Company profits

Green Production Benefits*

Project Type	Improvement Measure	2015	2016	2017
Process optimization	Optimization of existing production processes	6.3	4.3	6.3
Automation control	Adoption of automation control systems for labor intensive production stages	6.4	7.1	9.9
Process simplification	Simplification of traditional or complicated procedures	1.4	0.7	0.3
Tool optimization	Optimization for jig design	0.6	0.7	1.3
Logistics improvements	Improvement of delivery and storage methods	0.1	0.3	0.5
Total Benefits (MUSD)		14.8	13.1	18.3

* The calculation of benefits takes into account manpower, wages, and cost savings after the implementation of improvements.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

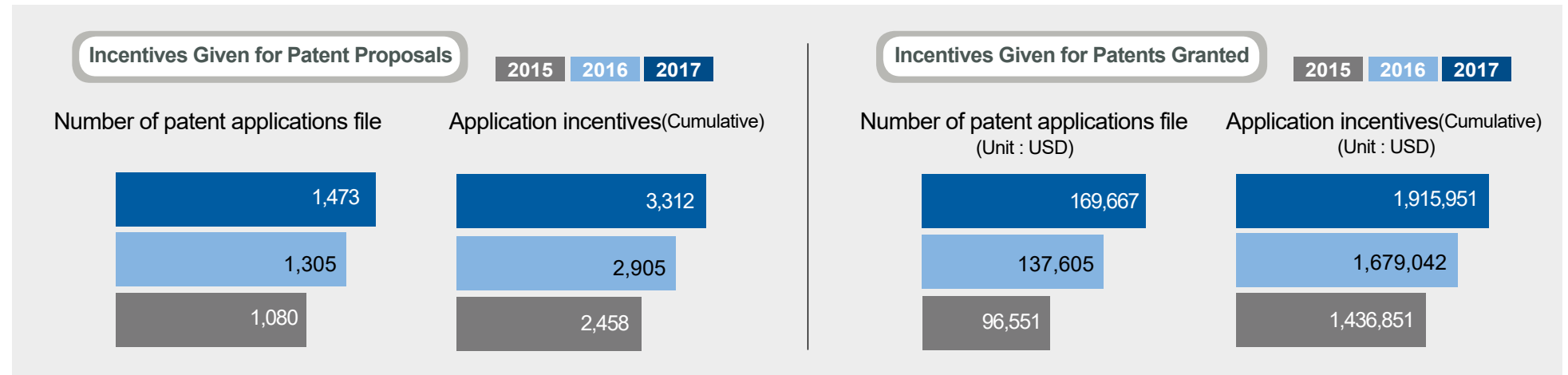
Appendix

Cultivating Professional Talent

Delta proactively collaborates with 15 renowned global educational institutions such as MIT, Peking University, the Chinese Academy of Sciences, National Taiwan University, and the National University of Singapore. In 2017, Delta dedicated US\$3.34 million towards industry-academic collaboration to cultivate high quality power electronics professional talent and to expand global markets.

Patent Applications and Awards

To encourage employees to focus on R&D and proactively apply for patents from patent offices in Taiwan and other countries of the WTO, Delta has established patent incentive system procedures and assisted its businesses in compiling a risk map for IP rights. As of 2017, a total of 8,548 patents have been approved.



Technology Strategy Meetings and Technology Seminars

Category	Event	Purpose	Attendees	Rounds/Duration
Technology Strategy Meeting	Technology Strategy Meeting	Communicated and discussed the latest technologies and strategies with Delta's internal departments	150	Each round: 2 days
Technology Strategy Meeting	NCKU Delta Day	Announced results of Delta-NCKU collaborations and introduced latest development results of DRC	300+	Each round: 2 days
Technology Forum	Technology Forum / Technology Talk	Invited celebrated professionals from academia and industry to give speeches or seminars at Delta on their respective fields, inspiring innovative thinking and partnership opportunities	300+	5 rounds

Future Plans

- Continue to be an innovation pioneer in the market
- Encourage employees to stay focused on R&D
- Enhance corporate interdepartmental cooperation and innovation



Material Topics

4.3 Information Security Management



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

- Delta's Information Security and Management.
- Established Delta Information Security Policy.

Commitment

Ensure the information security of Delta's IT infrastructure, information application systems, and products, and the data security of customers.

2020 Vision

Become a role model in information security for global electronics manufacturers.

KPI

Monitoring by Data Loss Prevention System (DLP)
DLP E-mail Warning and Blocking

2017 Target

Global planning
Implemented at selected sites

2017 Performance

100%
100%



2018 Target

Introduce new M&A
Global planning

2020 Target

Global planning
Global planning

Key Initiatives for Alignment with SDGs

Delta's Information Security and Management

Delta's information security management encompasses drafting information security policies/principles, reviewing information security, applying information security technology, implementing information security plans/projects, applying tools for information security, organizing educational training for information security, reporting and handling of information security incidents, updating and managing the information security system, detecting vulnerabilities in the information system, and



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Information Security Policies and Promotions

Delta's information security policies are primarily concerned with employee regulations for IT security. Internet Usage Policies, Company Email Usage Policies, Computer Usage Policies, Data Loss Prevention (DLP) System Setup and Usage Policy, Handling and Security Procedures for Storage Media, Password Principles, Policies for Data Backup and Restoration, Incident Management Principles, Acceptable Use of Mobile Devices, Encryption and Encryption Policies, Equipment Use and Handling Policies, Mobile Computing and Remote Working Policies, and Remote Access Policies. These IT security policies have been established in accordance with subject Delta's global employees to educational training regarding IT security policy and IT security promotions. see the following for details on other important projects:

Data Loss Prevention System

Delta has introduced a Data Loss Prevention (DLP) system to protect the Company's sensitive information from leaking. Currently, Delta's information security team and Delta's global business units collectively inspect and review reports produced by the DLP system, and handle and rectify information security incidents to protect sensitive information.

Vulnerability Management System

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

iDelta Collaborative File Management System

Delta has introduced and implemented the iDelta Collaborative File Management System (iDelta), a system that enables collaboration and management of files and documents between Delta employees. To ensure the security of sensitive documents from each business unit, each Delta business has different levels of authority and management rights to prevent unauthorized data storage (confidentiality) The iDelta system provides 24/7 service and an automatic backup system (usability). Any amendment to any data or file will be recorded, and a version control mechanism is included to prevent inappropriate operations (completeness).

Future Plans

ISO 27001 Information Security Management System

Delta is implementing the ISO 27001 Information Security Management System to label and categorize the Company's information assets, and to effectively control operational risks and ensure the continuity of Company operations. The purpose of the information security management system is to ensure the confidentiality, completeness and usability of information. Confidentiality: ensure that only authorized individuals, organizations, or procedures can access information. Completeness: methods to protect information accuracy and completeness. Usability: refers to allowing authorized users (e.g. customers, consumers, stakeholders, government institutions and the public) to access suitable information when needed.

The ISO 27001 Information Security Management System was introduced with the following scope: the Delta Business Data Center is equipped with physical and environmental security measures to prevent unauthorized physical access, damage, or interference with Company information and information processing facilities. A contingency and disaster relief program and off-site backup plan are also established for the Delta Data Center to ensure the continuity of Company operations.



Material Topics

4.4 Transcending Customer Expectations



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

Strategic Direction

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

Commitment

Through integrating its core competency in power and electronics and by developing advanced energy conservation technology, Delta provides cleaner, more effective, and more reliable thermal power solutions to conserve more energy for its customers. At the same time, the Company is also focused on reducing resource consumption and greenhouse gas emissions, creating more value for customers.

2020 Vision

Delta proactively innovates and develops one-stop-shopping solutions for its customers and enhances value for customers through third-party customer satisfaction surveys.

KPI

Customer Satisfaction Score

Ratio of Total Customers Using Your Online Services Solutions / Sales Platform

Ratio of Revenues Generated Online

2017
Target

84

97%

99%

2017
Performance

84.5

97.35%

99.73%



2018
Target

85

98%

99%

2020
Target

87

99%

99%

Key Initiatives for Alignment with SDGs

• Customer Satisfaction Surveys • Customer FAQ • Client Confidential Information Protection • Customer Knowledge Platform



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Delta's latest energy-saving and innovative technologies to help enhance our customers' industry competitiveness. Delta also fully utilizes the advantages of our green energy and energy-saving products for full system integration. Our environmental exhibitions and green buildings attract our customers to come for consultation regarding energy-saving and carbon

reduction business opportunities. Based on our high-efficiency power electronics core competency, Delta continues to provide integrated energy conservation solutions for different markets.

Customer Satisfaction Survey

Delta has sought to achieve a deep understanding of customer requirements and issues through observation of user operating environments and usage habits, seeking constant improvement to find the most appropriate solutions. We make it a point to gather the responses of customers and end users through focus groups, individual interviews, and online questionnaires. The results are given an in-depth analysis of their needs and expectations, which is then used to improve the basis for technology research and development, system design, and program development. We also gladly accept our customers' quarterly business reviews (QBR), while taking the initiative to issue questionnaires on customer satisfaction. We then take these various forms of customer feedback to continue our improvements. Delta engineers are encouraged to communicate directly with customers. This allows engineers to understand customer issues at the product design phase, while also gaining an accurate understanding of end-market demands through consultations and recruiting experts from a variety of industries. To achieve an in-depth understanding of customer satisfaction with Delta's products and services, we regularly host an Annual Customer Satisfaction Survey to explore potential market opportunities and design products to exceed client expectations. To better understand customer suggestions for the direction of Delta's products and services, we also proactively participate in customer satisfaction surveys conducted third party either online or through talks with experts. In China, for example, Delta actively participated in the "UPS Power Supply System Technical Development and Innovation Forum and 14th UPS and Power Supply System User Satisfaction Survey" and China UPS User Satisfaction Program Award for five consecutive years. We also undertake Quarterly Business Reviews for suppliers in collaboration with our customers. These inspections and in-depth interactions with our customers allow Delta to precisely match customer needs and enhance service quality accordingly.

In 2017, Delta's major operating units investigated the satisfaction levels of 186 major customers, receiving 172 responses for a questionnaire return rate of 92.5%. The average satisfaction score was 84.5, fully representing customer satisfaction with Delta's products and services.

Delta Greentech, part of the Delta Group, commissioned a third-party organization to conduct a transactive customer survey in 2017, in which clients' procurement personnel, technical personnel, and departments that utilized Delta's services or products were surveyed. There were 874 questionnaires distributed to 270 critical transactive clients to establish a client satisfaction indicator system for Delta's brand image, product quality, and service quality. The goal of the survey is to enhance customer satisfaction by discovering gaps in service during the marketing service process and unsatisfied needs

Customer FAQ

To maintain customer interest, Delta provides a variety of communication channels to customers. This includes our official website, service hotline, and email. Pursuant to customer feedback and quality websites, Delta's various operating units have stipulated administrative mechanisms to simultaneously supply proper handling of the issues. For example, in China, the Delta Group subsidiary Delta Greentech has already constructed 48 subsidiary offices and service centers, which allow our technical personnel to respond to customer inquiries within two hours and provide required services within 48 hours.

Customer Knowledge Platform

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

Our distribution partners across the world have become Delta's global market vanguard. With our industrial automation products, we have over 700 distributors across 5 continents that help provide customer business consulting services, product installation, technical support, product training, and other services, all of which effectively convey Delta's brand value and corporate mission. We regularly hold activities with our distributors, including those in India, North America, South America, China, and Europe. To maintain close relationships, we share with our distributors overall market trends, product planning, and after-sales service, and reward outstanding sales partners. No material client grievances or complaints occurred in Delta in 2017.

Future Plans

- Conduct an in-depth customer satisfaction survey using diverse methods to improve gaps in service and enhance customer satisfaction
- Segment retailers by service competency and plan comprehensive service quality training for retailers to enhance customer service quality



Material Topics

4.5 Supplier Sustainability Management



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

- Effectively promote and implement the established short- and medium-term objectives for the key indicators below.
- Announce RBA Principles to suppliers in response to requests from Delta's customers.

Commitment

Delta views its suppliers as long-term partners. We believe that competitive quality, technology, delivery and cost are also requirements for a supplier. Thousands of suppliers are not only commercial partners of Delta, but are also partners in our promotion of a sustainable business.

2020 Vision

- Quality and environmental management certification constitute a fundamental requirement for qualified suppliers.
- High-risk suppliers will be audited on-site and must undertake mentoring / Improvement.

KPI	2017 Target	2017 Performance	2018 Target	2020 Target
Critical Suppliers with completed ESG Evaluation Rate	85%	89% Achieved	90%	100%
Received Both Quality Certification and Environmental Management Certification Rate	88%	90%	93%	100%
Supplier Improvement Rate	64%	70%	70%	80%

Key Initiatives for Alignment with SDGs

- Localized Management
- Supplier Carbon Resource Management
- Key Supplier ESG Management



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

4.5.1 Localized Management

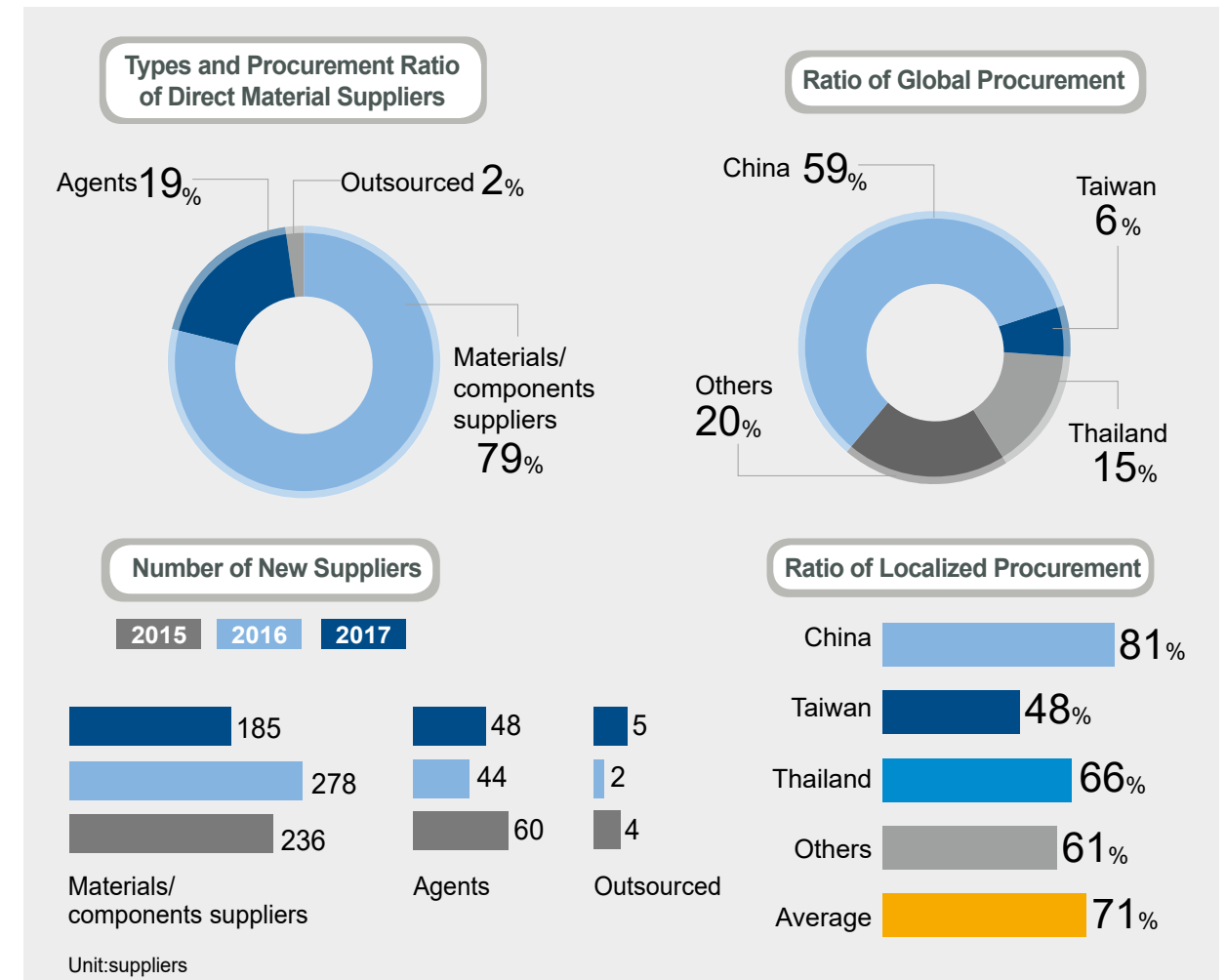
Localized management is primarily focused on localized management for procurement, materials, conflict minerals, and human rights:

Localized Procurement Management

Delta's products and services cover three major areas including Power Electronics, Automation, and Infrastructure. For production, Delta's suppliers are divided into three types: production-related direct materials, non-production-related indirect materials, and labor. For historical purchasing expenditures, direct materials constitute the major proportion, accounting for 93.7% in 2017. There are three types of direct material suppliers: raw material/component suppliers, agents, and outsourced suppliers, where raw material/component suppliers make up the highest proportion of up to 79%. Delta proactively gives priority consideration to the green purchase of raw materials not related to production, and promotes sustainability at each of our manufacturing facilities. In 2017, green purchasing of raw materials in the non-production category was 12.3%. The increase is from purchasing energy-conserving equipment including large-scale water coolers and LED lights. In recent years, Delta has focused on R&D and innovation of core technology and products, and the Company has rapidly expanded its role as a solution provider through M&A and by integrating its own professional competencies. The scale of Delta's supply chain continues expanding. In terms of collaborating with new suppliers, Delta requires mandatory environmental material evaluation for all suppliers. In 2017, 300 new suppliers joined Delta's

supply chain system.

In addition, to establish close links with local partners, improve local social and economic development, and reduce the environmental footprint of production processes, Delta continues to adopt localized purchasing to build a green supply chain. In respect to main production sites in China, Taiwan, and Thailand, the following table outlines the ratios of global and localized procurement for direct materials.





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

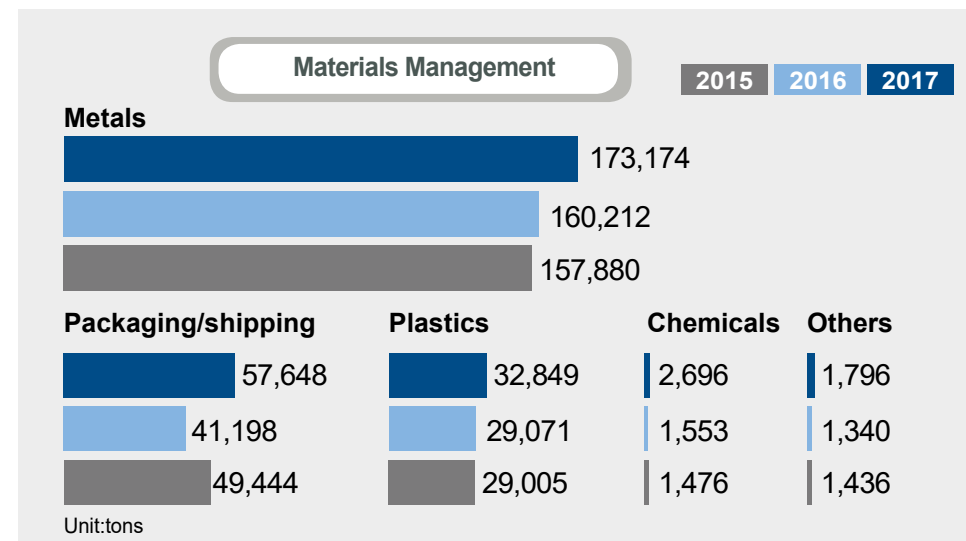
Appendix

Materials Management

The main materials used by Delta include: metals, plastics, chemicals, packaging or buffer packaging materials, and other materials. Renewable materials accounted for 24.9% of the weight of wooden boxes, pallets and cartons in 2017. Recycled paper accounted for 73.2% of all paper packaging materials. No substances harmful to the ozone layer are used during our production processes. Compared with 2016, a large increase in material management in 2017 came in response to significant needs arising for hot pressing, automotive, and passive components; this led to an 8.1% increase in metals, a 39.9% increase in packaging, and a 13% rise in plastics. There was also a 73.6% increase in organic solvents used in production, and a 34% increase in other materials used.

Conflict Minerals Management

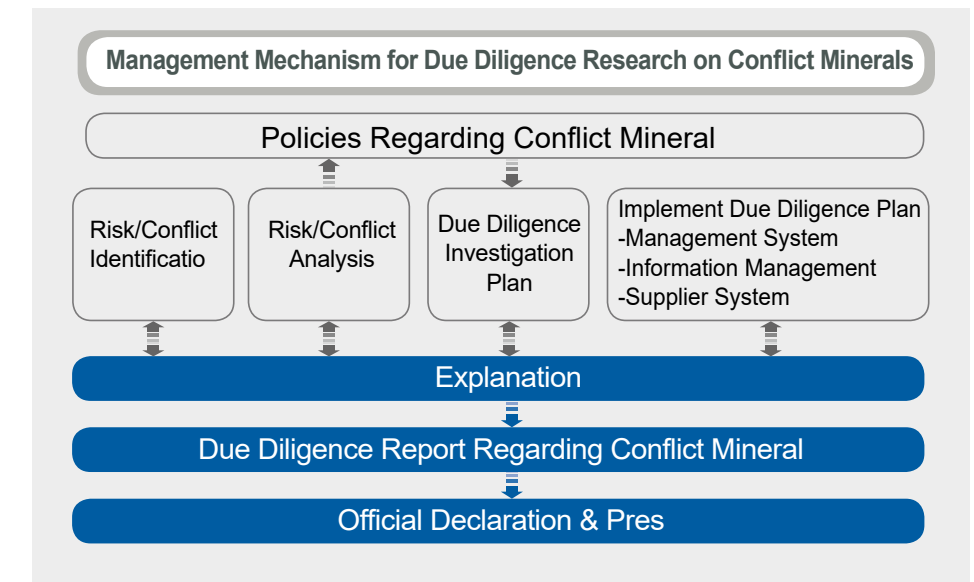
Delta maintains a strict policy and management system for not using conflict minerals. According to the "Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas," a Supplier Conflict Minerals Policy and Due Diligence Policy should be established to continuously make active and passive assessments of the management of suppliers' potential use of conflict minerals. By taking these actions, Delta's supply chain is ensured to both respect human rights and to not participate in conflicts. Up until 2017, about 91% of main material suppliers have signed the "Declaration of Non-use of Conflict Minerals." Currently, Delta has not conflict materials used in the supply chain in 2017. Delta



continuously communicates with major materials suppliers by employing its influence on corporate social responsibility, and increasing the possibility for the origin of ore products to undertake RBA assessment or verification of a third party.

Human Rights Management

Delta adheres to the behavioral principles advocated by the Responsible Business Alliance (RBA) and has developed RBA digital learning materials to advocate for labor rights and for ethical, health, environmental, and management systems. Delta is committed to self-discipline for the Company and for sustainable suppliers with the highest level of standards in dealing with human rights, environmental protection, and responsible business conduct in its supply chain. We strive to abide by RBA behavioral principles through standards of practice that are more rigorous than industry standards. In order to follow the U.K. Modern Slavery Act of 2015, Modern Slavery and Human Trafficking Statement, requiring suppliers to follow the RBA and committing to the implementation of supplier human rights trafficking. To enhance the responsible social and environmental performance from Delta and suppliers' facilities, we hold supplier educational training courses to enhance the quality of life for the suppliers' employees. All qualified suppliers need to sign the "Delta Integrity Declaration," and we advocate Delta's anti-corruption policy and training through emails and the procurement platform.





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

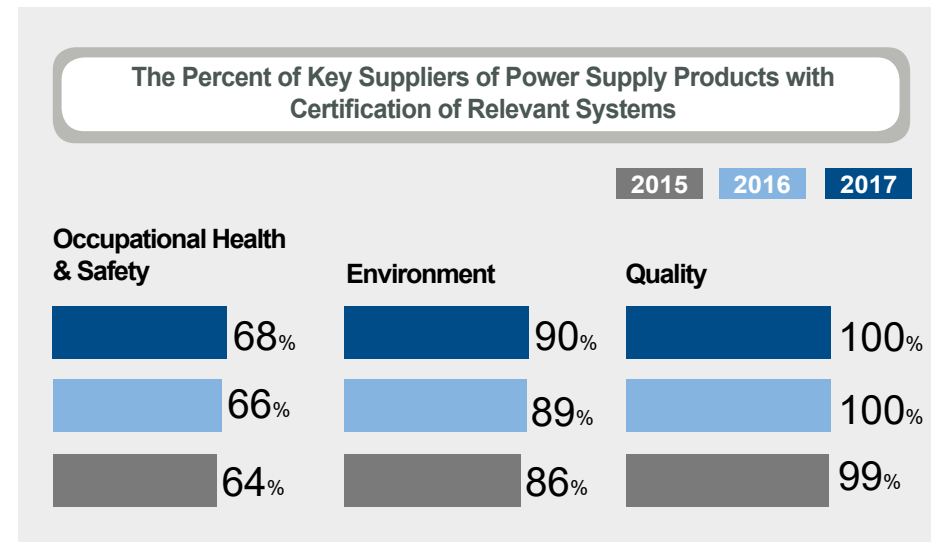
Appendix

4.5.2 Receive Supplier Certification and Risk Management

In response to international supply chain trends, customer demands, and local regulations, Delta has used its years of experience in corporate social responsibility to formulate supplier CSR policies as guidelines for sustainable supply chains. Below is a description of certification and related risk management actions:

Receive Supplier Certification

In respect to the requirements of establishing the management of a sustainable supply chain, Delta requests suppliers to have received Quality certification, as well as signing an "Integrity Statement" and an "RBA Declaration." For quality certification, all of Delta's qualified suppliers must obtain ISO9000 certification. For Occupational Health & Safety certification, Delta requires suppliers must implement RBA, Labor, and Health & Safety as key points for enhancing consultation and audits in the future, with the aim of protecting human rights throughout Delta's green supply chain during 2015-2017. Key suppliers certification of relevant systems for quality, environment, and occupational health & safety increased each year, as shown in the chart below:



Risk Management

Delta is committed to the promotion and implementation of corporate social responsibility, while simultaneously calling on its supply chain to promote it. We assess the CSR structure of first- and second-tier suppliers using questionnaire surveys to analyze their current situation in relation to corporate governance, environmental, and social factors. We then utilize that information in combination with our experience in promoting CSR to make "Risk Map" that identify high-risk suppliers. We also regularly carry out CSR audit counseling and hold training sessions with common study materials to inspire potential suppliers to join the green supply chain. The risk evaluation that Delta undertakes for its suppliers is primarily based on environmentally-related material management, CSR questionnaires and training, RBA audits, and Supplier ESG (environmental, social, and Governance) Risk Management. Please see below "Management of Environment-Related Substances (ERS) in Products" \ "Supplier Audit Implementation" \ "Supplier ESG Risk Management" for further details:

Management of Environment-Related Substances (ERS) in Products

Delta has introduced the IECQ QC080000 Quality System and promoted Green Product Management (GPM) systems in major plants. IECQ is implemented based on the risk classification of materials. At the same time, Delta takes the Green Products Management (GPM) system as a shared platform of environmental information in the supply chain. The most recent international environmental requirements, such as the latest controlled substances of the EU's RoHS 2.0, REACH SVHC, EP2 and others, are simultaneously relayed to supplier partners for their reference and compliance with the requirements and for establishing a management system for the material supply system. In addition, Delta has established teams in major plants for the verification of Environment Related Substances in products. Continuous consultation has been provided to improve the Management System for Environment Related Substances of key suppliers. Taking Delta's China plants for ERS from 2015-2017 as an example:



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

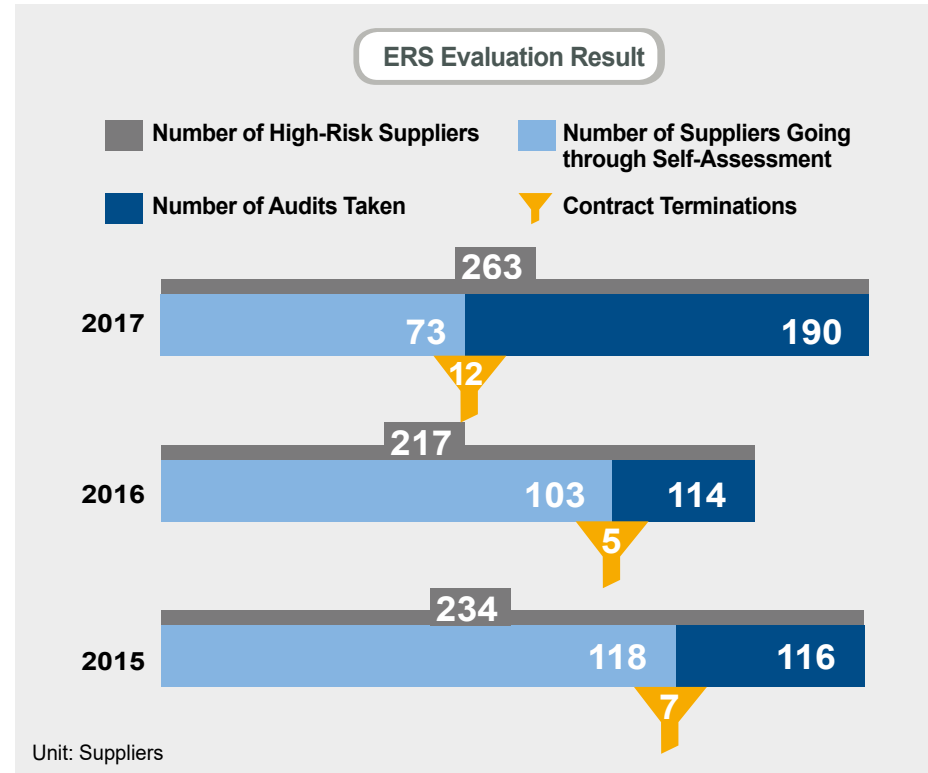
Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

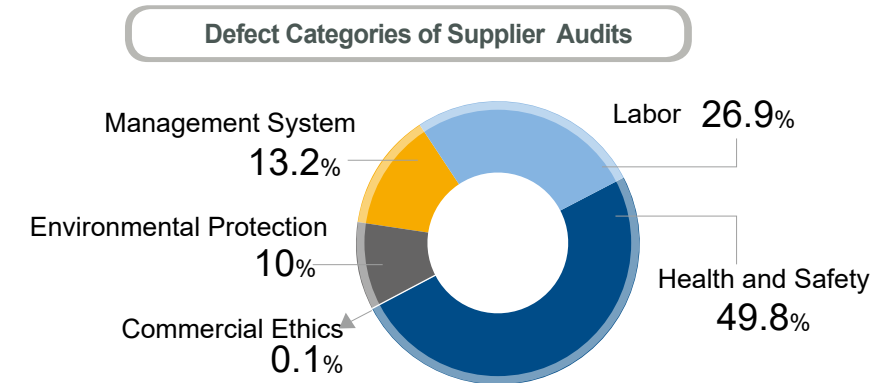
Appendix



Supplier Audit Implementation

To lower ESG risks in the supply chain and to improve competitiveness, Delta began promoting EICC (RBA) assessment in 2012. Key suppliers are selected based on whether their products are critical components, and whether they account for approximately 80% of all procurement figures. These suppliers are subject to RBA audit and mentoring. Our 2017 target was to finish the inspection of 50 suppliers, in which audits of nine suppliers and follow-up inspections of 41 suppliers were undertaken, achieving a 100% audit rate of key suppliers. During Delta's supplier audits, a total of 1,090 items were found in EHS requiring improvement. Most of them were in particular management systems and occupational health management. In terms of labor rights, a total of 552 items requiring improvement were found, mostly

for particular management systems and overtime work. Delta asks suppliers to provide detailed improvement plans in response to identified issues, based on a plant's actual status, within two weeks after receiving an audit report. The improvement plans include the planned closing date and individuals in charge. The responses provided to Delta utilize a template tracking form for remediation related to the audit report. Delta requests suppliers to provide an improvement plan, and ensures continued progress on social responsibility. In addition, Delta provides experience in introducing and promoting Delta's ESG Management System for the reference of suppliers. In 2017, the rate of improvements in defects reached about 70.61%. The frequency of audit reviews will be increased based on the nature of the items not accomplished on the supplier ESG questionnaire survey, requesting suppliers to improve as soon as possible.



Supplier ESG (Environmental, Social, and Governance) Risk Management

Extending to the operations of Delta's overall supply chain system, suppliers falling within the top 80% of Delta's annual procurement and those providing key components are listed as high-volume suppliers. These are designated as our key targets for conducting audits and for promoting improvements. Through Delta's long-term mission of striving to implement CSR in practice, we have initiated a comprehensive information disclosure in terms of environmental, social, and governance aspects. We have surveyed a total of 506 Tier 1 and



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

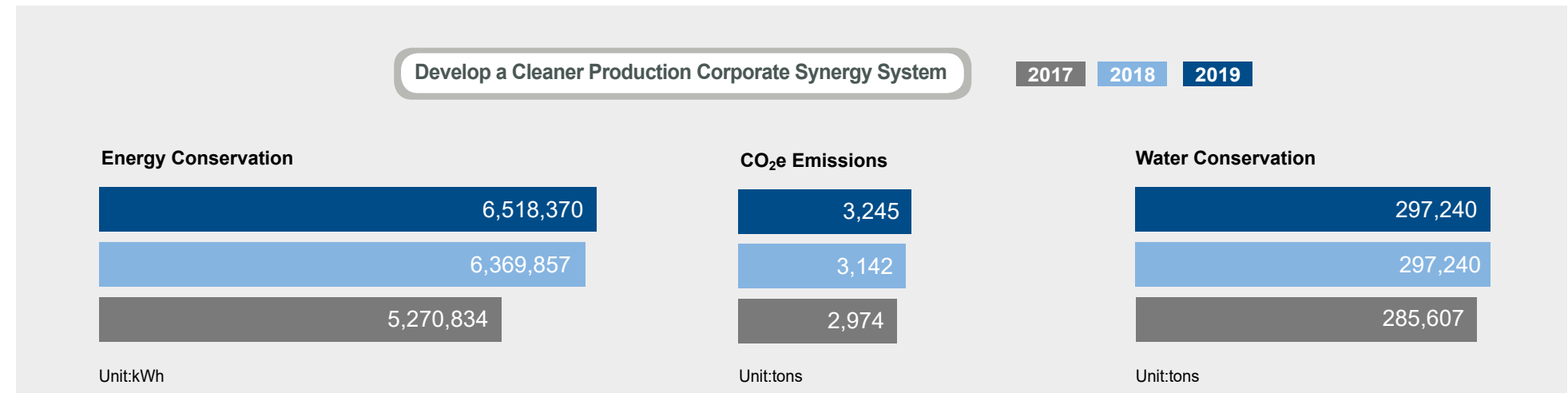
Employee Relations and Social Participation

Appendix

Tier 2 key suppliers through an ESG questionnaire survey to identify potential Environmental, Social, and Governance risks in the supply chain through tools including risk mapping. This can lower risks of interruption in the supply chain through CSR on-site inspection and mentoring and collective training. To encourage the supply chain to fulfill CSR in action and to effectively disclose ESG information of the supply chain, we initially provide incentives in the form of added bonus points in quarterly business reviews (QBRs) for those suppliers demonstrating outstanding CSR results. After analyzing the results of the risk identification, suppliers with average total scores lower than 70 points and those who have breached local environmental regulations in the past three years are all named as high-risk suppliers. A total of 16 such suppliers have been found. In the future, we will continue to expand the scope of CSR investigation and on-site audits for critical suppliers, and to request for timely improvements from high-risk suppliers through mentoring and suggestions. We will also continue to track and monitor their progress for effective management.

4.5.3 Corporate Synergy System for Clean Production

Delta has participated in the Industrial Development Bureau (IDB)-assisted green productivity promotional plan for two consecutive years. In 2016, Delta brought the corporate synergy system to key manufacturing centers along with eight other key satellite manufacturers to promote low-emissions management. In 2017, the model was successfully reproduced for six other critical suppliers. We plan to promote green supplier ESG management to effectively lower the impact of our operations on the environment. Through the collective efforts of Delta and critical suppliers and over 30 onsite expert consultations, both Cyntec Co., Ltd. and First Hi-tec Enterprise Co., Ltd. have passed the IDB Clean Production certification system, and proposed 22 improvement programs in 2017. Please see the following for specific quantitative benefit





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

4.5.4 Water Resource Management / Energy Saving and Carbon Reduction

Water Resource Management

To assess water resource risks in the supply chain caused by climate change, Delta has used the Water Risk Atlas Tool developed by WRI. The Water Risk Atlas Tool assists suppliers in verifying whether their production base is situated in a water stressed area. As of 2017, Delta has accomplished identification of the plant locality of 162 critical suppliers and 210 non-critical suppliers. Delta provides suppliers in water stressed areas with the water saving experience of Delta's own plants and green buildings, and assists the suppliers in setting up water resource management and corresponding strategies.

Energy Saving and Carbon Reduction

To fulfill our corporate commitment "To provide innovative, clean and energy-efficient solutions for a better tomorrow," Delta continuously cooperates with suppliers to reduce carbon emissions. This not only lowers operational costs for both Delta and the supplier, but also increases the competitiveness of the entire supply chain.

Partnership Item	Abstract	Quantitative/Qualitative Results
Packaging Materials Recycling	Delta cooperates with major processing factories to recycle packaging materials such as EPE, paper, and more.	For instance, 79% of our packaging material for adapter products can be recycled, saving US\$460,000.
Repetitive Use of Carriers (Plastic Frames)	Delta cooperates with local mechanism suppliers to use reusable carriers (plastic frames) for transporting plastic casings and materials in place of cardboard boxes.	For instance, 67 suppliers for our Dongguan, Wujiang, and Wuhu plants joined this effort and saved 5.84 million cardboard boxes, saving up to approximately 3.75 MUSD in packaging costs.
Pallet Recycling and Reuse	Delta works with local suppliers to use recycled foundations and battens of wooden pallets.	In the case of our Dongguan and Wujiang plants, wood strings and wooden panels in pallets are recycled, saving US\$54,000 in pallet costs. Incentives for recycling totaled US\$8,700 and cumulative savings totaled US\$45,300 in operating costs.
Green Logistics	Major global distribution centers cooperate with logistics providers to implement transportation cost optimization, consolidated delivery, milk runs, packaging design, container packaging and selection of optimal delivery routes, and other relevant measures.	Compared to 2016, Delta's total savings for air freight costs in 2017 were about 7.47%.
Introduction of Energy Saving and Carbon Reduction Products and Solutions	Delta assists suppliers introduce energy saving products or solutions, such as LED Lighting, inverters, energy management systems, and more.	Delta cooperated with 40 suppliers to implement energy saving products and solution in 2017

Future Plans

- Enhance green supply chain CSR management and compliance and RBA standards and principles
- Identify high-risk suppliers for critical components, establish an ESG audit management mechanism, implement ESG improvement activities in practice
- Proactively encourage suppliers to pass environmental system certification and undertake self-assessment disclosure of greenhouse gas emission
- Require the supply chain to increase social participation



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

4.6 General Issues

4.6.1 Board of Directors' Functions and Risk Management

4.6.1.1 Enhancing the Board of Directors' Functions

The Board of Directors of Delta Electronics consists of 13 seats for Directors (including 4 Independent Directors). Delta has adopted the Candidate Nomination System for the appointment of Directors, in which the Shareholders Meeting selects nominees from a list of candidates for Directors. Mr. Yancey Hai serves as the Chairman and leads the Board of Directors. To implement a good Board governance system, the following factors pertaining to the Board members' diversity and professionalism have been taken into consideration:

(1) Diversity among members of the Board

The overall configuration of the company's board of director's selection is based on Delta Electronics' "Director's Election Rules" and "Corporate Governance Practices Code". To fulfill the Board's role in strategic guidance, members of the Board come from different nationalities, diverse professional backgrounds, expertise, and genders.

(2) Professionalism of the Board members

Delta Electronics' Board of Directors possess abilities including operations and management, accounting and financial analysis, crisis management, industry knowledge, international market perspective, leadership, and decision-making. To develop and improve the highest governing body's overall knowledge of economics, environment, and society, Delta conducts training for Board members.

Board of Directors

- Board meetings are convened at least once a quarter to assess corporate business performance and discuss strategy topics. This includes impacts, risks, and opportunities in relation to economics, environment, and society.
- Six Board of Directors meetings were held in 2017, with an average attendance rate of 92% or above. The important decisions of the board of directors are instantaneously publicized on the Taiwan Stock Exchange Market Observation Post System as well as Delta's main website corporate governance section for reference.
- In 2017, the board of directors stipulated the "Board of Directors Performance Assessment Measures." Besides evaluating the overall workings of the board of directors, self-assessment is also undertaken for individual directors. The result of the Self-Assessment for 2017-2018 Board of Directors Annual Performance has been announced on the Corporate Governance section of Delta's website.
- Delta Electronics' Board of Directors has several functional committees composed of Independent Directors, including a Compensation Committee and an Audit Committee.

Compensation Committee

- Delta created the Remuneration Committee to facilitate the link between the compensation of directors, supervisors and managers and the corporate operations performance to decide the ratio of dividend distribution. The Committee gives compensation policy suggestions based on industry competition, corporate operations performance, and the market rate.
- Delta firm participates in industry and consulting companies' salary surveys and evaluates how Delta's compensation is fair with the current market.
- Delta based its incentive system on certain compensation issues with the help of external HR consulting firms
- Annual employee dividends amounts are decided after the Board of Directors agrees with the suggestions of the Shareholders Meeting and are released in the company's annual reports.

Audit Committee

- Delta has established an Audit Committee in place of Supervisors in accordance with the Securities and Exchange Act. The Audit Committee is comprised of all Independent Directors, who are elected in accordance with Article 192-1 Candidate Nomination System of the Company Act, and selected by the Shareholders Meeting from the list of nominees for Independent Directors. The Chairperson of the Audit Committee is Independent Director Mr. Yung Chin Chen.
- They are responsible for supervising of the Company's financial statements, choosing the accountants for their independence and performance, effectively implementing internal controls, ensuring that the Company follows relevant laws and regulations, and assessing possible and potential risks to the Company.
- The Committee regularly communicates with the Internal Audit supervisor and CPA. Besides submitting the audit report to each Independent Director on a monthly basis, the Supervisor of the Internal Audit department is also responsible for reporting any material audit findings to the Audit Committee. The Audit Committee held 5 meetings in 2017. All meetings were attended by all Independent Directors, achieving a 100% attendance rate.
- Delta Electronics Board of Directors' members and operations team jointly formed an operations strategy management committee that regularly holds strategy meetings to analyze and discuss material issues of the Company. Every year, the Independent Directors and global regional managers participate in strategy meetings on the Company's institutions, regions, and technology. These meetings adjust strategic development and improve operational performance in response to market changes and rapid technological progress.



4.6.1.2 Implementing Risk Management

For corporate value chain events, Delta carries out "Value Chain Risk Responses," "SDGs Opportunities Response," "Positive/Negative Impact Analysis," "Existing Project Response," and "Material Topic Response" to support future business opportunities. We identify influence and responses to various risks in our business value chain, so we can draft countermeasures and action plans for subsequent activities.

Risks	Supply Chain			Operating	Products			Social	
	Tier 2 or above (Raw materials)	Tier 1 (Components)	Logistics		Distribution	Product Use and R&D	Product Waste	Employees	Social Participation
Climate Change and Extreme Weather Conditions									
Energy Use Management									
Greenhouse Gas Emissions									
Product Energy Efficiency									
Energy Supply and Price									
Stability Electronic Waste									
Water Resource Management									
Traceability Management for Raw Materials									
Raw Material Supply Management									
Innovation and R&D									
Disclosure of Transparency and Integrity									
Talent Attraction & Retention									
Labor Practices and Human Rights Occupational Health and									
Network Safety									
Information System Security									
Privacy and Information Protection									
Product Safety									
Legal Compliance									

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



SDGs Risks and Opportunities for Sustainability

Delta identifies "improving positive influence" and "decreasing negative influence" by analyzing the level of impact in each stage and its corresponding SDGs via value chain analysis. Delta focuses on six SDGs, including: 4) Quality Education, 7) Affordable and Clean Energy, 9) Industry Innovation and infrastructure, 12) Responsible Consumption and Production, 13) Climate Action, and 17) Partnership, for business opportunities that serve as the direction for future key developments.

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

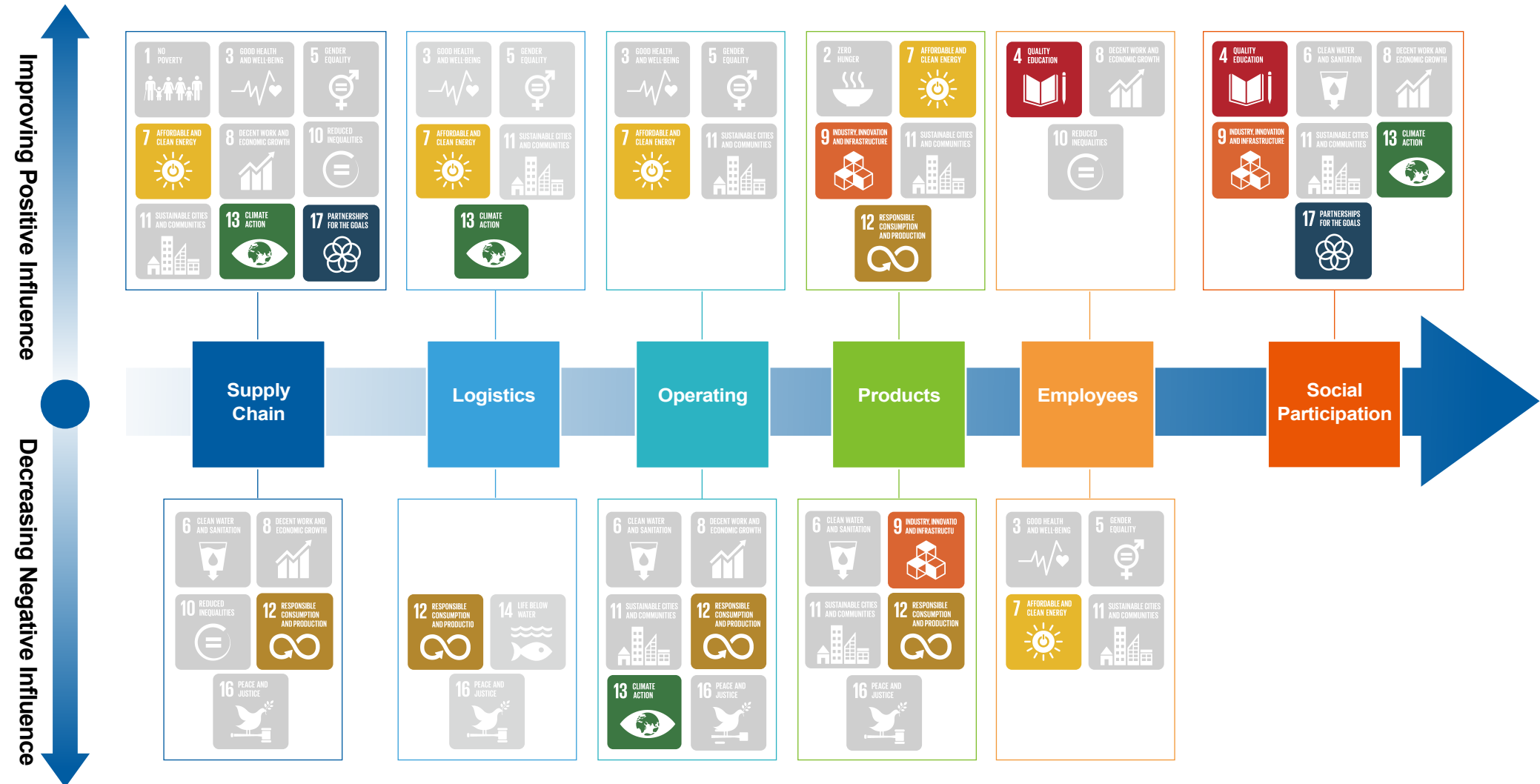
Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

With Delta's R&D, manufacturing, and sales position in the industry, the company does not need to engage in high-risk, highly leveraged investments. In addition, when forming the remuneration committee's regulations, the committees' authority was expressly stipulated that it may not lead directors and managers to pursue remuneration from behavior that brings greater risk to the company.

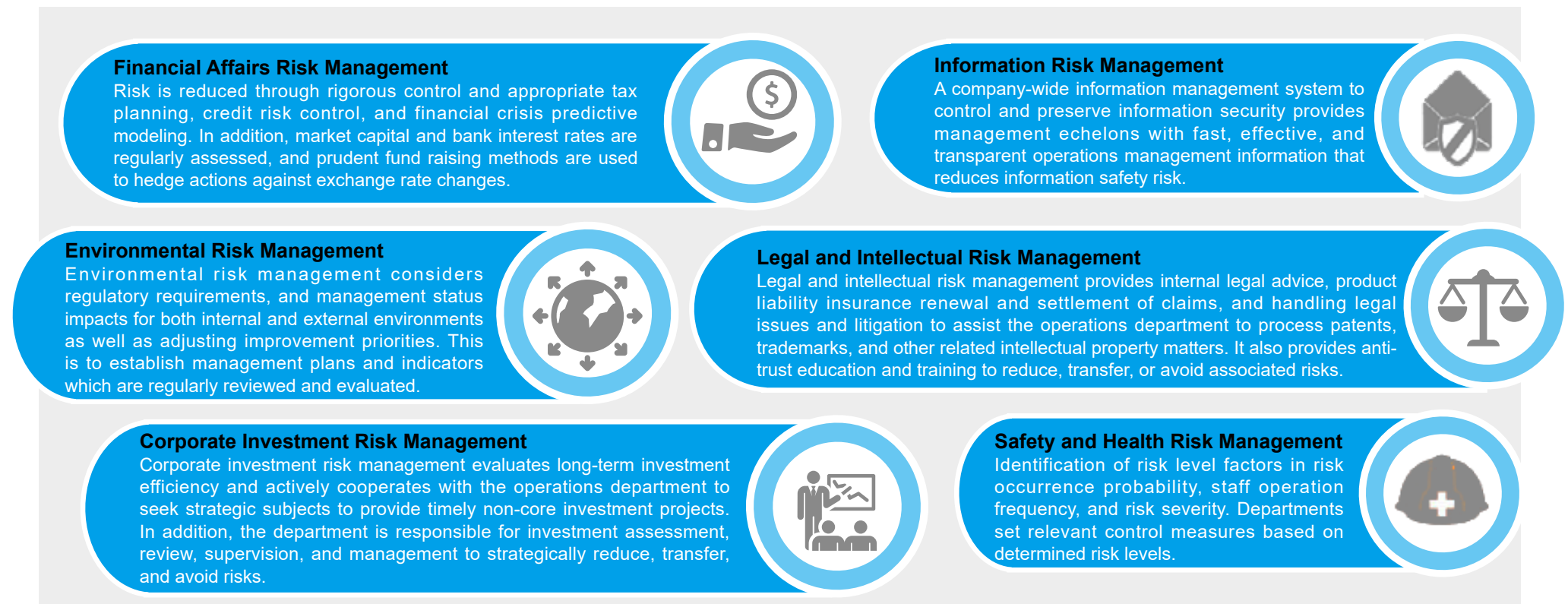
Internal Audit Mechanisms

In addition to an Audit Committee under the jurisdiction of the Board of Directors control over the monitoring of the Company's existing or potential risks, Delta has established an independent internal audits department. This department supervises the control and completion of the Annual Audit Plan. The department also reports

to the members of the Board of Directors and tracks continued improvements. In addition, to allow the internal audit concepts to spread throughout the Company, Delta utilizes a rotating internal audit system to train supervisors with auditing knowledge and capabilities.

Risk Identification and Management

Delta's operating risks are effectively reduced through departments divided by professional expertise to carry out detailed risk identification. These groups also develop management strategies and response programs to reduce, transfer, and avoid risk.





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

4.6.2 Comprehensive Information Disclosure and Shareholder Communication

Before the implementation of relevant legislation, Delta took the initiative and publicized our 6 months financial statements, which were submitted for the approval of accountants. At the same time, we immediately made public announcements on the Taiwan Stock Exchange, and included an Investors section on our website to provide documents such as the Chairperson's Report to the Shareholders, company annual reports, financial statements, corporate governance regulations, stock value and dividend information, legal briefing sessions, and the relevant rules and regulations regarding our committees. Delta's efforts and results towards information disclosure have been highly approved by institutions and various ratings organizations. Delta Electronics has received nine consecutive information disclosure assessments of grade A since 2006. From 2012 to 2015, Delta has received an A++ grade. Delta won the Taiwan Stock Exchange's 2015-2017 Corporate Governance Assessment Award for three consecutive years, by ranking among the top 5% of market listed companies and received recognition of its outstanding performance in the evaluation of its projects in implementing corporate governance, maintaining shareholder equity, strengthening the Board of Directors' functions, enhancing information transparency, and putting into practice corporate social responsibility.

Delta hosts an Investors Conference each quarter, in which quarterly financial performance and operating conditions are announced and the Company's long-term strategic planning and future development are explained to investors and the media. The Company also provides a synchronized Chinese and English online streaming broadcast service on Delta's website. This makes it more convenient for all domestic and foreign investors to understand the Company's latest information on a first and basis. After the conference, we also provide a detailed and comprehensive English copy of the Q&A session of the conference to assist global investors in truly understanding the important messages that Company management wishes to convey to all investors. As Delta has a high ratio of foreign investors, we attach a great amount of importance to properly communicating with foreign investors. This



Delta CFO Ms. Judy Wang received the Corporate Governance Awards.

is done through participation in various investor forums and conferences annually, and through direct visits to foreign shareholders in Asia, Europe, and the United States. In addition to describing operation conditions to foreign investors, we also factor in positive advice from various stakeholders related to corporate operations, financial affairs, and corporate governance. At the same time, we fully cooperate with domestic and international visits and welcome non-periodic visits from investor representatives to see our global manufacturing bases and exhibitions.

In 2017, Delta Electronics participated in a total of 18 foreign investor meetings and over 300 investor interview conferences. Delta Electronics is the first in the industry to use voting by poll for all of the meeting items, which facilitated the participation of smaller stockholders in company decisions and their right to vote. The voting situation and results are immediately disclosed to the public. We are also committed to providing feedback to the various suggestions provided by stockholders at the annual Shareholders Meeting to provide reference for future strategies.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

5 Environmental Protection and Energy Conservation

- 5.1 Key Performance Indicators
- 5.2 Proactive Response to Climate Change
- 5.3 Energy Management
- 5.4 Water Resources Management
- 5.5 Green Product Liability
- 5.6 General Issues



5.1 Key Performance Indicator

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

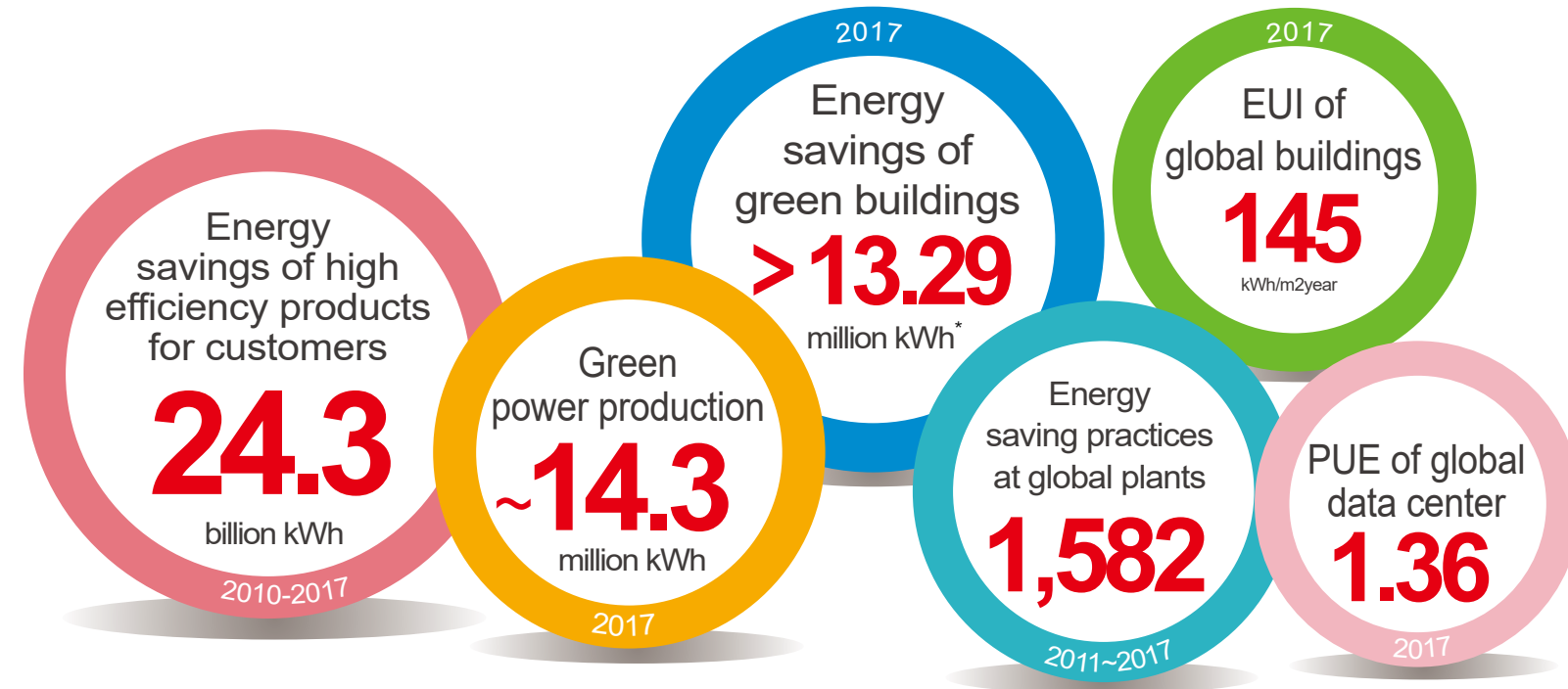
Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix



Main Endeavors

Enhancing the energy efficiency of products

- Telecom power supplies achieve up to **98%** efficiency
- PV inverters achieve up to **98.8%** efficiency
- Automotive DC-DC converters achieves as high as **96%** efficiency

Eco-label certifications

- **72** ventilation fans awarded "ENERGY STAR Most Efficient Products"
- **298** power supply products certified as 80 PLU
- **51** products certified with the Taiwan Energy Label
- **36** products received the Taiwan Green Mark certification
- **57** products certified by China CEC

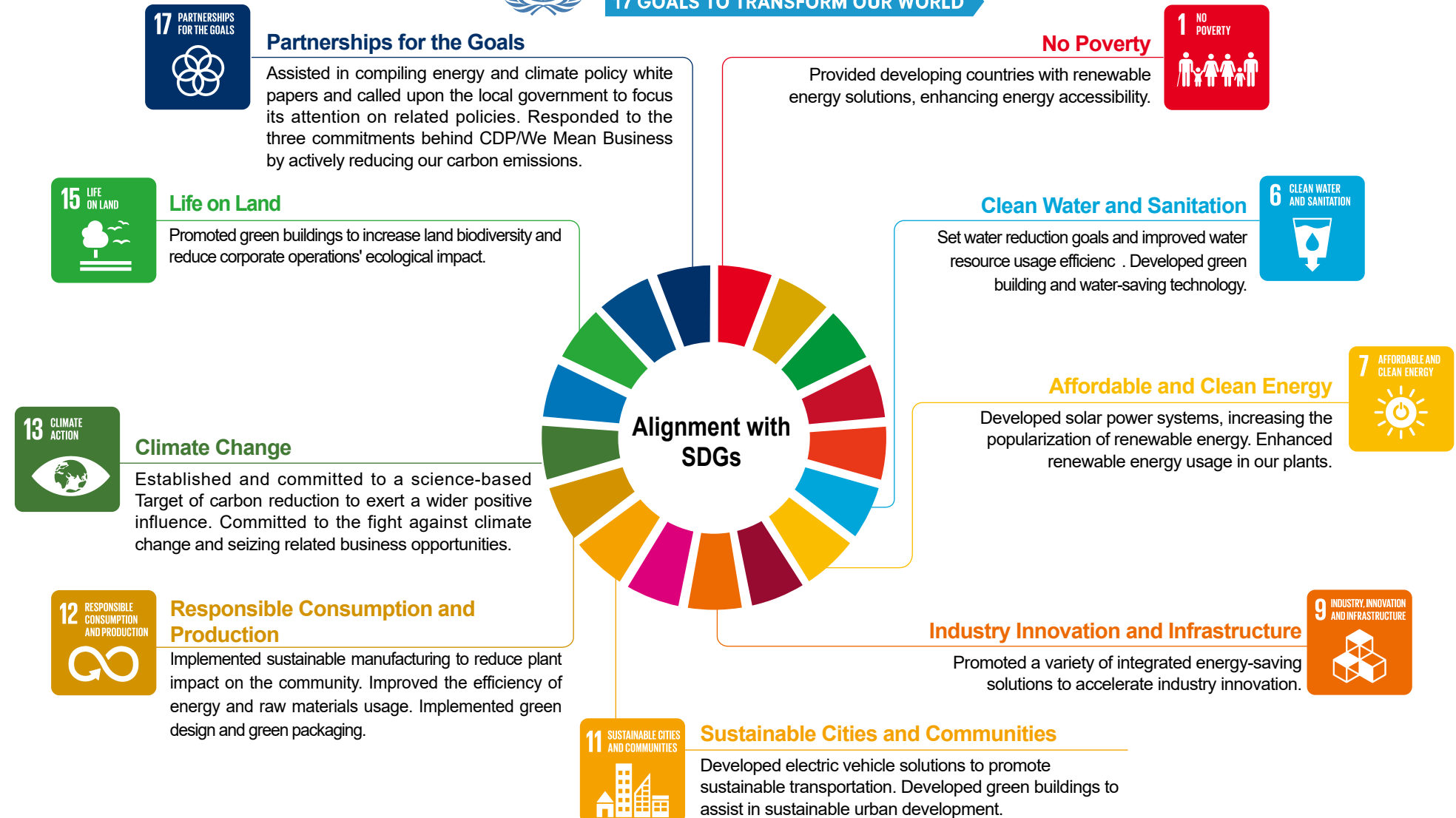
* Compared to benchmark of annual electricity consumption per square meter.



Aligning with UN Sustainable Development Goals



SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Material Topics

5.2 Proactive Response to Climate Change



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

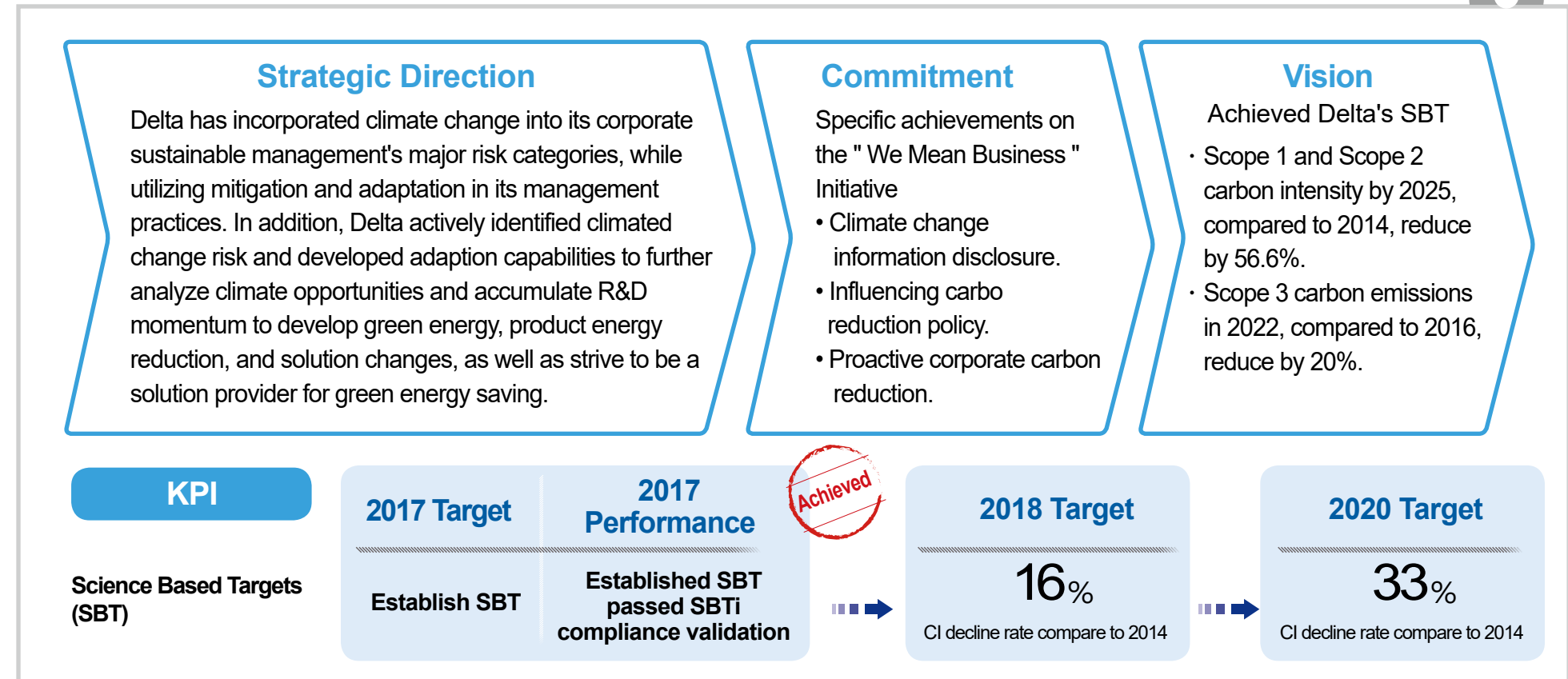
Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Key Initiatives for Alignment with SDGs

- Respond to global temperature increase within 2°C compared to pre-industrial temperatures, establish and accomplish SBT
- Identify climate change risks, build competencies to adapt to climate risks and further mitigate possible climate risks
- Summarize and develop climate change opportunities



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.2.1 Identification and Management of Climate Change Risks and Opportunities

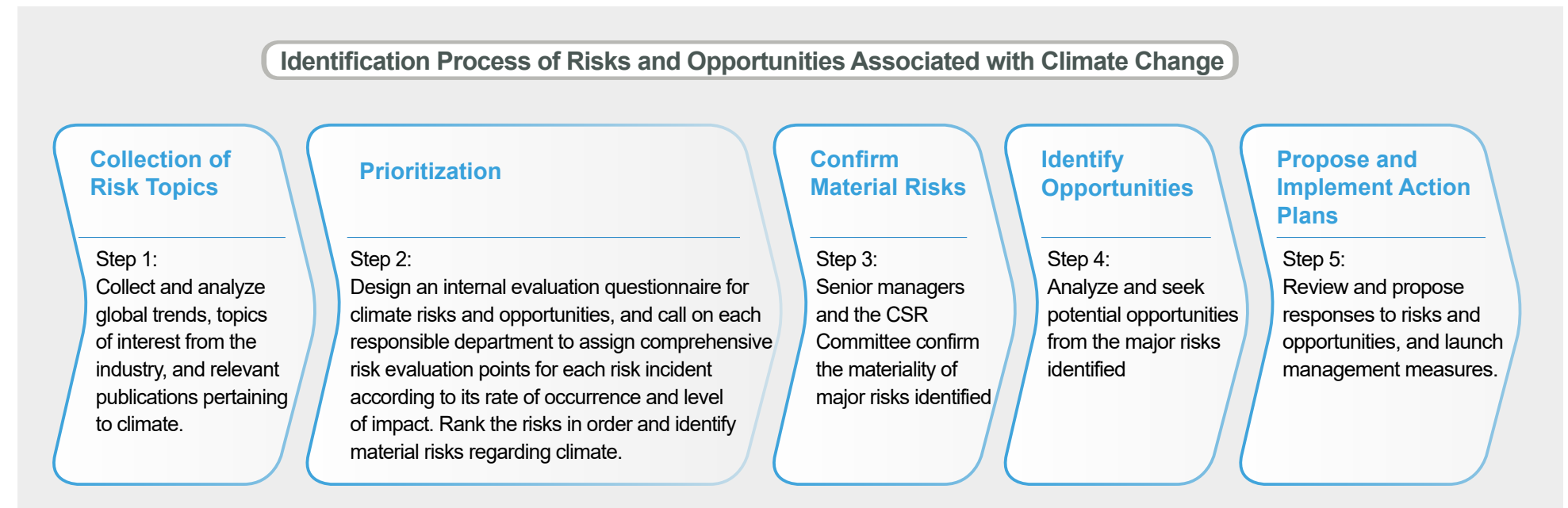
The CSR Committee is managed and supervised by the Board of Directors and it is the highest regulatory body for climate change risks and opportunities at Delta. A CSR Office and a Carbon Management Project in charge of promoting and implementing projects related to climate issues have been established under the CSR Committee.

The CSR Office is in charge of identifying risks and opportunities related to climate change, and designs internal evaluation questionnaires for climate risks and opportunities through collecting and analyzing global trends, topics of interest from the industry, and relevant publications every year. It also calls on responsible departments regarding climate

topics to facilitate identifying climate risks and opportunities with material financial impact on Delta.

Delta has paid close attention to relevant developments since the 'Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)' were announced by the Financial Stability Board (FSB) in June 2017. We also disclose our procedures for identifying climate change risks and their management, as well as the results of the risk and opportunities analysis in our Annual Report in accordance with the structure in the TCFD Recommendations. Please see Chapter 4 in Delta's Annual Report for the complete TCFD disclosures.

Climate Change Risk Analysis





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

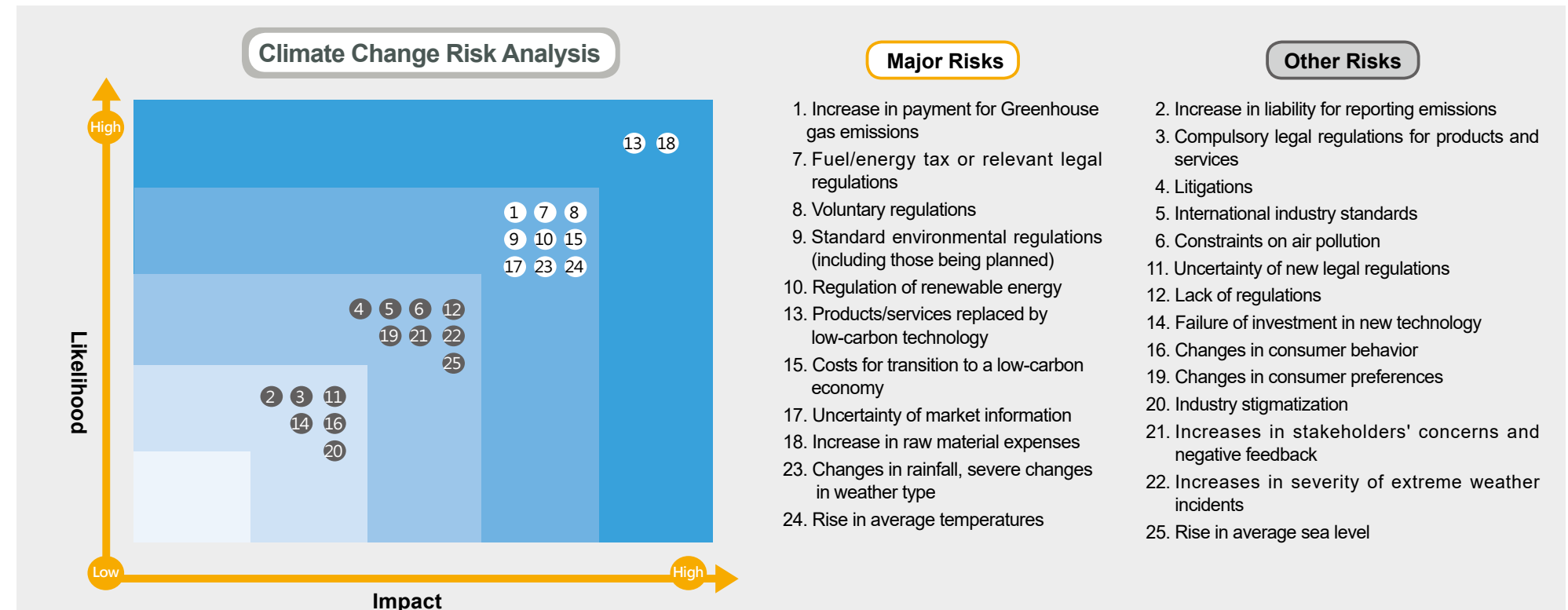
Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

A total of 25 climate topics were collected in 2017 through the aforementioned procedures. After ranking the comprehensive risks and upon internal confirmation, a total of 11 major risks have been identified. These risks encompass policy and legal risks, technology risks, market risks, and physical risks.



Opportunities from Climate Change

In recent years, Delta has constantly integrated its resources to provide energy-saving solutions as well as applying such solutions toward the Delta's production and operations in response to global energy conservation trends. The following business opportunities that target major risks for Delta have been identified:

Develop Clean Energy Source

The development of reliable and sustainable clean energy is one of the world's most crucial tasks. Delta's key developments in terms of clean energy have included photovoltaic systems, wind power systems and more. We also look to discover new business models in this area.

Promote Low-Carbon Transportation

In terms of transportation and logistics, Delta believes there is enormous business opportunity in achieving environmentally-friendly solutions to the issue of high energy consumption of vehicles. Electric vehicles will be the future, and infrastructure such as charging stations will be critical to their success. Delta's pioneering charging technology of its high-efficiency AC/DC electric vehicle charging solution will effectively shorten the charging time and optimize electricity load, ensuring a stable power supply.

Provide Energy-Saving Services and Solutions

Delta's three business categories encompass Power Electronics, Automation, and Infrastructure. We are actively transforming Delta into a provider of green and energy-saving solutions. We continue to utilize our global operational plants as physical demo plants, where we integrate our own proprietary environmentally-friendly and energy-saving products with various green, energy-saving programs. Besides promoting green buildings, Delta also offers building energy management and building automatic solutions that are primed to provide the public with energy conservation services and solutions.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

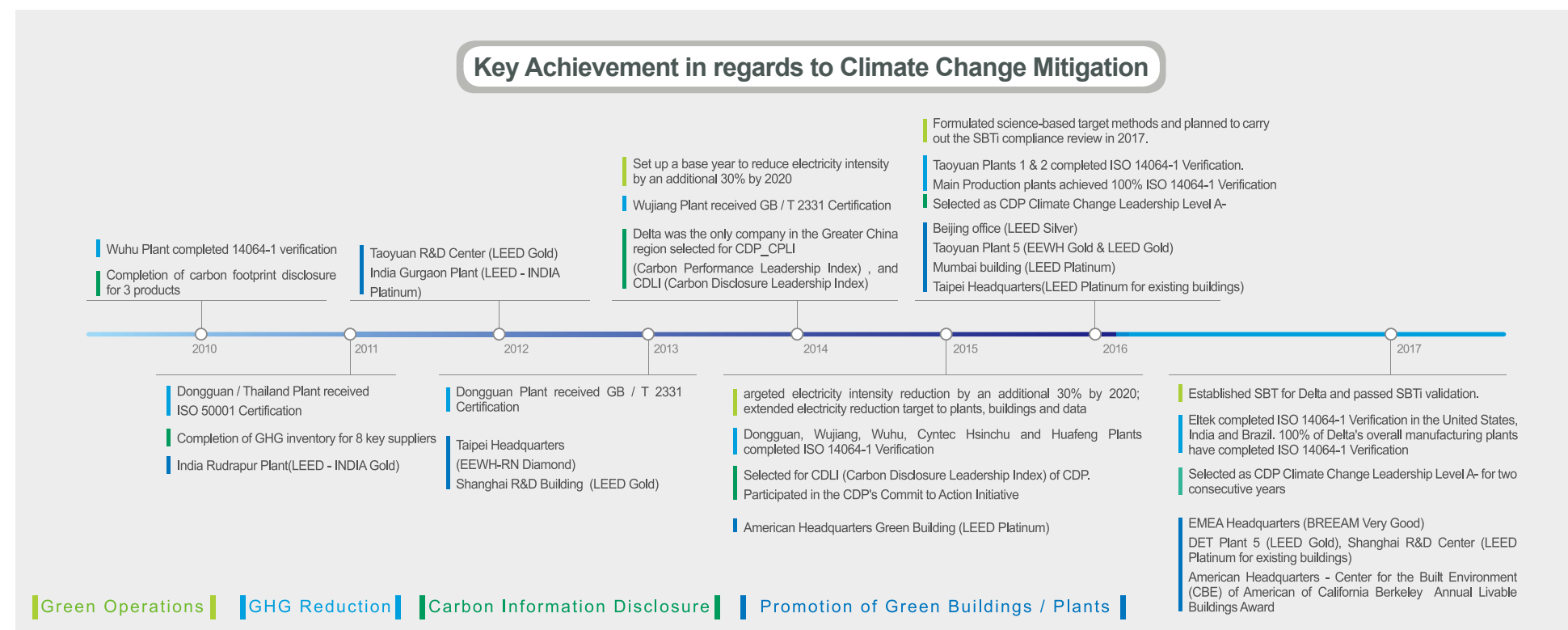
Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.2.2 Mitigation to Climate Change

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



Delta was the first to pass Science Based Targets (SBT)

Delta has taken the lead in establishing science-based targets by proposing to lower our carbon intensity by 56.6% by 2025 using 2014 as the base year, and passed a compliance evaluation from SBTi in December 2017, becoming the first in Taiwan as well as one of the first 100 companies globally to pass this evaluation. Delta has responded to the global temperature increase within 2 °C compared to pre-industrial temperatures.

Corporate Internal Carbon Pricing

Delta has long paid attention to the trends of internal carbon pricing. Though the Delta is not defined as a massive carbon-emitting enterprise by law, we still actively focus and collect information on Chinese carbon transactions and Taiwanese greenhouse gas emissions policies as well as research reports on the global carbon market. To strengthen autonomous management, we have established internal carbon pricing through voluntarily internalizing the carbon emissions from operating activities into economic costs. Internal carbon pricing is updated annually according to legal trends and by referencing case studies from major companies all over the world. Carbon pricing serves as a tool that supports an internal decarbonization strategy as well as risk management.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.2.3 Adaptation to Climate Change

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

Strengthen infrastructure

Engineering techniques were applied in areas vulnerable to extreme weather such as droughts and floods, to help reduce risks. For example, the bases of Delta's Thailand plants are 5-6 meters higher than sea level in consideration of possible floods.

Build business continuity

Contingency plans and mechanisms as well as response teams are established for possible extreme weather events to ensure business continuity and restore operations in a short period of

Apply the green building concept

The concept of a sustainable base in green building design is applied to enhance the tolerance of plants to extreme weather. For example, at Delta's Tainan branch, permeable pavement and a detention pool ensure a 150% water retention rate.

5.2.4 Greenhouse Gas Inventory

Delta has participated in the CDP since 2007, and compiled an emission inventory of direct (Scope 1) GHG emissions from its main production plants and indirect GHG emissions (Scope 2) in accordance with the Greenhouse Gas Protocol (GHG Protocol). One by one, all of Delta's production plants have now achieved ISO 14064-1 GHG Inventory. In 2016, all of Delta's main production plants have achieved ISO 14064-1 GHG Inventory. In 2017, Eltek, Delta's subsidiary, also achieved ISO 14064-1 verification at its USA, Brazil, and India plants. Delta's overall production plants all achieved ISO 14064-1 verification.

Delta's Greenhouse Gas Emissions

Scope 1 and Scope 2

To effectively manage the GHG emissions from Delta's main production plants, we have designated Carbon Intensity (ton-CO₂e/MUSD of production value) as a management indicator. In 2017, we passed the Science Based Targets initiative (SBTi) validation and established a science based target, in which we anticipate to lower carbon intensity by 56.6% in 2025 from that of 2014, the base year for carbon reduction.

The Carbon Intensity from Delta's production plants in 2017 was 52.3 (ton-CO₂e/MUSD of production value).

The carbon intensity of Scope 1 was 3.4, which increased 0.5% compared to the 2014 base year and increased 15.9% compared to 2016. The main reason was that Natural Gas usage increased, along with increased GHG emissions.

The Carbon Intensity of Scope 2 was 49.0, which increased 5.8% compared to the 2014 base year and decreased 4.3% compared to 2016. The main reason was due to reduced electricity intensity at production plants from 2016. According to a GHG emission analysis, scope 2 was the main source of Delta's GHG emission (about 94%), leading to a 3.3 % reduction in Carbon Intensity of Scope 1 and Scope 2 in 2017 compared to 2016.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

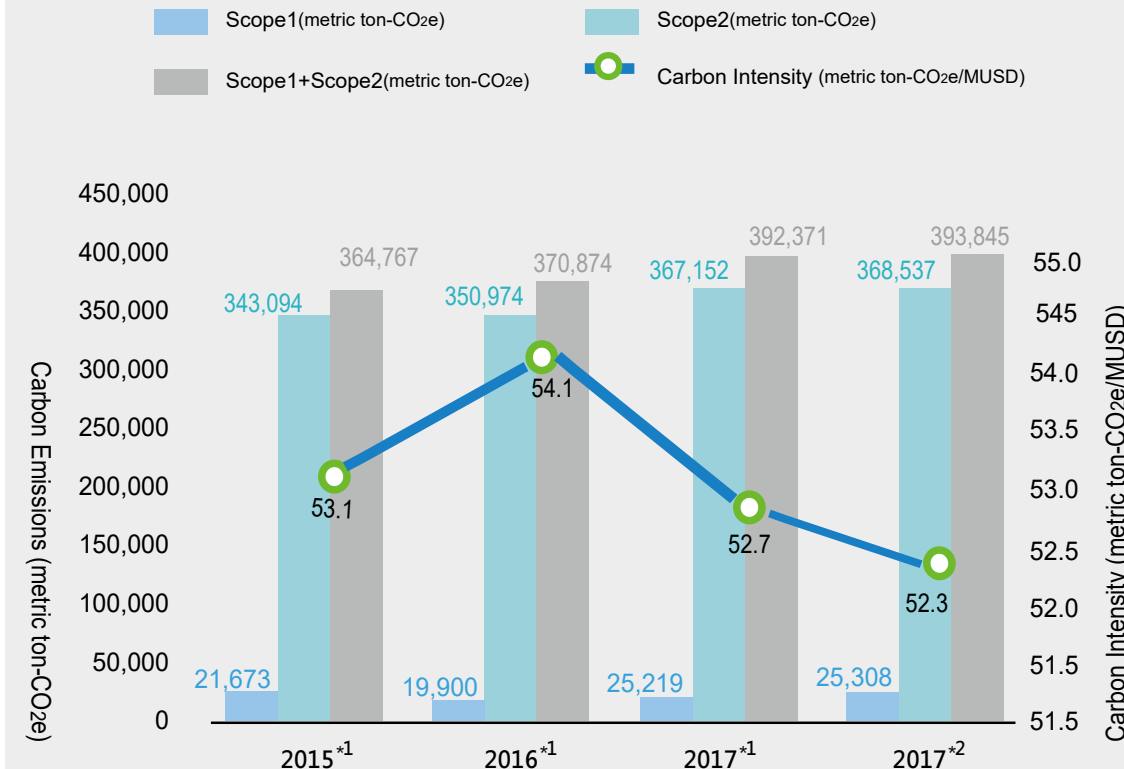
Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

2015-2017 Carbon emissions and intensity



^{*1}. Main plants include Dongguan, Wujiang, Wuhu, Chenzhou, DET plants 1, 5, and 6, Taiwan plants such as Taoyuan plants 1 & 2, Cytotec plants (Hsinchu and Huafeng). ^{*2}. Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek, which Delta acquired in May, 2015.

Future Plans

- Implement carbon reduction management at plants and fulfill Delta's commitment to SBT
- Expand the scope of climate-related financial impact evaluation and seek opportunities for Delta in responding to climate change
- Introduce an internal carbon pricing mechanism step-by-step; assess the influence on operations by assigning costs to carbon emissions from setting carbon prices to launching testing projects

2017 GHG Emissions (Unit : metric ton-CO₂e)

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃
Overall Production plants	376,333	5,408	114	1,182	10,799	9	0

Scope 3

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

Scope 3 GHG Emissions (Unit : metric ton-CO₂e)

Category	2017
Purchased goods and services	9,515
Employee Business Trip	3,710
Waste generated in operation	121
Use of sold products	364,186
Upstream transportation & distribution	5,327
Downstream transportation & distribution	12,216



Material Topics

5.3 Energy Management



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

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

Commitment

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

KPI		2017 Target	2017 Performance	2018 Target	2020 Target
Plant	EI ^{*1} decline rate (%)	6%	1.1%	6%	30%
Building	EUI ^{*2} decline rate (%)	6% compare to 2016	17.6% compare to 2016	6% compare to 2017	30% compare to 2014
Data Center	PUE ^{*3} decline rate (%)	6% compare to 2015	8.1% compare to 2015	6% compare to 2017	30% compare to 2015

*1. Energy Intensity (EI) = annual purchased electricity / production value (MUSD).

*2. Energy Usage Intensity (EUI) = annual electricity consumption(kWh)/space area (m²).

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

Key Initiatives for Alignment with SDGs

- Expand the scope of energy management and implement concrete targets
- Develop products and solutions with high energy efficiency
- Implement and promote green production plants and office building



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Energy Conservation Performance

Plant	Building	Data Center
<p>2017 EI was 66,155 (kWh/MUSD) for Delta's main production plants^{*4}, which showed a 1.1% decrease compared to 2016 and a 11.8% increase compared to 2014.</p> <p>The primary increasing reason below:</p> <ul style="list-style-type: none"> • Increased new production sites and production lines • Extended burn-in time from client demand • Increased power consumption from air conditioners 	<p>2017 EUI was 145 (kWh/m2/yr) for Delta's 13 buildings^{*5}, which showed a 17.6% decrease compared to 2016 and 6.59% decrease compared to 2014.</p> <p>The primary decreasing reason below:</p> <ul style="list-style-type: none"> • Air conditioner system control in laboratories • Recycled electricity from DC Loads 	<p>2017 PUE was 1.36 for Delta's 4 data centers^{*6}, which showed a 1.4% decrease compared to 2016 and 8.1% decrease compared to 2015. The primary decreasing reason below:</p> <ul style="list-style-type: none"> • Reinforced closing off of hot and cold aisles • Adopted Natural Aspiration System to lower energy waste from air conditioners • Adopted modular Uninterrupted Power Supply (UPS) system to enhance the effectiveness of energy transfer

Delta's Energy Utilization

Through the years, Delta's energy sources have been fossil fuels such as natural gas, diesel, petroleum, and liquid petroleum, as well as purchased electricity from main production plants in Taiwan, China and Thailand. Fossil fuels are mainly used to power emergency power generators, lawn mowers, forklift trucks, company vehicles, as well as ovens and stoves in dormitories and cafeterias. In recent years, Delta has significantly changed the ratio of its fossil fuel consumption. This is mostly because purer natural gas has gradually been adopted for stoves and ovens in employees' living quarters. Diesel consumption in Delta's primary production plants in 2017 has been reduced by 27% from 2016, while the percentage of natural gas consumption has increased by 45%.

Since 2014, Delta has ceased to purchase steam. According to a GHG data analysis, purchased electricity was the main source of Delta's GHG emissions (about 94%).

Energy Consumption

Attribute	Category	Item	2015 ^{*4}	2016 ^{*4}	2017 ^{*4}	2017 ^{*7}
Input	Energy	Purchased Electricity (MWh)	441,242	461,909	492,636	495,456
		Natural Gas (GJ)	68,848	79,812	116,225	116,229
		Diesel (GJ)	20,275	18,040	13,112	13,329
		Gasoline (GJ)	10,521	10,785	10,212	11,142
		Liquid Petroleum Gas (GJ)	176,844	190,462	177,603	177,603

^{*4}. Main production plants: Dongguan, Wujiang, Wuhu, Chenzhou plants in China, DET plant 1, 5, and 6, and Taoyuan plant 1 and 2 in Taiwan, Cyntec Hsinchu and Huafeng plants.

^{*5}. 13 Buildings : RueiGuang, Yang Guang, Taoyuan Plant 3, Chungli 1 & 2, Tainan 1 & 2, Dongguan Technology Development, Wujiang Technology Development, Shanghai Technology Development, Japan, USA, and the Netherlands.

^{*6}. 4 Data Centers : Taipei Headquarters, Wujiang ,DET plant 5 and American Headquarters.

^{*7}. Overall production plants include Delta's main plants and the US, Brazil and India production plants of Eltek, which Delta acquired in May, 2015.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Energy Conservation Practices

In 2011, Delta established a cross functional energy management committee, and an Energy-Saving Technology Team was further organized within the Committee. Over the years, the team has implemented various energy conservation and improvement measures for public plants. In 2017, we further established a Production Plant Energy-Saving Technology Team for the sintering furnace, reflow furnace, wave soldering furnace and burn-in production plant. By coordinating firsthand experience with energy conservation from internal and external consultants, the team is able to implement these practices at all primary production plants around the world.

From 2011 to 2017, each primary production plant has continued to implement energy conservation and carbon reduction measures (see table below). The company put 405 energy saving projects into practice in 2017 and estimates that approximately 37 million kWh of electricity were saved and that 28* thousand metric tons CO₂e emissions were reduced in that year alone. Delta implemented a total of 1,582 energy saving projects from 2011-2017 with an estimated 188 million kWh of electricity saved and 152* thousand metric tons of CO₂e emissions reduced accordingly. In 2017, Delta invested nearly 10.6 million USD in energy conservation and environmental protection measures in its plants.

Energy Saving Practices From 2011 to 2017

Air Compressors			
	2016	2017	2011-2017
Cases	32	41	158
Electricity savings (MWh)	1,877	3,742	16,513
Carbon reduction (metric tons CO ₂ e)	1,494	2,991	13,189

Injection Molding Machines			
	2016	2017	2011-2017
Cases	1	0	22
Electricity savings (MWh)	220	0	14,378
Carbon reduction (metric tons CO ₂ e)	178	0	12,481

Lighting Systems			
	2016	2017	2011-2017
Cases	22	27	129
Electricity savings (MWh)	904	683	11,535
Carbon reduction (metric tons CO ₂ e)	660	4,143	13,047

Other			
	2016	2017	2011-2017
Cases	138	64	346
Electricity savings (MWh)	5,458	10,587	45,818
Carbon reduction (metric tons CO ₂ e)	4,928	7,709	38,513

HVAC			
	2016	2017	2011-2017
Cases	50	93	353
Electricity savings (MWh)	3,577	10,278	36,894
Carbon reduction (metric tons CO ₂ e)	2,762	7,669	28,888

Burn-in Recovery Systems			
	2016	2017	2011-2017
Cases	9	17	74
Electricity savings (MWh)	1,516	3,434	34,089
Carbon reduction (metric tons CO ₂ e)	1,238	3,137	27,238

Process Improvements			
	2016	2017	2011-2017
Cases	59	169	444
Electricity savings (MWh)	2,442	8,674	29,586
Carbon reduction (metric tons CO ₂ e)	1,984	6,835	23,520

Total			
	2016	2017	2011-2017
Cases	373	405	1,582
Electricity savings (MWh)	16,111	37,398	188,920
Carbon reduction (metric tons CO ₂ e)	13,313	28,065	152,527

* In 2017, Taiwan's electricity emission factor is 0.529kg CO₂e/kWh, and China's electricity emission factor is by region: in East China: 0.8086kg CO₂e/kWh; Central China: 0.9229kg CO₂e/kWh; and Southern China: 0.8676kg CO₂e/kWh. Thailand's electricity emission factor is 0.5813kg CO₂e/kWh.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Increase applications of renewable energy

Delta continues to adopt renewable energy such as solar PV systems at production plants. Dongguan, Wujiang and Wuhu Plants in China have partaken in the 'Golden Sun Demonstration Engineering' project since 2014, in which solar power systems were established at the plants. In 2016, Taoyuan Plant 2, Cyntec Huateng and Huafeng Plant, and then Chenzhou Plant in 2017, also established solar power systems respectively. The renewable energy systems at our production plants are projected to expand in 2018 to enable wider adoption of renewable energy.

- In 2017, the solar PV systems at the main plants generated **14.3** million kWh
- Compared to installation without PV systems, GHG reduction was **11,270** tons CO₂e.
- Compared to 2016, increased **107%** contribution of green electricity.
- We plan on increasing green power by **18%** in 2018 compared with 2017

Implementation of green plants and building

Since the construction of Delta's first green plant/office building at the Southern Taiwan Science Park in 2006, Delta actively promised all future Delta plants and offices shall utilize green building concepts.

In 2017, Delta established two new green buildings: EMEA (Europe, Middle East and Africa) Headquarters and Thailand Plant 5. In particular, the EMEA Headquarters was renovated into an energy-saving green building from the existing building, winning 'Very Good' Green Building certification from the Building Research Establishment Environmental Assessment Method (BREEAM). At the same time, it received an A-class Building mark from the Netherlands Energy Conservation Building. The EMEA Headquarters has implemented multiple Delta products and solutions, including a building management and control system, building energy management system, solar inverters, energy storage system, energy efficiency adjustment system, and electric vehicle charging. The green building serves as a successful case of applying Delta's

* Delta calculates EUI of each green building in line with the methodologies from the literatures cited on pages 64 and 65. Accordingly, the following are excluded from EUI calculation: lab electricity (Shanghai R&D Center, Delta Taipei Headquarters, Taoyuan R&D Center, Taoyuan Plant 5, Tainan Plant Phase I and Phase II), data center electricity and area (Delta US Headquarters and Delta Taipei Headquarters), production electricity usage (Taoyuan Plant 5), unused area and indoor parking area (for applicable buildings).

technology to renovate existing buildings. In addition, the Shanghai green building, which has already achieved a LEED Gold certification, was further implemented with Delta solutions, and received LEED Platinum certification for renovated existing buildings in 2017.

In addition, Delta's American Headquarters was awarded Honorable Mention at the Livable Buildings Award from the Center for the Built Environment (CBE) from UC Berkeley. Delta's American Headquarters is a certified LEED Platinum green building, and innovative energy-saving technology was implemented to achieve the target of net-zero consumption. In July 2017, besides achieving net-zero energy consumption, the solar power generated from the building had even exceeded its consumption level. As of 2017, Delta had 13 certified green plants and buildings. Delta has autonomously set standards to establish comparison standards based on the EUI (kWh/m²/year) of local building standards*. We calculate energy savings in reference to the ISAE 3000 Assurance standard, and in 2017, Delta's global certified green plants and buildings collectively saved, in total, 13.29 million kWh of electricity and reduced carbon emissions by approximately 8,414 metric tons CO₂e.



EMEA Headquarters received 'Very Good' Green Building certification from the Building Research Establishment Environmental Assessment Method (BREEAM).



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

In 2017, Delta's 13 certified green buildings were assured by ISAE 3000



Inaugurated in 1999

Taipei Headquarters

EEWH-RN Diamond,
LEED Platinum
(Building Renovation)

Energy-saving benefits

- 2017 EUI : 92
<EUI Baseline: 163.1^{*1}
- Historical highest energy-saving rate: 58%
(compared to office buildings)

Inaugurated in 2006

Tainan Plant Phase I

EEWH Diamond

Energy-saving benefits

- 2017 EUI : 139
<EUI Baseline: 163.1^{*1}
- Historical highest energy-saving rate: 38%
(compared to office buildings)

Inaugurated in 2011

Taoyuan R&D Center

LEED Gold,
EEWH Gold

Energy-saving benefits

- 2017 EUI : 123
<EUI Baseline: 163.1^{*1}
- Historical highest energy-saving rate: 53%
(compared to office buildings)

Inaugurated in 2013

Tainan Plant Phase II

EEWH Diamond

Energy-saving benefits

- 2017 EUI:63
<EUI Baseline: 163.1^{*1}
- Historical highest energy-saving rate: 61%
(compared to office buildings)

Inaugurated in 2015

Taoyuan Plant 5

LEED Gold,
EEWH Gold

Energy-saving benefits

- 2017 EUI : 216
EUI Baseline: 169^{*2}
- Historical highest energy-saving rate: 19%
(compared to factory buildings)

^{*1}. <Bureau of Energy, Ministry of Economic Affairs, R.O.C. (Taiwan)> 2016 Energy Audit Annual Report for Non- Productive Industries (Report Date: December 2016), page 24. Office building (parking lot not included) average EUI: 163.1 kWh/m²/year. ^{*2}. <Architecture and Building Research Institute, Ministry of the Interior, R.O.C. (Taiwan)> 2015 Green Building Evaluation Manual-Basic Version (Report Date: June 2014) P. 173- Factory building production space (10-hour administrative office - air conditioned general factory operation area) average EUI: 169 kWh/m²/year (parking lot not included).



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Inaugurated in 2011

Shanghai R&D Building

LEED Gold
LEED Platinum
(Building Renovation)

Energy-saving benefits

- 2017 EUI : 69
<EUI Baseline: 86.2^{*3}
- Historical highest energy saving rate: 36%
(compared to public buildings)

Inaugurated in 2012

Beijing Office Building

LEED Silver

Energy-saving benefits

- 2017 EUI : 42
<EUI Baseline: 124^{*4}
- Historical highest energy saving rate: 73%
(compared to public buildings)

Inaugurated in 2008

India Rudrapur Plant

LEED-India Gold

Energy-saving benefits

- 2017 EUI : 88
<EUI Baseline: 210^{*5}
- Historical highest energy saving rate: 76%
(compared to commercial buildings)

Inaugurated in 2011

India Gurgaon Plant

LEED-India Platinum

Energy-saving benefits

- 2017 EUI : 97
<EUI Baseline: 210^{*5}
- Historical highest energy saving rate: 54%
(compared to commercial buildings)

Inaugurated in 2015

India Mumbai office Building

LEED Platinum

Energy-saving benefits

- 2017 EUI : 50
<EUI Baseline: 210^{*5}
- Historical highest energy saving rate: 76%
(compared to commercial buildings)

Inaugurated in 2015

America Headquarters

LEED Platinum
CBE Annual Livable Buildings Award

Energy-saving benefits

- 2017 EUI : 13
<EUI Baseline: 212.3^{*6}
- Historical highest energy saving rate: 94%
(compared to office buildings)

Inaugurated in 2017

EMEA Headquarters

BREEAM Very Good

Energy-saving benefits

- 2017 EUI : 49
<EUI Baseline: 133.17^{*7}
- Historical highest energy saving rate: 65%
(compared to non-residential buildings)

Inaugurated in 1990

DET Plant 5

LEED Gold

Energy-saving benefits

- 2017 EUI: 657
EUI Baseline: 640^{*8}
- Historical highest energy saving rate: 23%
(compared to pre-renovation plant)

^{*3}. <Shanghai Municipal Commission of Housing, Urban-Rural Development and Measurement>2015 Shanghai Government Office Building and Large Public Building Energy Consumption Monitoring Report (Report Date: March 2016), page 4. Office building average EUI: 86.2 kWh/m²year (parking lot not included). ^{*4}. <The Energy Foundation> Study on Energy Conservation Potential and Promotion Mechanism for Civil Buildings in Beijing (Report Date: June 2013), page 25. Large scale public building (office) (parking lot not included) average EUI: 124 kWh/m²year. ^{*5}. <UN and Indian Bureau of Energy>United Nations Development Programme – Energy Efficiency Improvements in Commercial Buildings (Report Date: April 2011), Page 14. Commercial building average EUI: 210 kWh/m²year (parking lot not included). ^{*6}. <Energy Star> U.S. Energy Use Intensity by Property Type (Report Date: March 2016), page 4. Office building (parking lot not included) median EUI: 148.1kBtu/ft²(212.3 kWh/m²year). ^{*7}. < European Commission >EU Buildings Database (Access date: April 8, 2018)- Netherland 2014 non-residential building average EUI: 133.17kWh/m²year (parking lot not included). ^{*8}. < LEED 2009 for Existing Buildings Operations and Maintenance Rating System> DET Plant 5 Green Building Application- Baseline year 2010-2012 average EUI: 640 kWh/m²year (parking lot not included).

Future Plans

- Continue to implement energy-saving projects to achieve our commitment of reducing the density of total electricity consumption by 30% by 2020
- Continue to fulfill our commitment that all production plants and offices must be green buildin
- Expand photovoltaic systems at production plants to enhance the ratio of reusable energy



Material Topics

5.4 Water Resource Management



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

Strategic Direction

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

Commitment

In response to climate change, a stable water supply has become a global issue. To fulfill our social responsibility and to respond to the global water shortage issue, Delta promises to reduce its overall Water Productivity Indicator (WPI) by 30% before 2020, using 2015 as a base year.

2020 Vision

Reduce WPI by 30% from 2015.

KPI

Compared to 2015 Water Productivity Indicator (WPI) rate of decline (%)

2017
Target*

4%

2017
Performance

4.9%



2018 Target

12%

2020 Target

30%

* After discussion with the management team, Delta autonomously established a reduction target in 2017. The target objective is to decrease by 2% annually before 2018.

Key Initiatives for Alignment with SDGs

- Evaluation of water resource risks and possible impacts
- Established management targets and promoted a water consumption surveillance system
- Promoted water source reduction and reinforced water recycling and reuse



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

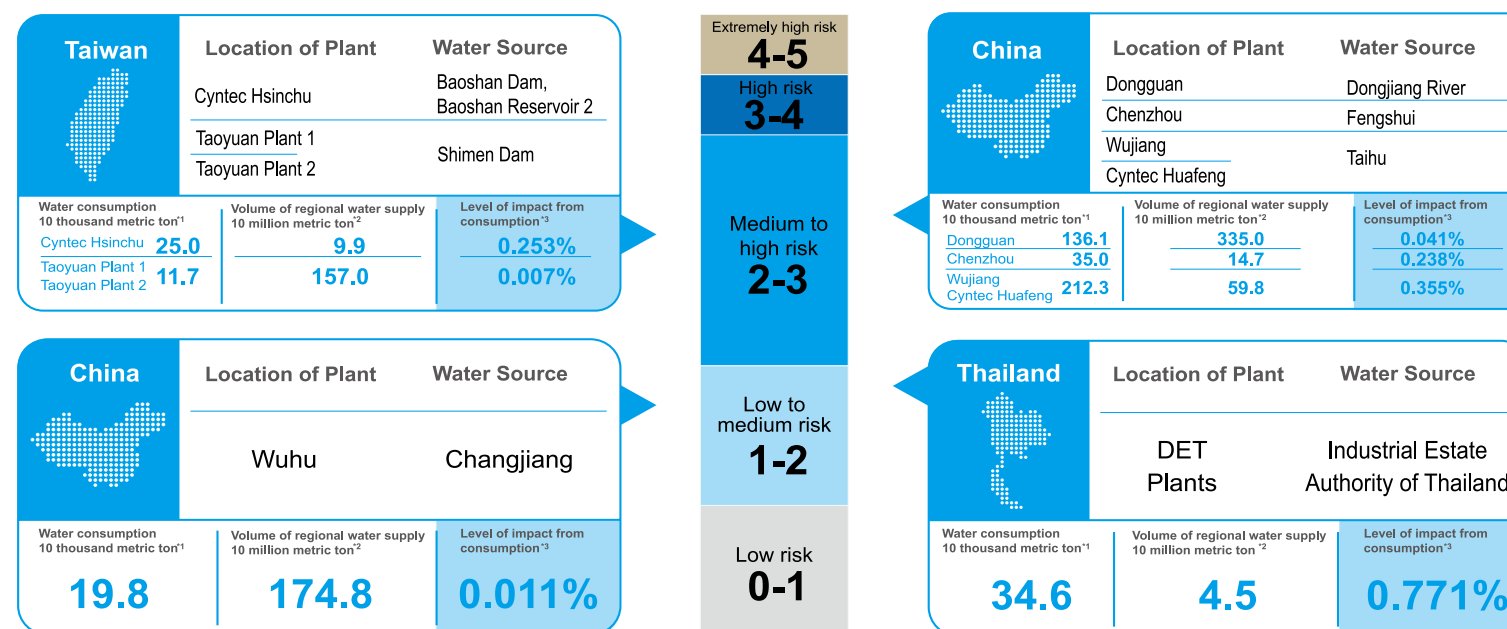
Identification of Water Risk Factors and Response Measures

Legal Compliance	Regulations for Water Conservation Fee (Taiwan)	<ul style="list-style-type: none"> Participate in government and public negotiation/hearings and offer our experience and suggestions Establish water consumption reduction targets, enhance water consumption efficiency and increase the ratio of water recycling Continue to evaluate the feasibility of introducing new wastewater processing technology Qualify for tax exemption to lower financial impact
	Environmental Protection Tax (China)	
Disasters	Shortage of Water Resources	<ul style="list-style-type: none"> Continue to identify water risks by utilizing the water resource risk evaluation tool from the World Resources Institute Increase water recycling and reuse to lower the pressure/need for water consumption Evaluate the feasibility of introducing a reclaimed water system with the government
Occupational and Health Safety	Safe Drinking Water	<ul style="list-style-type: none"> Regularly inspect the quality of drinking water to ensure that it is safe to drink

Water Consumption Analysis at Production Plants

To propose management strategies, Delta utilized the water resource risks evaluation tool developed by the World Resources Institute (WRI) to identify the current risk level of the water supply at Delta's main plants. In addition, we also reviewed and analyzed that the water used by each plant is lower than 1% of the total water supply from each region.

Source of Water and Risk Level at Main Plants



*1. Total water consumption from each plant in 2017 (excluding rainwater). *2. Water supply from the region in 2016. *3. Water consumption from the plant/water supply from the region in 2016.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Healthy Water Resource Management

To effectively mitigate and lower water resource risks and to reduce our environmental impact, Delta established the Cross-Regional Water Conservation and Waste Reduction Management Committee in 2016. The Committee is responsible for setting water conservation target, such as a 30% WPI reduction goal by 2020 in main plants, with a base year of 2015. The Committee is also responsible for proposing relevant water conservation projects. Such measures have included: water level surveillance, adoption of water conservation equipment, opting for water-saving tools, rainwater retention and utilization, normalizing water consumption in processes, and encouraging employees to develop a daily habit of water conservation.

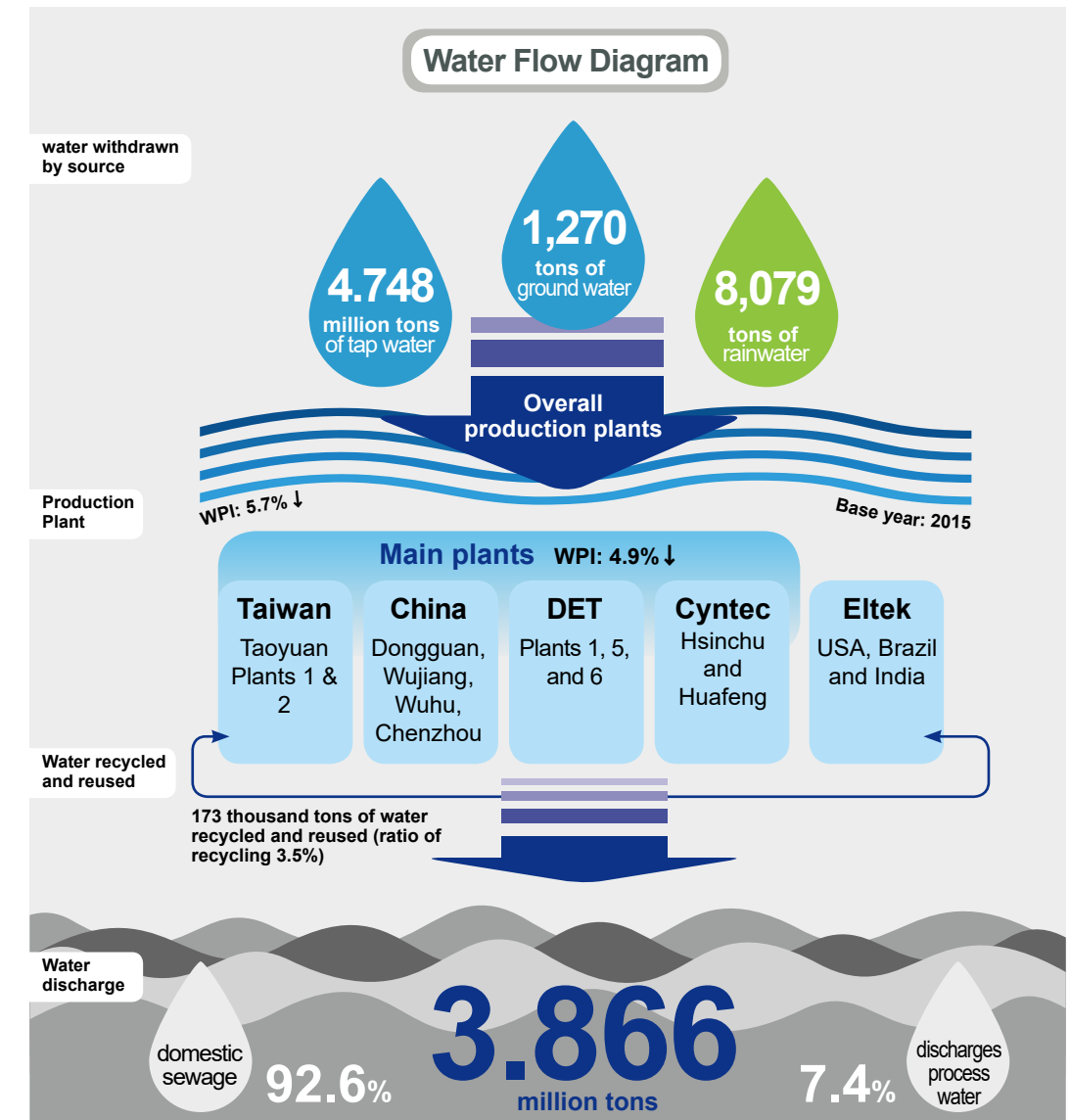
Promotion of Water Resource Conservation and Water Recycling and Reuse

Total volume of water withdrawn from Delta's overall production plants in 2017 was 4,757 thousand metric tons, with water sources coming from mostly tap water and some rainwater and ground water. To actively lower the impact of water consumption at production plants, we continue to introduce emerging water resources (e.g. recycling the cooled water from air conditioners and rainwater retention and utilization) and recycle and reuse water (e.g. discharge from reverse osmosis system and blowdown from cooling towers). Total water recycled in 2017 achieved 173 thousand metric tons and a 3.5% for the water recycling ratio.

Various water conservation projects have been carried out at our main plants over the years. Our calculations have indicated that the WPI (annual water consumption (m³)/ MUSD of production value) decreased to 637.5 in 2017 from 670.1 in 2015, showing a 4.9% decrease from the base year.

Future Plans

- Continue to promote water conservation projects to achieve the promise of 30% reduction in overall WPI by 2020
- Continue to introduce digital water meters to monitor water consumption for various purposes and seek improvements





Material Topics

5.5 Green Product Liability



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

Base on our vision for energy conservation and environmental protection, Delta continues to enhance product energy efficiency and actively develop renewable energy solutions through technical innovations of products. We also emphasize green designs that mitigate environmental impact by introducing the concept of Life Cycle Assessment to facilitate product responsibility and green consumption.

Commitment

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

Key Performance Indicators in 2017

- Accomplished assurance of ISAE 3000 product energy conservation for 8 types of product
- Accomplished product footprint assessment for 3 types of product
- No breach of legal regulations or standards for product/service provision and related usage has occurred in 2017



2018 Target

- Accomplish assurance of ISAE 3000 product energy conservation for 10 products
- No breach of legal regulations or standards for product/service provision and related usage in 2018

Key Initiatives for Alignment with SDGs

- Enhance product energy efficiency
- Provide green innovations in products/services
- Actively develop photovoltaic systems and renewable energy solutions



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.5.1 Green Design

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

Delta has adopted the Simplified LCA (SLCA) to focus on the issues with the most significant environmental impact, such as GHG emissions, and to reduce the amount of data that needs to be gathered regarding product scope, and supply chain information. Additionally, we use available LCA databases as supporting tools to further facilitate the SLCA process and analyze the different stages of the product's life cycle: Raw Materials, Manufacture, Shipment and Usage. By using the SLCA methodology, we can identify process areas for improvement for green design.

Product Carbon Footprint

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

Delta has now completed the carbon footprint inventory and verification of several B2B (Business to Business) products, including notebook adaptors, PV inverters, DC fans, and Pocket Cell mobile power. In 2017, Delta completed the carbon footprint verification of three products, namely, 800W and 1200W switching power supplies and an EV charger. Delta will use the completed investigations and analyses from 2016 to locate carbon reduction opportunities in various stages of the product lifecycle, which will lead to the creation of more low-carbon and green design products.

Strategies for Lowering Environmental Impact of Products

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

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

Ease of Dismantling and Recycling Products

Delta designs its products for easy dismantling and recycling. We actively help B2B customers improve the reuse rate and recycling rate of waste electronics products to conform to the environmental regulations of the target region, such as for 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 Innergie has registered with local EU authorities and has joined Germany's electronic waste recycling system.

Reduction of Carbon Emissions during Materials Transportation

Delta has implemented a low-carbon procurement policy. Local suppliers are given priority when procuring all materials with the exception of critical components. For instance, 81% of the procurement of power supply



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

products was from Chinese suppliers in 2017, which greatly reduces carbon emissions related to transportation processes. In addition, Delta encourages 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 during transportation, but also enables energy conservation and related carbon reduction benefits. 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.

Enhanced Energy Efficiency of Products

The continued improvement in energy efficiency in our products is a concrete expression of Delta's commitment: "To provide innovative, clean and energy-efficient solutions for a better tomorrow". Most of Delta's power management products have achieved as much as 98% energy efficiency, such as our PV inverters with a peak conversion efficiency of 98.8%, DC-DC converters for electric vehicles with 96% efficiency, and telecom power supplies with up world's highest 98% efficiency. Recently, Delta was awarded the Energy Star certification for its Breez ventilation fan products, which only consume 3.8 Watts, which is 367% better than the US Energy Star product performance standards. In addition, Delta has received Energy Star's "Product Brand Owner Award" for two consecutive years since 2016, due to our products' superior energy efficiency and contribution to the reduction of greenhouse gas emissions.

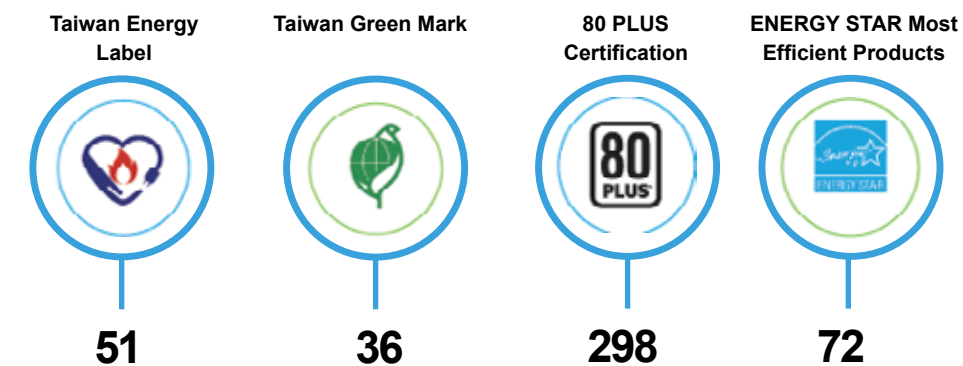
Adoption of Green Packaging Materials

Delta employs green packaging materials for all of our products, using corrugated paper, cardboard, paper, and wooden boxes, all in line with our transportation process needs. Waste materials can be recycled, reused, or used repeatedly. For instance, in 2017, the weight of recyclable materials accounted for approximately 24.9% of the wooden boxes, pallets, and paper boxes used. The amount of recycled paper used accounted for 73.2% of paper packaging. Another example is automation motors, which are packaged in wooden boxes with fixed flaps that can be used repeated.

5.5.2 Eco-labels and Eco-declarations

Type I Eco-labels

Type I Eco-labels conform to the specification standards of organizations or governments, and have been verified by third parties. Trademarks are easily identified by clients and consumers. Delta's Type I Eco-labels include the following:



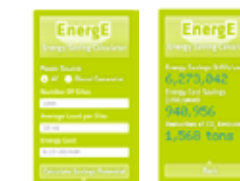
Type II Environmental Declarations

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

In 2010, Delta launched the "EnergyE" program for rectifiers, which offers an energy savings calculator on the product webpage to help customers understand the cost and energy conservation benefits they can achieve using Delta rectifiers under different scenarios based on the type of power source, number of plants, average load per plant and energy cost information.

In addition, we added EnergyE labels to the product itself and catalogs for rectifiers over 95% energy efficient to allow easy identification by customers

**EnergyE
Product Label**





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.5.3 Energy Saving Benefits of Products

Delta continues to enhance product energy efficiency and to develop integrated green energy/energy-saving products and solutions, which help clients conserve more energy and achieve even higher cost-effective performance. Based on the shipment of power supplies, direct-current fans, uninterruptible power supplies, variable-frequency drives, LED lamps, electrical ballasts, PV inverters, and direct-current EV chargers from China, Taiwan, and Thailand between 2010 and 2017, Delta's high efficiency products saved

customers an estimated 24.3 billion kWh of electricity and reduced carbon emissions by 12.96 million tons CO₂e. In 2017, Delta's high efficiency products helped customers save 3.5 billion kWh of electricity, and reduced carbon emissions by 1.88^{*1} million tons of CO₂e. In 2015, Delta firstly verified energy saving calculations of its electrical ballasts products under the assurance of the ISAE 3000 standard, and continually increase the products for assurance yearly.

In 2017, the energy savings of 8 types of products have been assured by ISAE3000

Product Name	Explanation for calculation of energy savings	Energy Savings (kWh/year)
PVI	By comparing the efficiency of Delta PV Inverter (PVI) to the minimum average efficiency 97.5% ^{*2} of the ENERGY STAR Market and Industry Scoping Report, for the shipments of PVI to North America and Europe in 2017, annual energy savings was	4.4 million kWh
EV Charging	By comparing the efficiency of Delta EV DC Charger to the minimum efficiency 90% regulated by CHAdeMo, for the shipments of EV DC Charger in 2017, annual energy savings was	6.5 million kWh
LED Highbay	Assuming that end-users installed Delta LED high bays to replace Metal Halide high bays, and by comparing the efficiency of Delta LED high bays to the minimum efficiency requirements for the procurement of Metal Halide high bays (Distribution: Direct, LER: Closed) issued by the United States Department of Energy, for the shipments of LED high bays in 2017, annual energy savings was	5 million kWh
LED Street Lights	Assuming that end-users installed Delta LED street lights to replace mercury street lights, for the shipments of LED street lights to Taiwan in 2017, annual energy savings was	13 million kWh
Server Power	By comparing the efficiency of Delta Server Power to that of 80 Plus Bronze requirements, for the shipments to 10 major customers in 2017, annual energy savings was	1.23 billion kWh
Ventilating Fans	Power consumption is reduced through the integration of highly efficient DC motor designs. By comparing the efficiency of Delta Ventilating fans to that of USA Energy Star or Taiwan Energy Label requirements, for shipments of products that have been certified by the USA Energy Star or Taiwan Energy Label in 2017, annual energy savings was	30 million kWh
AC-DC Adapter	By comparing the efficiency of Delta AC-DC adapters to that of Code of Conduct External Power Supplies (EC No. 278/2009 stage 2), for shipments of the 4 ^{*3} main AC-DC Adapter models in 2017, annual energy savings was	21 million kWh
Electronic Ballasts	Compared to magnetic ballasts, electronic ballasts can increase lamp efficiency and decrease power consumption because of their high frequency operation. Assuming that end-users replace existing Magnetic Ballasts with Electronic Ballasts, for the shipments of Delta Ballasts for fluorescent lamps to 9 major customers in 2017, annual energy savings for end-users was	132 million kWh

*1. The estimate is based only on energy-saving products in 2017. The estimation method is as follows: (1) Industrial automation (IA) products, TPS and UPS: The calculation is based on efficiency improvement compared to 2016, with the assumption of load and hours of use under normal situations (2) 8 type of products are assured by ISAE 3000.

*2. ENERGY STAR Market and Industry Scoping Report

*3. Main product models and series are ADP-45FE B, ADP-65HB H, ADP-90WH H, and ADP-120MH T.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

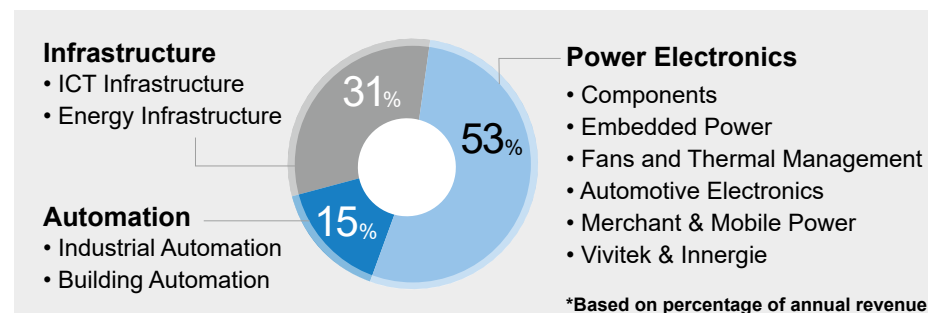
Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.5.4 Green Products/Services Innovation

Delta's management team has a vision of becoming a leader in global industry brands. Therefore, developing brand business and becoming a solution-provider to our customers has now become an important part in Delta's strategic development. To ensure that resource allocations and management efforts are focused on our chosen markets with high development potential, Delta has rolled organizational reform and reorganized its business groups into three business categories in May 2017, namely, "Power Electronics," "Automation," and "Infrastructure."



Delta not only maintains its leadership position in the ODM field, but we are also actively expanding our Delta Smart Manufacturing (DSM) solutions business. With the integration of Delta products with hardware and software technologies, we can work toward achieving a smart, automated production plant, while creating more energy-conserving, comfortable, and convenient total solutions for our customers.

In recent years, Delta has also actively expanded into the total solution field. By integrating our product advantages with hardware and software technology and by acquiring an in-depth knowledge of our customers' needs, we can provide innovative energy-saving solutions that are convenient, and eco-friendly with high performance. Delta provides total solutions to customers around the world. We have delivered 592 successful cases, with significant benefits for our customers in regards to reduced operating costs, while enhancing customers' global competitiveness.

Future Plans

- Continue to enhance product energy efficiency, and facilitate global clients in conserving more energy
- Bring the green circular economy concept to all products, extend product life cycles, and optimize product recycling mechanisms
- Expand the scope of reusable energy and continue to cultivate automated solutions to systematically provide better options for our clients

Delta's Solutions	2012-2017	2015	2016	2017
Datacenter solutions	220	59	44	40
Display and Monitoring solutions	105	20	24	25
EV Charging solutions	19	2	4	2
Industrial Automation (IA) solutions	115	26	29	20
Renewable Energy solutions	39	9	12	3
Building Automatic solutions	24	3	8	7
Telecom Energy solutions	70	16	21	26
Total	592	135	142	123

Success Cases for Smart Buildings and New Energy Transportation

• Building Automation solutions help conserve energy the smart way

LOYTEC, one of Delta's affiliates, has facilitated our European clients in implementing the Delta Building Management and Control System. The system allows users to preset an energy-conserving operating mode in the building's hot/air conditioning infrastructure. For instance, functions include an Optimized On/Off Procedure, Nighttime Cooling, Load Adjustment, and dead band for temperature and humidity levels, helping users achieve a 12% reduction in annual electricity consumption from hot/air conditioners. Users are also expected to recover their investment costs within two years.

• Delta electric vehicle AC/DC charging stations

Delta helped a client install one Delta 50kW DC rapid charging station and 5 AC charging plants at Taipei 101. The 50kW DC rapid charging station can achieve an energy conversion rate of up to 94%, and it is capable of providing up to 80% of the power for a 33kWh electric vehicle within 40 minutes. By relying on our core competency in high-efficiency thermal electronics, Delta continues to provide integrated energy-saving solutions for different markets. Delta's DC rapid charging with high energy efficiency and AC electric vehicle charging solutions have also helped Taipei 101 strengthen its green building and sustainable development efforts.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

5.6 General Issues

5.6.1 Compliance with Environmental Regulations

In 2017, no material environmental law was breached at Delta. The main plants of Delta are all located at industrial parks, or science parks, or local industrial development zones, and we take further actions to minimize the impact on the local ecosystem and environment of our daily operations.

5.6.2 Pollution Prevention Wastewater Management

All wastewater from Delta's Overall production plants is either properly treated by suitable wastewater treatment plants, or directly discharged to local designated wastewater plants. Wastewater discharge from China, Thailand and Eltek is estimated at 80% of tap water consumption, while wastewater discharge from Taoyuan Plant 2, Cyntec Hsinchu and Huafeng Plants is calculated by actual monitoring and inspection of discharge volume. Quality of discharge across all plants is in compliance with current legal regulations, and we regularly test the wastewater quality to ensure that no material impact is posed to the surrounding environment from receiving water. No material leakage or overflow occurred at any production plant in 2017

*1. Processing volume provided by each wastewater treatment plant.

*2. Wastewater discharge volume (value indicated on flow meter at production plant) / largest processing volume of a wastewater treatment plant.

Water Discharge by Quality and Destination

Taiwan

Taoyuan Plant 2

Test Item : Water temperature, Hydrogen ion concentration index, biochemical oxygen demand, chemical oxygen demand, suspended solids, nitrate nitrogen, ammonia nitrogen, boron, copper, cyanide, zinc, fluoride salts

Processed by : Guishan Industrial Park Wastewater Treatment Company

Largest processing volume*1 : 24 thousand metric tons/day

Receiving water : Nankan River

Level of impact from discharge*2 : 1.08%

Cyntec Hsinchu

Test Item : Water temperature, Hydrogen ion concentration index, biochemical oxygen demand, chemical oxygen demand, suspended solids, nitrate nitrogen, ammonia nitrogen, boron, copper, cyanide, zinc, fluoride salts

Processed by : Hsinchu Science Park Wastewater Treatment Company

Largest processing volume*1 : 185 thousand metric tons/day

Receiving water : Keyaxi Rivery

Level of impact from discharge*2 : 0.41%

China

Cyntec Huateng

Test Item : Biochemical oxygen demand, chemical oxygen demand, suspended solids, ammonia nitrogen, total phosphorus, petroleum

Processed by : Yundong Wastewater Processing Company

Largest processing volume*1 : 60 thousand metric tons/day

Receiving water : Wusongjiang River

Level of impact from discharge*2 : 1.32%



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Waste Management

The Cross-Regional Water Conservation and Waste Reduction Management Committee was established at Delta in 2016, and 15% waste indicator by 2020 goal was established for our main plants, with the base year of 2015. The committee will undertake the following measures to achieve a sustainable utilization of resources and ensure that waste is handled properly: source reduction, green production, circular economy, and partnership with supply chain.

Statistically, the total weight of waste at overall production plants was 44,578.00 metric tons in 2017, of which, non-hazardous waste accounted for 40,760.32 metric tons and hazardous waste was 3,817.68 metric tons. The ratio of recycling

processing from overall production plants and subsidiaries in 2017 was 71.8%. All waste from Delta are handled by qualified contractors. We also randomly inspect their procedures to ensure that these vendors are in compliance with regulations. No material breach in contract occurred from such contractors in 2017.

Over the years, we continue to implement various waste reduction projects at our main plants. Statistically, the WI (annual waste generation (ton) /MUSD of production value) increased from 5.61 in 2015 to 5.96 in 2017, indicating a 6.4% increase from the base year. This is mostly due to increases in the number of our employees and productivity, changes in the types of products being produced and rearrangement of office setup

Strategic Direction

- Avoid and reduce waste in production processes and products.
- Increase usage the use of products made from recycled materials.
- Reduce our ecological footprint to create comparative economic advantage.

2020 Target*

Reduce waste indicator (WI) by 15% before 2020, using 2015 as a base year.

Waste by Type and Disposal Method

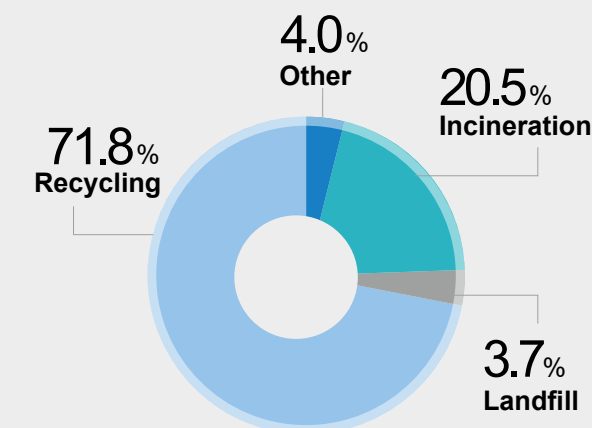
Hazardous Waste (Unit : metric ton)

Disposal method	Weight of waste
Incineration	1,714.39
Landfil	1.85
Others	
Solidificatio	0.00
Chemical	1,775.21
Recycling	
Reuse/recycling	251.43
Physical	74.81
Subtotal	3,817.68

Non-hazardous Waste (Unit : metric ton)

Disposal method	Weight of waste
Incineration	7,445.40
Landfil	1,626.86
Others	
Solidificatio	0.04
Chemical	0.00
Recycling	
Reuse/recycling	31,688.02
Physical	0.00
Subtotal	40,760.30

Ratio of Waste Disposal by Type



* After discussion with the management team, Delta autonomously established a reduction target in 2017. The target objective is to decrease by 1% annually before 2018.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Air Pollutants Management

Equipment assembly is the major processing mode at Delta's main plants and there are no stationary sources for which application, regular monitoring and reporting of emissions can be designated and announced. We continue to monitor gas emitted by the plants to ensure that it causes the lowest environmental damage to the surrounding air. Air pollutants generated by main plants include Volatile Organic Compounds (VOCs), Nitrogen Oxides (NOx) and Sulfur Oxides (SOx).

Statistically, the total amount of volatile organic compounds emissions was 44.7 metric tons in 2017. The volatile organic compounds mainly came from escaped asphalt (filled in electronic ballast) during the heating process, and volatile organic solvents (such as fluxes and Propyl alcohol) and others. Nitrogen oxides and sulfur oxides came from testing or the emergency use of generators at plants, or from hot water furnaces in dormitories and kitchens, and both were in minute quantities.

5.6.3 Environmental Profit and Loss

The relationship between environmental capital and natural ecology is intricately connected to life on this planet, and it poses crucial benefits to our civilization and human welfare. Nevertheless, people's over-exploitation and massive depletion of resources have caused an imbalance in the environmental ecosystem. Though most people believe that the resources from the ecosystem are free and boundless, this is far from the truth. Delta understands the importance of environmental capital, and believes that it is the foundation behind the products and services that are provided by Delta. We are deeply aware of the value of environmental capital.

In 2017, Delta collaborated with external parties to undertake an Environmental Profit and Loss (EP&L) assessment of our main plants in reference to the Natural Capital Protocol (NCP). This will help to inject external environmental capital into Delta while we make decisions regarding green operating management. Impact pathway was adopted to analyze and to further monetize the environmental impact of Delta's production activities. An impact value assessment was made for Delta's four main types of environmental capital, which are: greenhouse gases, air pollution, water withdrawn, and waste.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

6 Employee Relations and Social Participation

6.1 Key Performance Indicators

6.2 Talent Attraction and Retention

6.3 Employment Relations and Labor Rights

6.4 Talent Management and Learning Development

6.5 Social Participation

6.6 General Issues



6.1 Key Performance Indicators

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

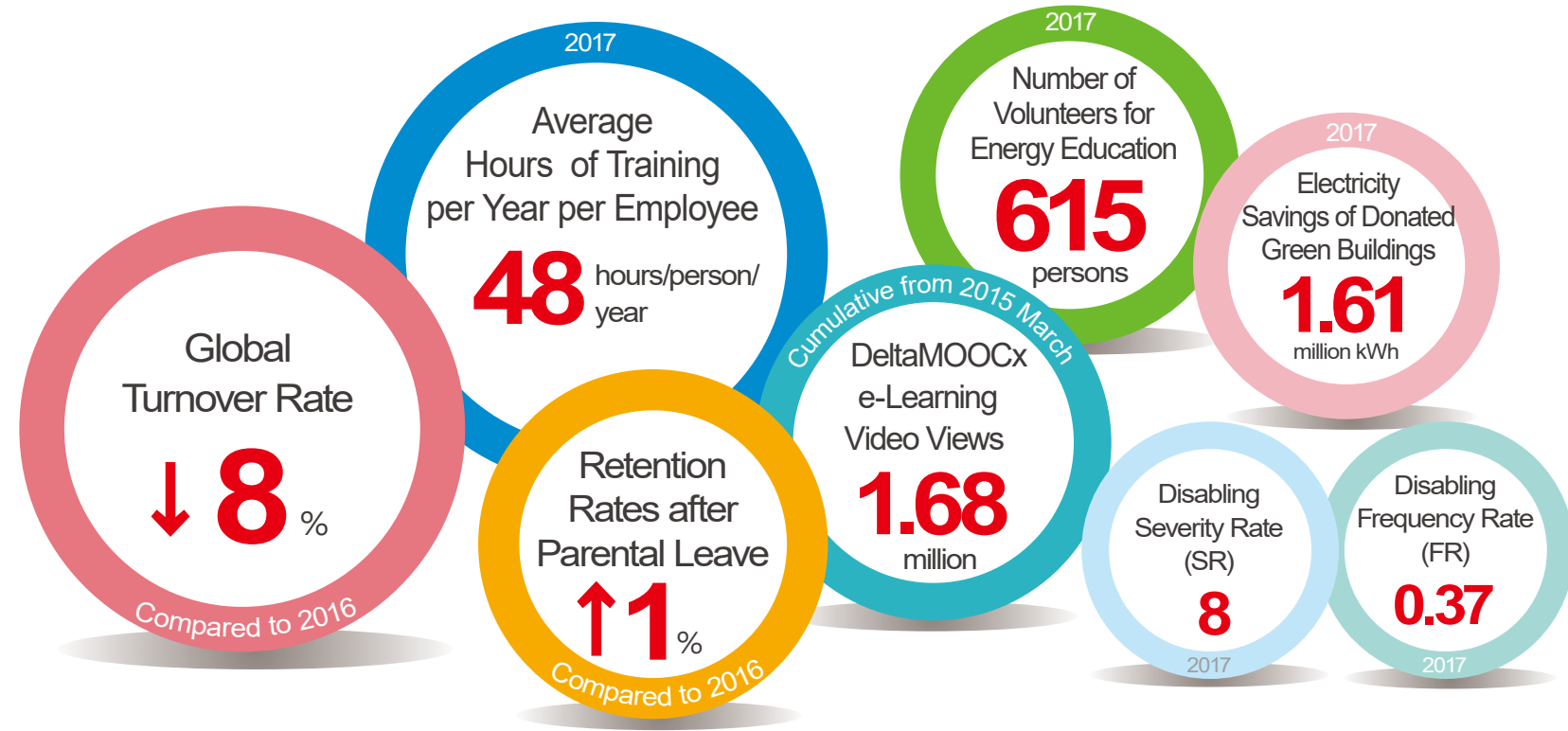
Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix



Delta Main Endeavors

- Bilateral career development to realize employees' potential

- Integrated e-learning and face-to-face learning programs for diversified development of employee professional skills

- Long-term strategic motivational development of employees, and employee care measures to encourage talent retention

- Multi-dimensional promotion of green buildings, enhancing science and energy education

- Developed DeltaMOOCx online learning platform, a platform centered on technical and vocational education

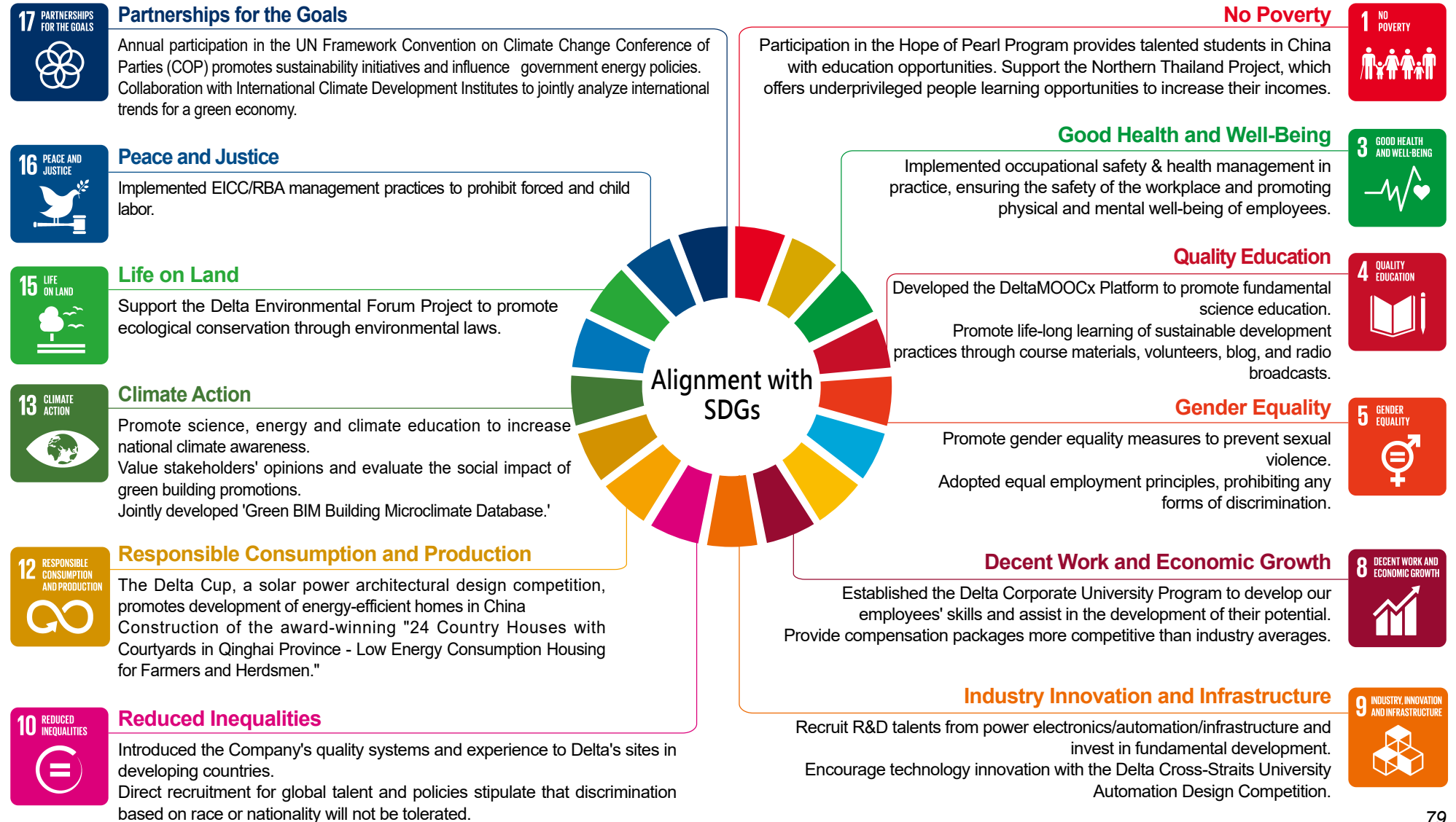
SR = total days lost to disabling injuries x 1,000,000/total work hours
FR = disabling injuries x 1,000,000/total work hours



Aligning with UN Sustainable Development Goals



SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Material Topics

6.2 Talent Attraction and Retention



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

- Delta provides competitive compensation higher than the industry averages, and encourages employee retention through providing a variety of communication channels, a caring workplace, and a friendly environment.
- Key topics: employee diversity, recruitment and retention.

Commitment

Become a leading employer brand that enhances employees' experience and attracts outstanding talent.

2020 Vision

Increase our ability to attract job-seekers by building diversified recruitment channels and by enhancing the effectiveness of the recruitment process through technology.

KPI

Global Turnover Rate (%)

2017
Target

37.5%

2017
Performance

20%



2018
Target

35%

2020*
Target

35%

Key Initiatives for Alignment with SDGs

- Bridge the gaps between theoretical learning and hands-on applications by encouraging students to get an early start in workforce participation via internship programs and collaboration with academia
- Protect equal employment opportunities by launching diversified recruitment channels throughout the world
- Encourage talent retention by reinforcing long-term incentive measures

* The Company's talent cultivation/retention mechanism has significant benefits for lowering employee turnover. However, since the Company is currently moving towards more automation, we will continue to retain our turnover target for year 2020 that was established in 2016 based on industry averages.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

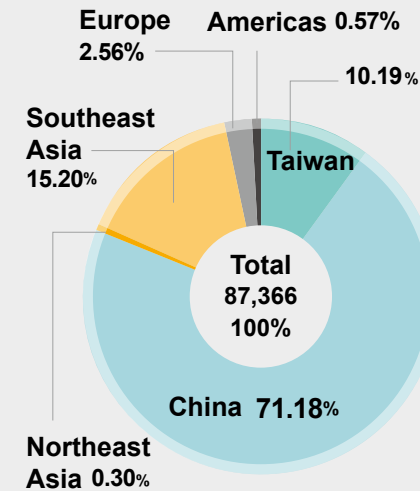
Global Employee Composition

As of year-end 2017, Delta Group has 87,366 employees worldwide, including 4,494 employees in management positions, 21,157 indirect non-management employees, and 61,715 direct labors. Due to factors including the nature of the technology industry and the employment market, most of Delta's management level and technical personnel are males. Nevertheless, the male to female ratio in our overall global operations are relatively balanced. Males account for 55% of all employees, and females 45%. To balance the gender proportion of our employees, we also strategically focus on hiring and ensuring job protection for female workers at specific manufacturing plants

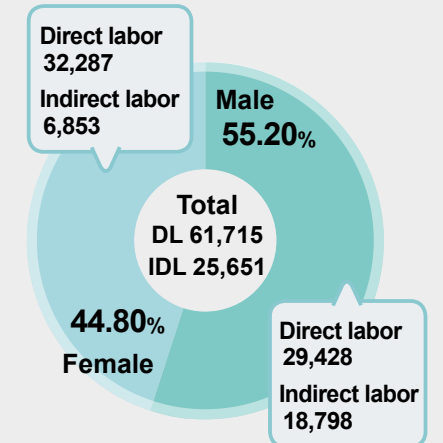
In terms of age structure, the dominant group is under 30 years old at 51% of all employees, while 30-50 year olds account for 46%, and employees over the age of 50 account for 3%. Our young human capital structure brings enthusiasm and passion for the Company, as well as innovation that brings competitive advantages including product diversification and service differentiation. Delta attracts like-minded partners through a cultural vision that includes 'innovation,' 'quality,' 'agility,' 'teamwork,' and 'customer satisfaction.' We also aspire to create quality career development for the younger generation.

Over 80% of the Company's employees are based in our global production manufacturing plants, including our China and Thailand facilities. Taiwan is the headquarters of operations and coordinates global strategic development, back-end operations, product R&D, and marketing and sales, and accounts for approximately 10% of all employees. Overseas branches are located in regions and countries including North America, Europe, Japan, China, Thailand, India and Singapore. Delta is known for high levels of globalization and diversity, and we can see employees from diverse cultural backgrounds at each of our operational regions.

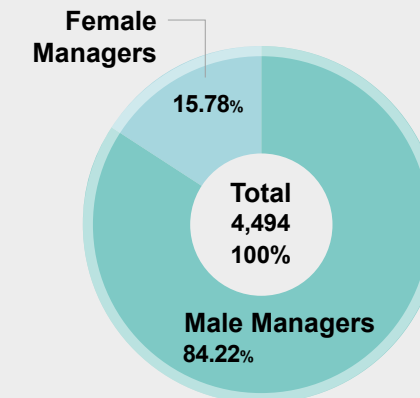
Employee Distribution in Each Region



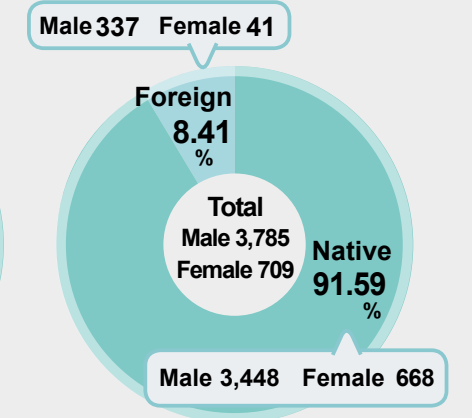
Number and Ratio of Direct and Indirect Labors by Gender



Management Positions by Gender



Number of Native and Foreign Management Position by Gender





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Number of New Hires and Employee Turnover by Region

Region	Average Number of Employees	New Hires		Employee Turnover		
		Headcount	Rate	Headcount	Rate	
Admin/ R&D Centers	Taiwan	8,575	1,810	21%	734	9%
	N.E. Asia	254	50	20%	10	4%
	Europe	2,699	308	11%	152	6%
	Americas	784	100	13%	180	23%
	Subtotal	12,312	2,268	18%	1,076	9%
Major Plant Sites	China	59,962	21,356	36%	15,139	25%
	S.E. Asia	12,100	1,256	10%	587	5%
	Subtotal	72,062	22,612	31%	15,726	22%
Total		84,374	24,880	29%	16,802	20%

Number of New Hires and Employee Turnover by Gender

Gender	New Hires		Employee Turnover	
	Headcount	Rate	Headcount	Rate
Male	15,218	33%	9,746	21%
Female	9,662	26%	7,056	19%
Total	24,880	29%	16,802	20%

Number of New Hires and Employee Turnover by Age

Age	New Hires		Employee Turnover	
	Headcount	Rate	Headcount	Rate
<30	17,984	41%	10,312	24%
30-50	6,796	18%	6,298	16%
>50	100	4%	192	8%
Total	24,880	29%	16,802	20%

*1. Average number of employees: (number of employees at the beginning of the period + number of employees at the end of the period)/2. *2. The calculations of global new recruits and turnover does not include 'non-voluntary'—employees leaving because of retirement, dismissal by law, rescindment of contract, or closure of internship, or those who have not stayed with the Company for more than 3 months since they first joined. *3. Delta is constantly focused on relevant standards and principles. We have already incorporated the Responsible Business Alliance Code of Conduct, the Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles, and the OECD Guidelines for Multinational Enterprises into our policies.

Diverse Talent, Equal Recruitment Opportunities

Delta has established a 'Delta Group Employee Policy' to comply with international labor and human rights standards^{*3} and to encourage diversity and promote equality. In our 'employment freedom' policy, we strictly prohibit forced and/or child labor and require all work to be voluntary. Under reasonable and timely notice, workers are given the right to leave their position at their own discretion. Delta strives to create a work environment where employees can feel at ease. No material termination incident occurred in 2017 at any of Delta's manufacturing plants due to operational abolition/dissolution. The scale of our operations has expanded to a historical high from global expansion and M&A strategies, and the number of our employees has increased by 5,985 compared to 2016 YoY.

Besides actively hiring talent with the same set of values and professional expertise, Delta also focuses on recruiting socially disadvantaged groups. As of year-end 2017, Delta has hired 585 employees from minority groups (e.g. Taiwanese aborigines and ethnic minorities in China), and Delta Taiwan has hired 72 physically or mentally challenged individuals - 21 of whom have severe disabilities. Besides receiving economic security after joining Delta, the disadvantaged individuals also receive group support during work so that they are not isolated from society.

When hiring, the Company does not discriminate against race, religion, skin color, nationality, age, gender, sexuality, disability, or other lawfully protected conditions. For instance, transgender employees are highly respected at our Thai facility, and we do not subject any employee to unfair treatment at work based on individual differences. We never collect any fees from employees during the recruitment process at any of our major production facilities. Formal employees can also enjoy benefits including free dormitories and social insurance paid by the Company.

Structure of Global New Hires and Employee Turnover Rate

Compared with the technology industry averages, Delta provides an excellent work environment that includes competitive compensation, a learning environment



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

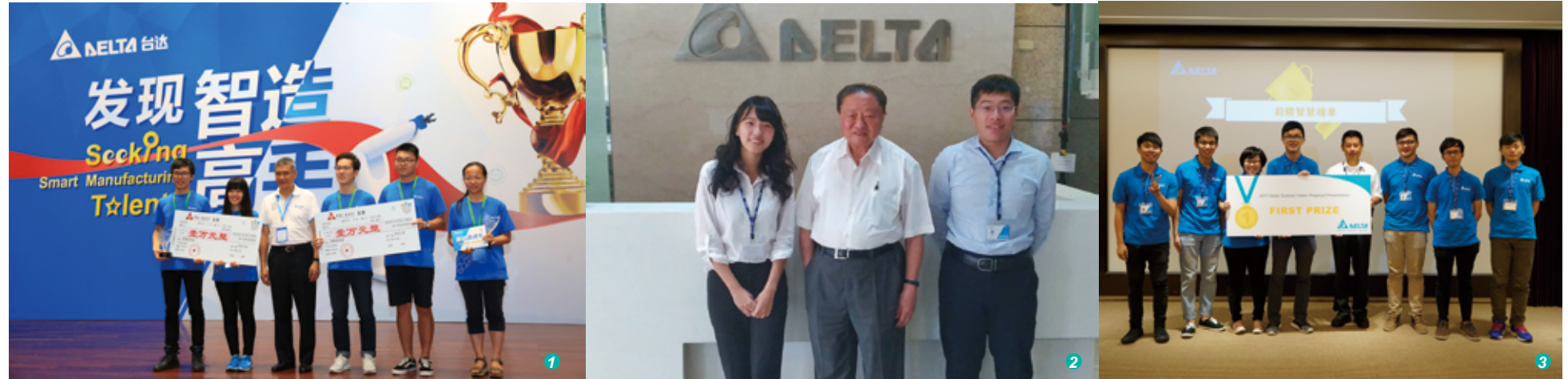
Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



① Chairman Yancey Hai (third from left) presented the award for the Winning Team of the Delta Cross-Straits University Automation Design Competition. ② 2017 NCKU Masterclass Interns & Founder Mr. Bruce Cheng. ③ CEO Mr. Ping Cheng (fifth from the left) attending the Summer Internship Closing Ceremony and presenting an award to the winning team of the intern contest.

with advancement opportunities, and safe work conditions, so that our employees can feel at ease at Delta. The Company continues to seek enhancements and transitions in its business model. We emphasize that our talent is the foundation of our competitiveness and we regularly conduct employee engagement surveys. The survey questions are designed to target four aspects: employee engagement, employer branding, leadership effectiveness, and performance culture, so that we can truly understand the work experiences of our employees, establish reinforcement plans at each level of the organization, and monitor the progress of improvement. This increases employees' willingness to remain at the Company, to recommend the Company to others, and to build closer ties with Delta.

Student Internships and Industry-University Cooperation

With continuous IT advancement, a variety of recruitment channels have developed. Our talent needs continue to grow as our strategic organizational transition has led us to focus on the R&D and design of power electronics, automation, and infrastructure. To meet these needs, Delta has proactively expanded our methods to increase recruitment efficiency in response to global competition and challenges.

We have operated an internship program for many years at Delta, mostly for our R&D department in Taipei. Interns have been widely accepted at various Delta businesses since 2016. In Taiwan, internships have expanded from a dozen positions a year to 75 per year. Worldwide, as many as 170 students have participated in our program. Besides encouraging high-performing students to join Delta as interns through regular daily recruitment ads, we also took the initiative in 2017 to coordinate with college resources and invite professors to recommend student candidates. We encourage students to experience the workplace through actual assignments and participate in projects where they can put what they learn into practice. Our 2017 internship activities have received positive feedback with an average satisfaction rate of 4.63 points out of 5. In addition, we have received 4.35 points out of 5 for interns' willingness to join Delta upon graduation. By utilizing internship opportunities to bridge the gap between theory and practice, we can help fresh graduates lower their uncertainty about the job market and strengthen their competitiveness. Delta has hosted over 15 rounds of industry-university cooperative events, which were cumulatively attended by over 1,500 students in 2017.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Direct Recruitment of Global Talent

Taiwan is Delta's base for R&D and we attract talent from all over the world to join our team. In recent years, there has been a significant increase in the demand for both firmware and software talent. Our Talent Development team visited the India Institution of Technology (IIT) for two consecutive years to recruit talent for the software, firmware, and electronics-related fields. We are also partnering with the Ministry of Economic Affairs to recruit talent from Japan and India, and gaining a head-start on reaching out to overseas talent pools. To ensure access to a stable and solid talent pool, Delta participated in the 'Northern Stream of Nanyang Talents - Taipei City ICT Southern Diamond Talent Convergence Plan' in 2017, which facilitated the introduction of talent from Malaysia and India to Taiwan. Starting from internships, we present overseas talent with product knowledge relevant to Delta, and arrange for them to serve in diverse regions based on our global needs.

Communications with the Younger Generation

To better communicate with the younger generation, Delta began to employ social media as a communications channel for recruiting talent in 2017. For example, Delta's Facebook fan page, "Delta Career," introduces the work environment at Delta, which allows readers to see the daily lives of Delta employees. As of 2017, our fan page has been Liked 1,662 times, browsed 1,059 times on average, and has posts that reached 553 people. We have also accumulated 27,126 fans on LinkedIn, which is viewed on average 5,276 times each month. The two communities have become important channels of communication and messaging before our school events commenced.

Industry-University Cooperation, Cultivating Technology in Practice

Delta has technology partnerships with most universities and research institutions. In 2011, Delta commenced a joint R&D program with National Cheng Kung University (NCKU) and jointly established the Automation Lab with National Taipei University of Technology. In 2016 Delta collaborated with National Yunlin University of Science and Technology to form a Mechatronics Integration Lab. Besides accumulating technical know-how, Delta's emphasis is also on how to better connect with potential talent at universities. We can assess the technical competency and attitude of students

through actual technical discussions and project implementations. We also convey the technology standards and spirit of teamwork at Delta, helping students understand the actual workings of the industry and minimizing the gap between theory and practice. Delta is planning to set up a joint R&D Center with NCKU, National Central University and National Tsing Hua University in 2018. We hope to support universities in encouraging more high-performing students and enhancing the competitiveness of the future workforce by introducing our technical capability.

Masterclass - Starting from the Roots

Delta has co-hosted 'Masterclass' activities with National Cheng Kung University for seven consecutive years. Each year, two students are selected as summer interns at Delta through an internal school competition. Delta's Founder Mr. Bruce Cheng serves as the students' mentor to lead by example. In-depth visits and activities are arranged during the internship so that students can understand the diverse aspects a business must consider in its operations, and understand the skills they need to acquire. Students can learn about Delta's core values and corporate mission through communications with the Founder. We aspire to convey Delta's strategic planning and vision through the internships, so students will become inspired to forge their own career paths and acquire more options for their futures.



Material Topics

6.3 Employment Relations and Labor Rights



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

- Training and advocating the Code of Conduct for employees, and reviewing and making improvements via internal and external audit.
- Key topics: employment relations, labor rights, employee's physical and mental health, caring for female workers.

Commitment

Improve the employee experience by establishing a healthy and happy friendly work environment and providing more balance between work and life.

2020 Vision

Lower labor dispute incidents, properly manage and document employee feedback and work toward providing faster and more satisfactory responses.

KPI

Retention Rates after Parental Leave (%)

2017
Target

82.5%

2017^{*1}
Performance

87%



2018^{*2}
Target

85%

2020
Target

87.5%

Key Initiatives for Alignment with SDGs

- Promote a healthy workplace, enhancing employee work/life balance
- Promote marriage and child care and family care for employees

^{*1}. Delta provides affordable, good quality child care services to enhance the employee retention rate after childbirth by building a comprehensive working mother health protection plan and employee care package, as well as by building a friendly child care environment. ^{*2}. Childbirth depends on individual conditions and may vary from year to year. We continue to work toward our 2020 objective while maintaining our current 2018 objective with high standards and more flexibility, and to regularly assess the feasibility of making our targets more rigorous.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Employee Communications and Human Right

Delta is dedicated to the long-term friendly management of labor relations and human rights in all regions across the world. Employee representatives regularly communicate with employers to discuss benefits planning and various employee rights in Taiwan, China, and Thailand. Global coverage of our labor-management meetings is approximately 96% at all our operations, while 86% of our employees are covered by independent trade unions or collective bargaining agreements. Besides serving as a channel for communications for employee representatives, the labor-management meetings also documents relevant discussion topics and monitors their development. For instance, we hosted 18 sessions of the labor-management meetings for our Taiwan manufacturing plants in 2017. Our Employee Welfare Committee for all manufacturing plants and operations also held three meetings. Resolutions have been achieved for all employee benefit proposals. The employee representatives also expressed employees' opinions and views for management and for benefit programs, and have come to a consensus with the Company. Besides clear communications channels and a division of labor, the Company also documents and regulates employee complaints and their sources for smooth, diversified channels of communications. For instance, our internal channels dealt with all 306 complaints/reports in 2017. This included 287 benefit proposals, 4 cases of employment relations negotiations, 8 human rights/sexual

harassment complaints reports, and 7 direct complaints reports. Delta strives to provide transparent and bilateral communications channels for management and employees and to create a work environment with high levels of participation.

Delta notifies employees impacted by changes before the material changes are made to the Company's operations, in accordance with local legal regulations in each country or collective contracts signed with unions. Besides giving advanced notice, the Company also assists employees with relevant support measures such as helping employees transfer to other departments, referring to external work opportunities, or providing information for recruiters or recruitment agencies, and/or providing employees with relevant conditions to assist in application for government aid.

Delta has achieved 100% coverage for human rights assessments at all Delta factory operations in China and in Thailand (excluding business operations). Assessment is undertaken in reference to EICC/RBA principles, and covers issues such as freedom to choose an occupation, child labor, working hours, wages and benefits, ethical treatment, non-discrimination, freedom of association, employee communications, and protection for those reporting complaints. We continue to make improvements based on reviews of corrective measures.



Employee Welfare Committee for all Taiwan manufacturing plants presents an award for outstanding Employee Welfare



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Delta Networks, Inc., an affiliated company of Delta, was penalized by the competent authority in 2017 as the competent authority had deemed its overtime reporting system did not meet legal standards. No other labor review or audit deficiencies were found. Explanation for the breach and incident

Taoyuan manufacturing plant

Date of Audit:
May 24, 2017
Department:
Office of Labor
Inspection, Taoyuan

Scope of Breach:
The duration of overtime
exceeded the legal
requirement (Paragraph 2 of Article
32 in the Labor Standards Act)

Company's Corrective Measure
Rectified the overtime reporting system (completed). Employees need to first apply for overtime, and overtime payment is paid out upon approval by the supervisor. The system has a ceiling of 46 hours and issues an alert in case of any abnormalities.

Employee Code of Conduct

Delta has defined a clear Code of Conduct to create better performance and provide better, more comprehensive products while abiding by the law and moral principles to maintain its company assets, rights, and brand while working toward sustainable development. The Code is intended for all directors, managers, and employees. Delta's Taiwan operations have produced e-Learning courses on the 'Employee Code of Conduct' and 'Sexual Harassment Prevention' to disseminate relevant information. The online courses are mandatory for all new hires, and we also encourage employees to watch the course through incentive-based competitions. The lively and fun content and the competitions have led to 793 views of the courses and a positive reception in 2017.

Caring for Female Employees and Parental Leave

Delta provides maternal care packages more comprehensive than legal requirements for female employees. For instance, the 'Mother Health Protection' plan aims to provide health consultation relevant to childbirth for female employees that are over 3-months pregnant and nursing mothers with children less than one year old. Doctors undertake risk evaluation and health checkups for mothers and provide safety and healthcare measures. A total of 252 individuals have enjoyed this benefit in Taiwan from 2015 to year-end in 2017. In terms of hardware facilities, pregnant employees can enjoy designated parking spots and Mothers Healthcare Centers are established at all major Delta facilities throughout the world. The centers can alleviate mental and physical stress from childbirth by sharing healthcare knowledge before and after childbirth. Delta has also arranged a designated production line that takes mental and physical competency during pregnancy into consideration for pregnant front-line workers in Thailand. Pregnant workers also enjoy a more comfortable space and easier access than regular workers.

Chapters of the Delta Code of Conduct

1. Dealings with Partners and Third Parties
2. Conflicts of Interest
3. Use of Company Resources
4. Protection and Use of Trade Secrets and Confidential Information
5. Compliance with Environmental Protection Rules
6. Business Operation with Integrity
7. Training, Propagating, Discipline and Complaint Channels

Number of Individuals Receiving Subsidies and Total Subsidies in Taiwan in 2017

Childbirth Subsidy

Number of Individuals	Amount of Subsidy
265	USD17,407

Wedding Subsidy

Number of Individuals	Amount of Subsidy
144	USD14,188

Funeral Subsidy

Number of Individuals	Amount of Subsidy
333	USD40,463

Emergency Aid

Number of Individuals	Amount of Subsidy
17	USD557



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

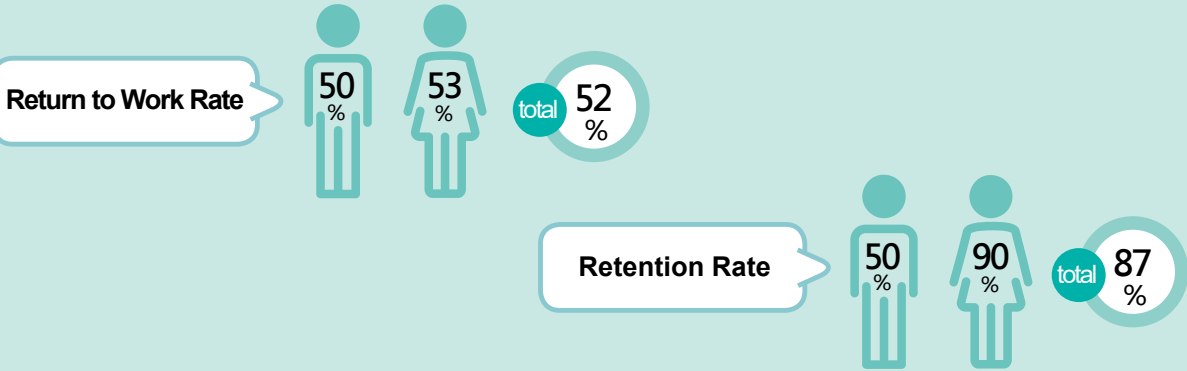
Appendix

Return from Parental Leave

Delta employees enjoy more paid casual and sick leave than industry averages and legal requirements, so that they are in a better position to take care of their families while contributing their expertise at work. For instance, when family members require vaccinations, suffer from severe illnesses, or other material incidents that require personal attention, employees can apply for our fully-paid 'Family Care Leave' to make necessary arrangements. When employees can't cope with work because of newborn family members, they can utilize parental leave to care for their infants for up to two years. Afterwards, the Company will actively contact the principal and plan for his/her return to allow for better work transition so that parents of newborns can have successful transitions between family life and the workplace. In 2017, 87% of all employees who took parental leave and returned to work have stayed with the Company for more than one year, and those who have returned have properly adapted to their work.

Statistical Data on Parental Leave in Taiwan in 2017

Statistics for Parental Leave	Male	Female	Total
Number of employees qualified for parental leave in 201	376	809	1185
Number of employees applying for parental leave in 2017	10	41	51
Number of employees expected to apply for parental leave and reinstatement in 2017	4	17	21
Number of employees applying for parental leave and reinstatement in 2017	2	9	11
Number of employees reinstated after parental leave in 2016	2	21	23
Number of employees reinstated after parental leave in 2016 and working for no less than one year (retention)	1	19	20





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Promotion of Marriage, Childbirth, and a Balanced Life

Delta stresses harmonious employment relations, and the Company understands that gentle interactions can alleviate life's pressure as well as enhance interpersonal relations. Delta emphasizes a balance between work and personal life through the slogan of "Live Better, Work Smart." We encourage employees to invite their families to attend all major employee activities at our global operations. We can always see family members during Delta's sports days, gatherings, trips, and welfare activities. Although the annual 'Delta Family Day' is hosted at different locations for each global operation, these events are always characterized by the same festive atmosphere. Delta also provides an 'Outstanding Academic Scholarship' in China and Thailand to encourage the children of our employees to study. For those who are single, Delta encourages socializing through employee activities and social clubs.

① Group photo of Japanese employees at sunrise during a study trip to Cambodia. ② Family Day in Taiwan, where employees and their families have picnics outdoors, show their individuality, and match the day's theme. ③ Family Day in France, where employees enjoy dining together on a river cruise.

Calling for Employee Social Participation

Delta actively participates in energy education and charity activities. Delta has spread its green business philosophy to different corners of society through our employees' efforts. Delta invites its employees and their families to join the ranks of volunteers and participate of their own accord. Delta allows employees to take 'Charity Leave' so that they can engage in volunteer work without feeling pressure from the workplace. Besides inviting employees to participate in social welfare activities, the Company also actively utilizes internal resources from the Employee Welfare Committee to assist socially disadvantaged groups. For example, since 2017, Delta Taiwan has invited charity groups to establish a Charity Sale to sell products made by physically or mentally challenged individuals. A total of 8 charity groups including Longtan Special Education Nursing Home, Angel Development Center for the Mentally Handicapped, and St. Raphael Opportunity Center have joined the sale and showcased their products at our major manufacturing plants. Over 6,000 Delta employees participated in the events.



Wujiang manufacturing plant in China hosts Arbor Day events each March. A tree-planting activity was held with the theme of 'Painting Delta Greentech' in 2017 to encourage employees to plant, and protect trees, and help build a green environment around the manufacturing facilities.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Our employees in China have voluntarily formed a Caring for Society Club to promote social participation. Besides charity sale events, volunteers also helped with counseling for disadvantaged families in 2017 to assist in children's mental development and to find employment opportunities for disadvantaged individuals. Our long-standing financial aid programs for disadvantaged groups in China and Thailand encourage high-performing students in remote areas or from disadvantaged families to study. Successful programs include the Northern Thailand Program, Hope for Pearl program, and Energy Education Volunteering, which have all shown significant results and conveyed positive energy from Delta employees.



Family Day 2017 in South Africa, where funds were used for charitable causes in orphanages to promote social participation

Mental and Physical Health Promotions for Employees

The Company safeguards employees' health through various health management and promotional measures. The Delta Healthcare Center regularly monitors and examines changes in the occurrence of severe illnesses in Taiwan. At the same time, it also analyzes compensation incidents arising from employee health conditions and plans key healthcare activities for the following year. For instance, Delta Taiwan defined its 2018 healthcare theme 'Lung Care for Better Health' based on the healthcare trends of year-end 2017. Employees can prevent illness through healthy eating, exercise, athletics, and other activities relevant to healthcare. We hosted a total of 50 rounds of health promotional activities this year, which were attended by 5,433 persons (headcount).

Delta also plans customized health checkups for different groups each year. A total of 5,938 persons participated in normal health checkups, and 776 persons participated in advanced checkups in Taiwan in 2017, achieving a health checkup participation rate of 84.9% with health checkup expenses of USD 653,679. Delta hires visually-impaired massage therapists to relieve employees of daily work-related stress. Employees can make a reservation to enjoy 30 minutes of free massage, and the Company can also show our support for the livelihood of visually-impaired individuals.

Virtual and Actual Communications

Employee needs for internal services have wide differences with organizational expansion and diversification. To effectively strengthen internal services, Delta designed a new HR service website in 2017, where employees can apply for various services and track their applications' progress. Data from service applications also serve as references for process improvements/adjustments. As the Company works toward the goal of employee self-service, important information on the website is clearly shown in categories so that employees quickly find the information they seek. Delta utilizes an internal knowledge DMS platform to promote community interaction so that employees can effectively contribute their knowledge and skills. The platform helps employees examine past topics and discussions, and quickly find professional communities to search for knowledge through smart search engines, promoting knowledge sharing across departments.



① Delta's U.S. branch office regularly shares knowledge on healthcare and disease prevention, and healthcare mentors guide employees to exercise in our office each week. ② Employees from Wujiang, China participated in the Foreign Business Association Sports Competition and received outstanding results in table tennis with their excellent skills.



Material Topics

6.4 Talent Management and Learning Development



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Strategic Direction

- Delta provides diversified and comprehensive learning resources, on top of an environment conducive to realizing individual knowledge and potential within the organization. We constantly drive for more transparent and open promotional opportunities and strengthen a diversified job rotation mechanism to develop our talent.
- Key Topics: Employee career development and review of learning effectiveness.

Commitment

Provide diversified learning resources and establish a diversified, autonomous learning environment.

2020 Vision

Facilitate employees in acquiring competencies needed to perform their duties, and increase the coverage ratio of the learning effectiveness evaluation and strengthen mechanisms to promote behavioral change through course learning.

KPI

Average Hours of Training per Person

2017
Target

29_{hr}

2017
Performance

48_{hr}



2018
Target

29_{hr}

2020
Target

29_{hr}

Key Initiatives for Alignment with SDGs

- Work simulation practices enhance employee competency and encourage employees to obtain relevant certifications
- Establish autonomous learning environment for employees to promote self-initiated learning and develop individual diversified competencies
- Promote talent transfer, and building multinational/interdisciplinary experiences
- Advocate for social participation, promoting social welfare, and increasing employees' sense of well-being



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Performance Evaluation and Feedback

Delta has established procedures of performance management for its global operations and implemented the procedures on the management of employees at each office*¹ so supervisors can clearly understand feedback on operating results. Performance management is more than just the supervision and feedback of operating results at Delta, it is also an important management tool to adjust employee conduct and implement our organizational culture in practice. Communications regarding performance take place based at the beginning, middle, and terminal processes at Delta, and supervisors are guided to provide instructions and feedback on subordinates' effectiveness and conduct so that subordinates can comprehend the organization's expectations and find opportunities to make necessary improvements.

Performance evaluation and development are two sides of a coin, where the performance records of each Delta employee will serve as an important reference for his or her individual career development. The Company arranges for advancement and job transfers based on individual competency and level of readiness, so that employees can fully utilize their skills and continue to develop.

* Newly merged companies frequently take up to 3 years to reform and adjust its structural system and the above paragraph may not apply.

Encourage Internal Talent Transfer

To encourage professionalism and the accumulation of experience through talent transfer, Delta promotes personnel development through job transfers or participation in overseas delegations. For instance, the Company's overseas assignment standards have clearly stated incentive packages for expatriation. Besides arranging local service personnel to assist expat staff in settling down, and providing services such as real estate, schooling for the employees' children and helping spouses to secure job opportunities, we also provide comprehensive guidance and support so they can quickly adapt to the local culture and work environment.

To encourage cross-organizational talent transfer, when internal openings are available, the Company also encourages employees who have stayed with Delta for over one year to freely apply for transfer. A total of 50 positions were filled through internal transfer in 2017. In the future, the Company will also strengthen the learning environment and resources for employees to foster diversified competency development as preparation for talent diversified development



① Global senior managers all gathered at Wujiang, China for leadership training in 2017. ② Of all the leadership training activities, 'Delta Kitchen' brought many opportunities for self-reflection as well as entertainment, as the managers worked to achieve high scores.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Talent Development and Employee Career Development

Delta has established a 'Leadership Development Committee' to strategically place key talent and help them to develop within the Company. The Committee is responsible for the Company's talent planning from a management strategy and business development perspective. It also communicates with the management team regarding the need for organizational leadership. For the first time meeting, the Company gathered all global key talent at Tongli Lake, Wujiang for a three-day Global Leadership Workshop at the beginning of 2017. A series of strategic learning plans were developed in accordance with the Company's key organizational transitions. The Company responds to individual talent development needs and provides resources to accelerate their growth through the talent management mechanism. Besides increasing talent retention, it also helps support the management structure for future Company transitions.

The Company emphasizes placing the right people in the right positions and trains personnel according to their expertise and characteristics. For instance, the 'New Business Talent Training' project launched in 2017 is a series of talent management activities for identifying, recognizing, and developing characteristics of new business

talent. A new mind-set for business development can be fostered to drive internal entrepreneurial and business transition, by developing entrepreneurial sensitivity and talent gaps. The Company has designed business simulation activities to strengthen the business sense of managers as part of the new business talent development plan. The activities have been well-received, achieving a satisfaction score of 4.61 points out of 5.

Corporate Cultural Heritage

To strengthen management consensus and experience sharing, Delta often asks senior management to speak out to operation teams and employees. Through direct communication and sharing of the corporate vision, we adjust our corporate culture and thus establish the direction in which our strategic development shall proceed. In 2016, the HR team borrowed the 'TED Talk' approach, and invited three high-ranking officers to give 'Delta Talks' via webcam to all of our units around the world. Their concise but inspiring talks received acclaim from colleagues worldwide. For 2017, our HR team took one step further and invited our CEO Mr. Ping Cheng to speak at the 'Good Practices from Excellent Managers' book club for senior managers at our



③ New business managers are gathered for a business strategic simulation using an innovative game model.



④ CEO Mr. Ping Cheng gives a lecture on 'Good Practices from Excellent Managers' at our U.S. branch office to pass on the leadership DNA from Delta.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

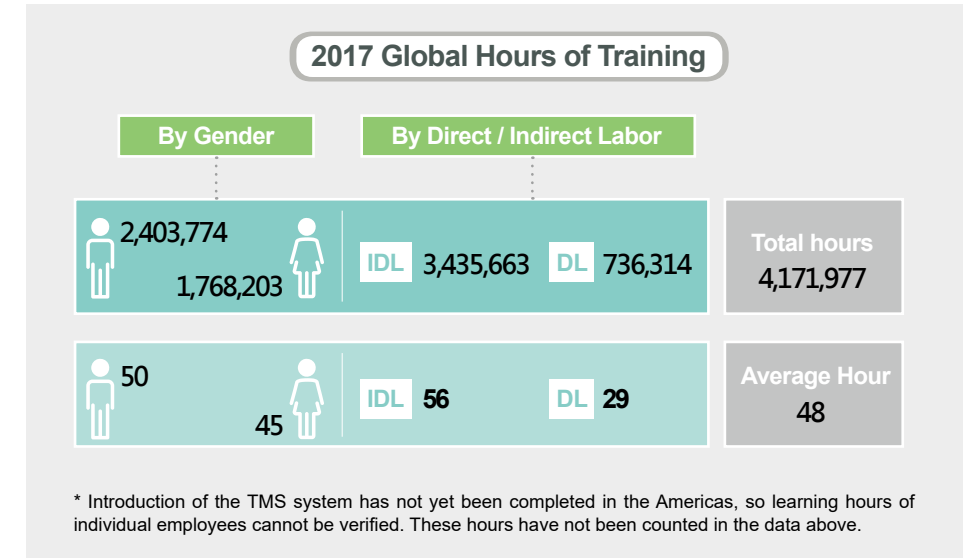
office in the U.S., where Mr. Cheng discussed his leadership experience. The HR team is planning subsequent activities for all global operations to further pass on the Delta leadership DNA.

Delta also uses our 'Strategic Development Workshop' to foster strategic consensus and initiate the Group's mid- to long-term objectives during the important annual strategy meeting. Besides initiating strategic blueprints and work proposals, corporate culture is also an important element in business transitions. Delta regularly reviews the value culture and core competencies of the Company to ensure that the attitude and conduct from employees can support the realization of long-term objectives.

Global Employee Training

The Company continues to increase investments in employee learning and development to encourage innovation and enhance the momentum for making organizational changes. Accumulated global training expenses in 2017 were USD 5,615,004 (excluding hidden costs such as developing the digital learning platform), showing a 27% increase over the previous year. Delta hopes to promote strategic transitions including industry automation, innovation, and diverse business development by formulating an environment for learning and growth. Delta also hopes to establish a learning environment where employees can satisfy individual, differentiated learning needs without environmental constraints.

Since 2017, Delta has undertaken large-scale verification and redefined positions in our China manufacturing plants in response to the transition toward smart production in China. The skill-sets of front-line employees are adjusted to meet automation needs and achieve human-machine coordination. Competency training and certification were initiated around new job functions, leading to significant increases in training hours for direct labors. This also led the average global employee training hours to increase from 29 hours in 2016 to 48 hours, showing a 65% increase. Please see below for an analysis on the number of individuals receiving the training and training hours:



Leadership Development

Delta continues to enhance employee competency through training systems. We design learning plans based on two types of internal career paths: 'management roles' and 'professional roles'. Delta collaborated with a celebrated global management and consulting company and launched mandatory courses for all supervisors around the globe in 2017. Supervisors in each zone received collective training from local training centers, and the Kirkpatrick training evaluation system will be adopted for behavioral evaluation after the course. The global coverage ratio for the Level 3 evaluation was 76.2%, and supervisors of participants were invited to assist in follow-up monitoring and work-related guidance. The Company continues to launch consistent, standardized management tools across the globe so that colleagues from different countries and regions can communicate and collaborate across borders with the same language and mindset. For instance, the HR department proposed a leadership potential characteristics index at the end of 2017 and raised the proposal with the Talent Development Committee. We anticipate using the index as a standard for evaluating leadership talent to ensure



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

that leadership conduct and values are consistent throughout Delta.

Besides formulating learning resources and opportunities, the planning for training development also emphasizes transitions and applications for employees after the training. After an employee completes his or her training, an assessment is undertaken based on the theme and purpose of the training, bringing significant benefits to talent recruitment and preparations for the Company. The comprehensive training system and structure helped our Taiwan operations win the Silver Medal in TTQS from the Workforce Development Agency, Ministry of Labor.

Professional Skills Development

In terms of professional skills, Delta clearly states the skills required for each position, and uses the skills as the basis for professional training. In Taiwan, internal professionals or professors from well-known schools are invited to teach at our power electronics training every year. Trainees can share professional problems that they face at work and search for solutions together, which greatly links learning to their work. In China, due to the various processes involved in manufacturing, employees are required to fulfill skills criteria before coming onboard. The Wujiang factory is considered a certified authority to issue a national skills test certification. Employees can develop technical competency through training and by practicing at work. The Company periodically designs technical skill evaluations at manufacturing plants around the world, and employees with exceptional skills are praised.

Due to organizational changes, a management trainee program commenced at the Shanghai Research Center in China starting in 2017. A series of training, on-site practices, job positioning, and tests and evaluation processes were held for the 58 management trainees that were recruited. Over the course of a year, a total of 34 qualified AE personnel with on-site experience were trained for the China region.

Establishing a Digital/Autonomous Learning Environment

Delta continues to establish a digital learning environment to adapt to future changes in the industry. The Company expanded its e-Learning platform to all regions around the world to free employees' self-learning from the constraints of time and location.

Delta has also introduced top digital learning resources for employees, such as the digital courses of CEIBS Graduate Program, Marshall Goldsmith's Leadership skills training, Tian-xia School of Innovation and the Lynda.com learning platform. When employees have external training needs to fulfill their work requirements and to further encourage employees to find new learning opportunities to satisfy various work needs, Delta will fully subsidize the external training costs and introduce and spread the new knowledge and skills into the Company.

Apart from bringing learning resources onto the Company's learning platform, Delta also encourages employees to absorb external learning materials on their own to support a culture of learning. At year-end 2017, Delta invited internal professionals to recommend external learning resources and to compile a database of external learning materials for self-learning under the concept of a 'professional education charging station'. Thanks to the hard work of the HR department, the promotion of this self-learning database was well received.



① Fan-balancing machine skills competition at the Dongguan Manufacturing plant in China. The contestants are focused on operating the machine for honors and are judged by internal supervisors. ② A management training program at a European branch. Managers from different countries came together for training.



Material Topics

6.5 Social Participation



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

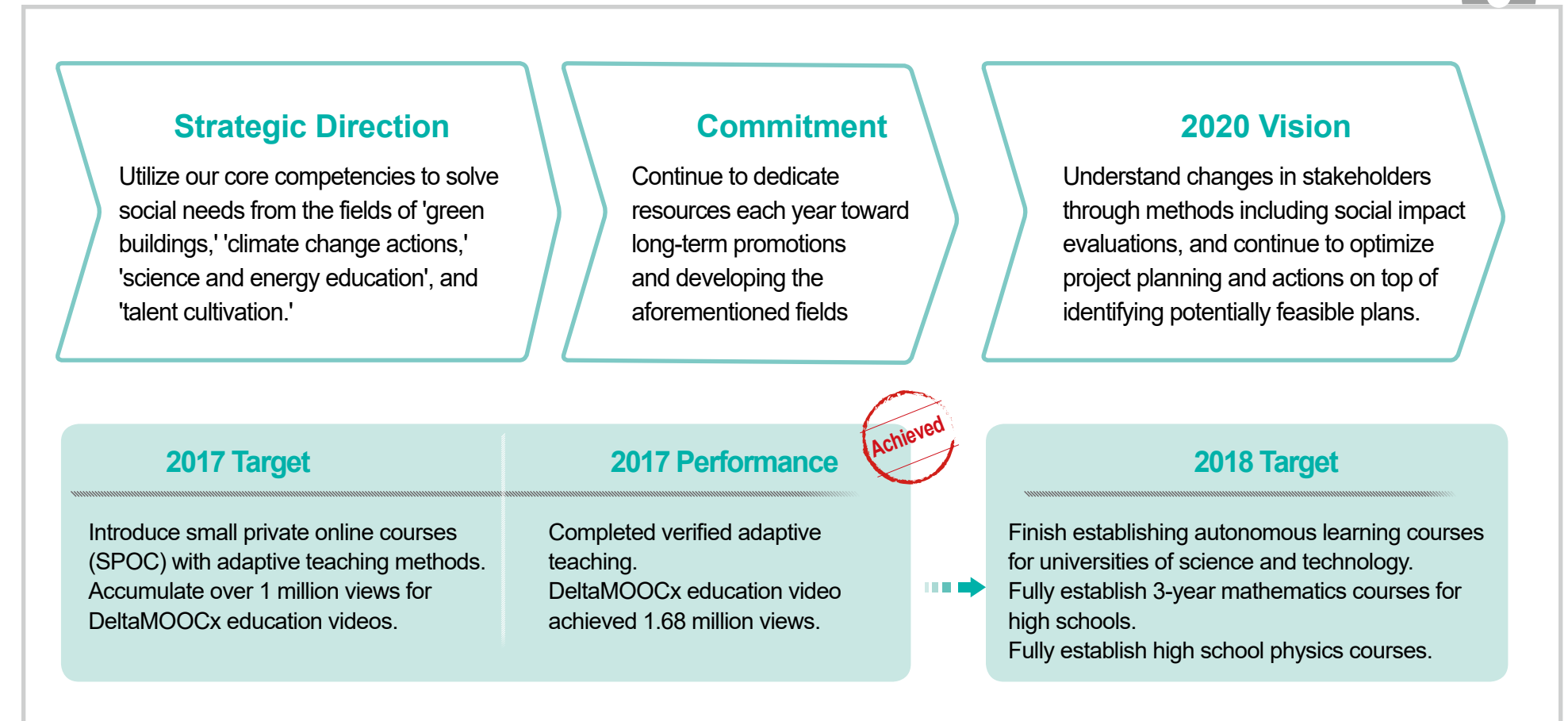
Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Key Initiatives for Alignment with SDGs

- Promote green buildings globally and encourage all sectors to act on slowing climate change
- Actively work with international organizations related to climate change and promote the exchange and disclosure of climate related information
- Strengthen the competitiveness of minorities through training programs



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

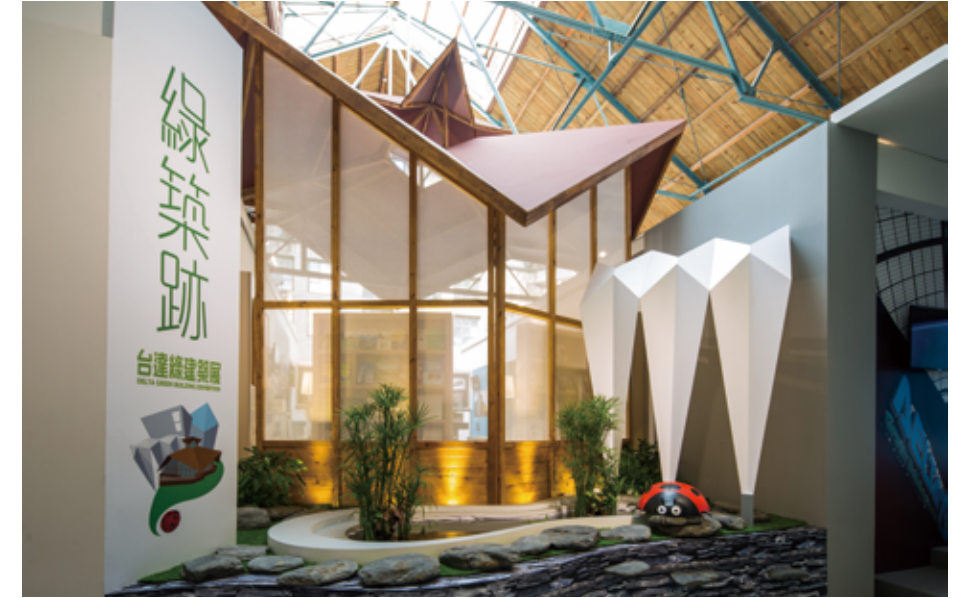
Appendix

In addition to providing quality products and services, Delta also actively participates in various activities that benefit society. Through the strategic integration of corporate core abilities and social participation in recent years, Delta has achieved excellent results in popularizing green building concepts, climate change awareness, science and energy education, and actively cultivating talent. The total expenditure from Delta's social participation in the past two years was close to USD 9.86 million per year. In 2017, the total spending on social participation was approximately USD 11.2 million. Cultivation of talent was the primary cost, contributing to 53% of the expense, with the main projects including the DeltaMOOCx platform, participating in domestic and international scientific research networks, and offering scholarship programs. Promoting climate change awareness and education in the sciences and energy was the second-highest contributor, accounting for 33% of the costs—main projects included an 8K environmental education video shoot and energy education programs. Promoting green buildings took up 4% of the expenses, which was mainly for the Delta Green Building Exhibition at Pier 2 Art Center in Kaohsiung and the development of the architecture microclimate database. Cash contributions is the major type of contribution which accounts to 78% of the total costs. In-kind-giving contributed to 15% of the spending. Management overhead contributed to 6% of the total cost. Time contributed to less than 1% of the total cost.

6.5.1 Popularization of the Green Building Concept

Delta Green Building Exhibition

In 2015, Delta launched the 'Delta Green Building Exhibition' global tour, in which we toured the exhibition from the COP21 at Grand Palais, Paris, to the Academy of Arts & Design in Beijing, and then all the way back to the Huashan 1914 Creative Park in Taipei. Delta's Green Building Design Camp was also held during the exhibition period to encourage students to propose



September 2016 Taipei - Huashan 1914 Creative Park



October 2017 Kaohsiung - Pier-2 Art Center



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

innovative services. In 2017, Delta traveled to Kaohsiung in southern Taiwan and expanded from green buildings to diverse topics including low-carbon transportation and energy infrastructure with the theme of 'Green Thinking, Green Life.'

Green Living & Low-Carbon Transportation at Pier 2 Art Center, Kaohsiung in 2017

The first Delta Green Building Exhibition held in southern Taiwan was the largest as well as the only environmental education exhibition to be invited to the EcoMobility World Festival 2017. Its content also echoes low-carbon transportation, the theme of the festival, in which green buildings are integrated with diverse applications including electric vehicles, LED smart street lights and transportation management under the theme, 'Green Thinking, Green Life'. The exhibition discussed micro-grid transmissions and storage technology interactively, which was easy to comprehend as it painted a low-carbon vision of the future for the public. The 30-day exhibition attracted over 60 thousand visitors from all over the world, and the peripheral events also attracted media attention and were reported nearly 80 times. Delta hosted three rounds of Low-Carbon City Forums during the exhibition to discuss trends for green transportation and green buildings in the low-carbon city of tomorrow. We

hosted 'The Library at Namasia: Family Robotics Handicraft Workshop' to expose children to green building knowledge through hands-on activities. Deputy Executive Director at the Delta Electronics Foundation, Mr. Wim Chang, was also invited to share his personal experiences with a low-carbon lifestyle and residential energy-saving reforms during the 'Energy Conservation at Home Seminar'. All activities received positive feedback from the public.

Published 'The Library at Namasia'

The 'Library at Namasia,' published in 2017, tells the story of Minquan Elementary School in Namasia, Kaohsiung. After being destroyed by Typhoon Morakot, the elementary school was rebuilt into Taiwan's first school to achieve 'Net Zero Energy' green building status. Based on this true story, Delta spent three years producing the first illustrated book 'The Library at Namasia' to focus on green buildings in Taiwan. The book utilizes popular Augmented Reality (AR) technology so that a library robot appears to jump out of the pages and lead children on an adventure through the typhoon. The book also represented Taiwan during the Frankfurt Book Fair 2017, demonstrating to the world Taiwan's resistance to climate challenges.



① The theme of the Green Building Exhibition in Kaohsiung was 'Green Thinking, Green Life,' in which we extended from green buildings to diverse topics including low-carbon transportation and energy infrastructure ② 24 Country Houses with Courtyards in Qinghai Province - Low Energy Consumption Housing for Farmers and Herdsmen ③ ④ Through illustrations, animation, and AR techniques, 'The Library at Namasia' enhanced the reading experience for families.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Delta Cup International Solar Building Design Competition

To actively promote reusable energy including solar power and green building technology, Delta has sponsored the 'Delta Cup International Solar Building Design Competition' since 2006. The 2017 Delta international competition, "Sunshine and Care for the Elderly" collected designs on the theme of the aging population in Xian, Shaanxi province and Quanzhou, Fujian province in China. The competition hopes to optimize building design methods by integrating appropriate renewable energy technologies, such as solar power, to assist elderly people in leading a safe, healthy, comfortable, and green life.

'Fallen Blackberry Rose in the Garden' and 'Wind/Alley' beat over 200 submissions to gain the favor of our international judging panel, winning First Place in Xian, Shanxi province, and Quanzhou, Fujian province, respectively. The two submissions took full consideration of the needs of senior citizens, and utilized active and passive technology suitable for local climates. They are both highly feasible as building plans and have economic value. The winning designs will soon be constructed in Xian and Quanzhou. A noteworthy point is that construction of the 2015 winner '24 Country Houses with Courtyards in Qinghai Province - Low Energy Consumption Housing for Farmers and Herdsmen' was completed at the end of 2017 in Qinghai province, China. This marked the first time that the winning design from the Delta Cup International Solar Building Design Competition was realized in practice. The effects from seven Solar Building Design Competitions are becoming increasingly visible. The competition has gradually become a platform for industry wisdom sharing, new energy application services, winning design practices, innovative talent training, and the spread of low-carbon concepts. This competition has had over 90 participating countries, with 6,564 teams, and has received 1,289 submissions.

Continuing to Influence Green Building Systems and Development

Advocate for Taiwan Building Carbon Footprint PCR

Delta continues to promote and influence the development of green buildings in Taiwan. Delta collaborated with Low Carbon Building Association (LCBA) to

promote the Taiwan Building Carbon Footprint Product Category Rule (PCR) system in 2013. Currently, the system has been adopted by city governments including New Taipei City and Taichung as necessary criteria in constructing buildings for urban renewal or low carbon demonstration sites. The Energy Whitepaper currently being reviewed has also listed 'Building carbon footprint' as a key method in carbon reduction.

Green BIM Building Microclimate Database

Understanding the importance of precise weather information to energy conservation in buildings, Delta collaborated with the Central Weather Bureau, MOTC and Taiwan Architecture & Building Center (TABC) in 2017 and commissioned Professor Tai-jen George Chen and his research team from Atmospheric Sciences, NTU to develop the 'Green BIM Microclimate Database.' Architects have free access to the designated website. Phase 1 is to coordinate historical weather information in densely populated areas throughout Taiwan for a period of nearly 20 years (1998-2016). The data was then transformed into information that could be used by the Building Information Modeling (BIM) system, assisting architects build energy-saving green buildings more in line with local weather conditions.

Calculating Energy Savings from Donated Certified Green Buildings

Since 2009 Delta has donated five certified green buildings, including the Delta Building and the Magic School of Green Technologies at National Cheng Kung University (NCKU), the Delta Building at National Tsing Hua University (NTHU), the Namasia Ming Chuan Elementary School, as well as the Kuo-Ting Optoelectronic Building at National Central University (NCU). In 2017, Delta Group's five donated green buildings reduced, in total, 1.61 million kWh of electricity and 854 ton CO₂e emissions.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Energy Saving Benefits of Delta's Donated Green Buildings

Delta's Donated Green Buildings	Green Building Certification	Energy Saving Performance ^{*4}
The Delta Building at National Cheng Kung University (NCKU) (Inaugurated in 2009)	EEWH (School Category)	<ul style="list-style-type: none"> • 2017 EUI : 101.17 • Energy-saving rate 38%^{*1}
The Magic School of Green Technologies at National Cheng Kung University (NCKU) (Inaugurated in 2011)	LEED Platinum Grade, EEWH Diamond Grade	<ul style="list-style-type: none"> • 2017 EUI : 26.84 • Energy-saving rate 84%^{*1}
The Delta Building at National Tsing Hua University (NTHU) (Inaugurated in 2011)	EEWH Bronze Grade	<ul style="list-style-type: none"> • 2017 EUI : 77.07 • Energy-saving rate 4%^{*2}
The Namasia Minquan Elementary School (Inaugurated in 2012)	EEWH Diamond Grade	<ul style="list-style-type: none"> • 2017 EUI : 7.29 • Energy-saving rate 51%^{*3}
The Kuo-Ting Optoelectronics Building at National Central University (NCU) (Inaugurated in 2011)	EEWH Bronze Grade	<ul style="list-style-type: none"> • 2017 EUI : 26.53 • Energy-saving rate 67%^{*2}

*1. <Bureau of Energy, Ministry of Economic Affairs, R.O.C. (Taiwan)> 2016 Energy Audit Annual Report for Non-Productive Industries (Report Date: December 2016), page 24. Office building (parking lot not included) average EUI : 163.1 kWh/m²/year. *2. <Bureau of Energy, Ministry of Economic Affairs, R.O.C. (Taiwan)> 2016 Energy Audit Annual Report for Non-Productive Industries (Report Date: December 2016), page 24. School (universities and colleges) average EUI : 80.2 kWh/m²/year (parking lot not included). *3. <Ministry of Economic Affairs, Ministry of Education and National Development Council, R.O.C. (Taiwan)> Government and School Energy Conservation Action Plan (Report Date: November 2016), page 18. National Elementary School Group 2 baseline EUI : 15 kWh/m²/year. *4. Delta calculates EUI of each green building in line with the methodologies from the literatures cited on page 100. Accordingly, the following are excluded from EUI calculation: lab electricity (The Delta Building at NTHU and The Kuo-Ting Optoelectronics Building at NCU) and indoor parking area (for applicable buildings).

Social Return on Investment of Delta's Green Building Promotions

Over the years Delta has implemented its corporate vision: 'To provide innovative, clean and energy-efficient solutions for a better tomorrow', and has maintained its dedication to the long-term promotion of green buildings both in Taiwan and overseas. To understand the social benefits created from promoting green buildings and changes from relevant activities to stakeholders, in 2017 Delta introduced the Social Return on Investment (SROI) method to assess the 'Green Building Promotions' project. Changes and social benefits from carrying out this project will be assessed quantitatively, and the resulting benefits will be presented in a monetized manner. The scope of assessment covers six major categories: Green Building Exhibitions, Green Building Visits, Building Carbon Footprint Assessment, Energy Education Volunteering, Green Building Knowledge Promotion, and Workshops for Green Architects.

The primary stakeholders for the 'Green Building Promotions' project include visiting members from the public and organizations, NGOs and research institutions, school teachers and students, workshop lecturers and students, readers, volunteers, and employees. We interviewed 26 individuals from the aforementioned groups and received 886 copies of filled questionnaire surveys. The results indicated that the major benefits of the project included enhanced green building knowledge, and promoting daily energy conservation and environmentally-friendly actions. Other benefits also included enhancing interpersonal relations between internal and external participants, introducing green building design elements into building and professional designs, promoting development of low carbon buildings through standardizing a system, motivating people to learn more about green buildings, enhancing a sense of pride for the Company from employees, and fostering positive recognition for Delta as well as a green corporate culture.

Results of the assessment indicated that Delta's overall SROI value for the Green Building Promotions project was 8.55, implying that for every USD 1 Delta dedicates to the project, we would receive USD 8.55 of social benefit. The SROI assessment of Delta's 'Green Building Promotions' program has passed the Social Value International (SVI) certification.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

6.5.2 Promoting Science and Energy Education and Climate Action

Delta strives to promote scientific education and energy education as well as climate initiatives. We proactively enhance the public's awareness of climate change and energy through energy education, volunteer service, a Low Carbon Life weblog, broadcasts, news awards, and collaboration with the International Climate Development Institute (ICDI) to share the latest information on international green finance to the public. In the case of volunteer service, Delta provides a variety of volunteering activities including Energy Education Volunteering, guided tours through the Green Building Exhibition, volunteers at the 'Physics World' section of the National Museum of Natural Science, and guided tours through our manufacturing plants and donated green buildings. We hope to share Delta's concepts for environmental education through face-to-face interactions.

Energy Education Volunteering

Delta has recruited employees for volunteer training in energy education since 2006. These employees serve as guides at climate awareness exhibitions. Taiwan has trained volunteers for 12 years to date. Volunteers have been introduced to our China facilities in Shanghai, Wujiang, Chengdu, Dongguan, Chenzhou, Wuhu and Beijing since 2013, and nearly 200 volunteers have been trained to date. These volunteers provide services in 12 classes from 7 schools in 7 locations throughout China, benefiting 2,700 students (headcount). For our Thailand facility, volunteers were trained for the first time in 2016, and then again in 2017, using energy course materials from Taiwan to develop localized energy course materials. Employees were also recruited for workshops at the Thai facility, fostering 60 volunteer instructors for energy education to teach at local elementary schools. For the future, we will strive to establish local service networks to make energy teaching more localized and adapted to local culture. We had 615 energy education volunteers (headcount) across the world in 2017 that served for 2,064 hours and benefited 11,200 individuals (headcount).

Delta Energy Classroom

A volunteer team from Delta Electronics Thailand launched an ongoing energy

education project in Thai elementary schools in 2016. An energy education learning classroom was also donated to Wat Khlong Kao School in August 2017 as part of the energy education initiative from Delta Electronics Thailand. This allows students to utilize the environment and resources of the classroom to receive practical energy-saving knowledge, thus becoming effective promoters of energy saving and environmental protection. The professionally-trained volunteers teach the elementary school students how to effectively utilize scarce natural resources and learn daily energy-saving habits. When everyone puts their awareness into action, it can lead to significant energy conservation results

Science Education

In 2017, Delta collaborated with the National Museum of Natural Science to build the 'Physics World' exhibition, which provides science education for the next generation. The exhibition included vertical snake pendulums that displayed the fluctuation principle, and a mechanical arm that moved 28 metronomes to showcase the phenomenon of synchronous resonance. The exhibition also included the 'Power Hero' display constructed by Delta engineers, which allowed the audience to learn about AC/DC power conversion through interactive games. There were 160 Delta employees and external volunteers highly engaged with the content of the exhibition that served for as many as 3,200 hours, helping over 30,000 visitors (headcount).

Research for Global Green Finance Development: A First Look of the Mechanics for Public-Private Partnership

The Delta Foundation and the International Climate Development Institute partnered in 2010 to jointly study the trends in global green finance and to understand the Green Climate Fund, the primary method used by the UN to distribute funds for climate studies. Not only did this joint study lead to firsthand information on the policies and status of operations of the Green Climate Fund, but also on real-life case studies of the use of green financial tools by nations and corporations.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Energy Education / Energy School Project

The Delta Electronics Foundation has long promoted the 'Delta Energy School Program' and developed appropriate local energy teaching materials for use in national elementary schools in the Delta Energy Education Program (DEEP). As of 2017, the program had met with 365 elementary schools. DEEP was also awarded the '2016 National Environmental Education Achievements' and the 'Elementary and Middle School Energy Science and Technology Education Promoted in Schools' by the Ministry of Education. The Ministry of the Interior research institute's school teachers began research on green building study classes, utilizing Delta Electronics' DEEP case studies. A total of 60 campus leaders underwent training.

Blog / Low Carbon Life Blog

The Delta Electronics Foundation has started a 'Low Carbon Life Blog' dedicated to the long-term promotion of environmental ideas. As of 2017, the Low Carbon Life blog has had more than 70 professions contribute their expertise and reports. The blog has over 1,200 entries and has a readership surpassing 4.5 million over the past ten years.

Broadcast / IC Broadcasting - Climate Battle in Taiwan

First launched in 2010, the show continues to systematically track the aftermath and impact of the Paris Agreement in 2017. It has analyzed environmental issues including the impact of President Trump, the buzz for electric vehicles, reducing plastics, regional energy conservation actions, energy transition, and the risks of an insufficient power supply.

Awards / Delta Energy and Climate Special Award

Delta has begun to sponsor the Tseng Hsu-pai Journalism Award since 2013. The 43rd Tseng Hsu-pai Journalism Award and the 2017 Delta Energy and Climate Special Awards received a total of 61 entries. The four winning entries were all closely related to energy issues, climate disasters and the concerns of Taiwanese society.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

6.5.3 Talent Cultivation

Established DeltaMOOCx Online Learning Platform to Develop Technical Education

The DeltaMOOCx online learning platform was specially designed by the Delta Electronics Foundation for regular high schools, engineering and natural science high schools, as well as technical universities. Its fundamental science course design is geared towards a high school curriculum. The Ministry of Education's K-12 Education Administration recommended the best centers and teachers and the National Academy for Education Research reviewed textbook content. The platform serves the public interest and is offered free of charge.

Different from Taiwan's other learning platforms, DeltaMOOCx's chose initially to focus on vocational education as its development core. The platform opened not only with science courses, but also with teaching industry trends combined with industrial automation courses. This gives students a stable knowledge foundation that is directly beneficial to their higher education. The platform also extends to high school, improving their foundation for sciences, including math, physics, chemistry, biology, and electronics.



The Science behind 'Take-copter' and Practices



DeltaMOOCx Online Learning Platform

Since DeltaMOOCx began in May of 2015, it has reached 140 schools across the country, among which there are 51 high schools and colleges that have joined the recording of the course materials. As of the end of 2017, the platform had registered 31,299 people, and was providing 3,627 educational videos, with views exceeding 1,940,000 (including YouTube views).

The Delta Cup Advanced Automation Contest

The theme of the 4th Delta Cup Advanced Automation Contest was 'Seeking Smart Manufacturing Talents' in response to 'Industry 4.0' and 'Made in China 2025,' trends that outlined the development of advanced industrial automation. Not only did the scale of the contest continue to expand this year, but the contest had also become more globalized. There were a total of 75 teams that entered the finals including 5 teams from Thailand, 3 teams from India, and a total of 7 teams from 5 different Taiwanese schools. The contest even attracted universities from Germany and Vietnam to attend and observe. The 'Intelligent Co-Factory' team from Chung Yuan Christian University in Taiwan and the 'Hu Bing' team from HeFei University of Technology in China won the 'Special Award' with a unanimous vote from all judges.



Teachers Awards



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Hope for Pearl Program

Delta established the Hope for Pearl program in 2008, funding poor students with an ambition to learn to attend high schools with three-year scholarships through regular visits to their homes and schools. Giving minority kids a chance to attend universities, the program has funded a total of 337 'pearls' since 2008.

Delta Environmental Scholarship

The Delta Electronics Foundation has joined forces with Neso Taipei and the British Office Taipei to provide scholarship programs that encourage young leaders eager to participate in environmental protection to seek solutions for environmental issues, as well as to apply their professional knowledge to the promotion of environmental protection and climate change. To date, a grand total of 110 Masters, Ph.D.'s and scholars have enhanced their education through this program. After graduation, they have served in various roles in enterprises, government, non-government organizations, and think tanks to achieve the vision of a low-carbon future for Taiwan. The Foundation also works with the Chinese Business Ethics Education Association to jointly promote the 'Delta Corporate Environmental Ethics Grant.' Every year, the program funds two outstanding teachers from related fields in universities for short-term research studies abroad to better promote an emphasis on environmental ethics and business ethics in industry and academia alike.

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

Since 2000, Delta has established the 'Delta Power Electronics Science and Education Development Program' and the 'Delta Scholar Program'. In 2017, a total of 370 senior experts, teachers, and students from a dozen top universities in China with specialties in power electronics joined together to focus on the development of power conservation and new energy technologies. These issues include hot topics such as electric micro-grids, wind power, grid-connected solar photovoltaic systems, electric car control systems and others. They also investigated domestic and international power electronics and advanced technology applications in

the power transmission field. The conference promoted the education project's funding of 12 scientific research projects. The project awarded Professor Tan Guojun with the honorary title of 'Delta Greentech Scholar'. Professor Yang Ming and Professor Zeng Zedong were also awarded the 'Delta Greentech Young Scholar Award.'

Chinese Education in Northern Thailand

To help the descendants of the R.O.C. National Army soldiers that were left in northern Thailand receive a decent Chinese education and greater opportunity for future development, scholarships for Chinese Schools were set up by the Foundation in northern Thailand in 2001. In 2006, scholarships were created to help overseas Chinese students in Thailand study abroad in Taiwan and better promote education for Chinese students in northern Thailand. The Foundation also provides funds for teacher training, construction of school buildings, and the purchase of Chinese books and computer equipment. There were five recipients of the scholarship in 2017.



6.6 General Issues

6.6.1 Employee Wages and Benefit

Competitive Compensation Packages

With sound operations and leading the industry in profitability in Taiwan, Delta continues to allocate a certain portion of its earnings as bonuses for employees. Besides fixed monthly wages/salaries, employees can also receive year-end bonuses, performance-based bonuses, and profit sharing. Newly recruited engineers can receive approximately 20 months-worth of monthly base salaries each year. Because Delta's overall compensation is higher than the technology industry averages, the Company has been chosen for the 'Taiwan High Compensation 100 Index' by the TWSE for many years. We are determined to compete for talent and build a brighter future by offering competitive compensation structures.

Encouraging Long-term Retention through Long-term Incentive Measures

Delta encourages employees to stay with the Company over the long-term. The average years of experience for Delta's global professional employees is 7.8 years, higher than industry averages in the technology field. To motivate employees to stay and develop within the Group, the Company has planned diversified long-term retention measures such as public recognition and awards for high-performing employees and veteran employees around our global operations. Every employee awards ceremony in Taiwan and China ends on a serious yet heartwarming note each year. Focusing on employee retention, the Company has built an environment for long-term development. We also identify and track young recruits with potential through our talent management mechanism and pay attention to their development within our businesses. Delta also encourages employee participation through the annual Delta Innovation Awards to generate an innovative spirit within the Company.

Comparisons of Base Salaries of Direct Labors and Local Minimum Wages in Global Operations

Region	Direct Labor	
	Male	Female
Taiwan	1.02	1.02
China	1.02	1.02

Average Monthly Salary of Indirect Labors (Comparison of Male to Female) in Global Operations

Region		Non-management		Management Role	
		Male	Female	Male	Female
Taiwan		1.00	0.90	1.00	0.95
China	R&D Center	1.00	1.00	0.80	1.00
	Manufacturing plant	1.00	1.00	0.95	0.88
Thailand		1.00	0.99	1.00	N/A
USA		1.00	0.80	1.00	0.96
Germany		1.00	0.82	1.00	0.97
France		1.00	0.81	1.00	0.97
Finland		1.00	1.09	1.00	0.94

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Retirement System Practices

Delta processes retirement applications and pension provision standards in accordance with the Labor Standard Act and Labor Pension Act. The Company also files pensions to the Trust Division of the Bank of Taiwan or an employee's personal pension account in accordance with relevant regulations. The Labor Pension Act applies to those who have joined the Company after July 1, 2006 (inclusive). Those who have joined the Company before (excluding) July 1, 2006 can choose a pension system in the Labor Pension Act or Labor Standard Act within 5 years starting from July 1, 2006 based on actual needs. The Labor Standard Act would still apply to employees who have not made a decision within the deadline. Pensions for overseas subsidiaries, branches, and affiliates use the defined benefit plan. Social security funds including pension and healthcare are filed each month in accordance with regulations from local governments.

Provision of Competitive Benefits Plan B

The Employee Welfare Committee is in charge of coordinating and organizing budgets for employee benefits at all Delta operations around the world. As of 2017, work/life balance has been reinforced in all global operations. In the case of Taiwan, employee benefits are mostly used toward 'workplace welfare' and a 'happy workplace.' Workplace welfare includes applications for various subsidies, while happy workplace includes aid for domestic and overseas trips, various incentive activities. Expenses for the two in 2017 have increased by 13.6% over the previous year, and expenses toward a 'happy workplace' have shown a significant 29.5% increase to emphasize work/life balance.



A heartwarming proposal took place at the 2017 Employee Awards Ceremony in Taiwan. The supervisors and employees present all gave the couple their warm blessings.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

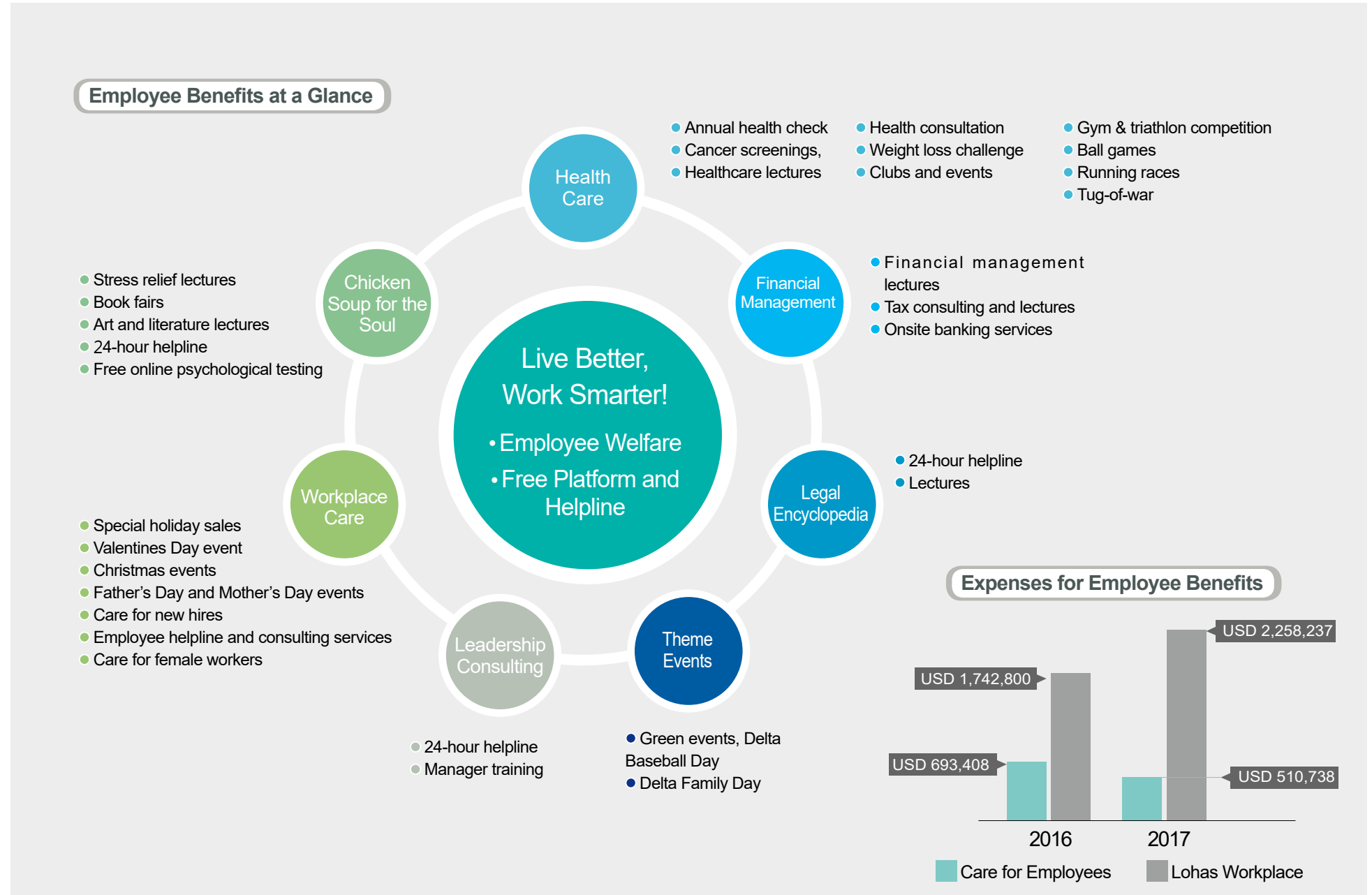
Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

Benefits System and Practices

Region	Items	Legal regulations	Our Practices
Taiwan	Insurance	Labor insurance and national health insurance are applied starting from the first day an employee joins the Company.	1. Besides filing for labor insurance and national health insurance for our employees in accordance with the law, we also plan for a group comprehensive insurance package, which includes life insurance, major illness insurance, inpatient medical insurance, and cancer insurance free of charge. We also provide employees with the option to file group comprehensive insurance for their family members (spouse and children) free of charge. 2. We provide up to 1 year of leave from illness, and the Company pays up to 3 months of insurance coverage (labor and health insurance).
	Sick Leave	30 days of 50% pay for common sick leave in each year	For common sick leave included within the 30-day limit, we will continue to pay compensation for those in professional and management roles up to the differences after benefit payments from insurance
	Casual Leave	14 days each year	For those in professional and management roles and have already used up all compensatory leave and annual leave, the Company will continue to pay for casualty leave (up to 14 days).
	Holidays	12 days of national holidays in each year	Besides 12 days of national holidays, the Company also offers an addition 7 days of memorial day holidays. The Company provides 4 days of paid holiday each year as well as NT\$ 9,000 (USD 296) as a travel subsidy.
China	Insurance	The Company shall file for five types of insurance and one type of fund for an employee from the first day he/she join	1. Besides the legally required insurance and fund, the Company also provides commercial insurance for all employees. This includes accidental life insurance, major illnesses, inpatient medical insurance, traffic accidents and more. 2. The Union provides major illness insurance for all employees paying social insurance.
	Medical Expenses	Government medical insurance pays for a part of the medical expense and the employee covers the rest.	The Company reimburses the employee for most of what he/she has to cover.
	Maternity Leave Compensation	Government childbirth insurance covers a childbirth subsidy, while the Company pays the difference between childbirth insurance and the employee's monthly salary	Besides receiving all childbirth subsidies from the government's childbirth insurance payout, the employee can also enjoy paid maternity leave from the Company.
	Holidays	1. 11 days of national holidays each year 2. Employees can enjoy legally-stipulated annual leave based on his/her accumulated years of seniority	1. Employees can choose between Delta's incentive annual leave (7-15 days) and legally-required annual leave (5-15 days). 2. Employees can enjoy RMB 800 (USD 178) each year as a travel subsidy.



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

6.6.2 Occupational Safety and Health

Safety and Health Organization

Providing employees with a safe and healthy workplace is one of Delta's most fundamental obligations as a corporate citizen. Delta has established industrial safety departments in production-oriented China and Thailand reporting directly to the highest local person in charge. In R&D and administration-oriented Taiwan, on the other hand, an occupational safety and health management department reports directly to the Chief Executive Officer and is in charge of planning, promoting, and inspecting safety and health management in the facilities. The following summarizes Delta's implementation of occupational safety and health management throughout 2017 in major areas.

Occupational Health and Safety Management System

Delta's major manufacturing plants in Taiwan, China, and Thailand received the OHSAS 18001 certification, while Delta's Taoyuan and Tainan factories

simultaneously received the CNS 15506 certification and obtained the TOSHMS certification. These same facilities have also received the Ministry of Labor Occupational Health and Safety Assessment System performance certification for 3 years. In consideration of multiple management topics, the two aspects of environmental protection and workplace safety & health have been gradually integrated into one through the manufacturing sectors' environmental management systems and Occupational Health and Safety Assessment System. Delta's Chinese manufacturing locations use the Disabling Frequency Rate (FR) and the Disabling Severity Rate (SR) as major benchmarks in its health and safety management. It also stipulates that the annual objectives for manufacturing areas and other regions use practical experience from energy source management, health and safety assessments, health and safety educational training, periodic work environment assessments, and strengthened information exchange, to effectively reduce health and safety accident rates. In

Key Discussion Topics in each Region in 2017			
Regions	Taiwan	China	Thailand
Key Discussion Topics	1. Increase safety management of high-risk equipment or areas 2. Electrical safety 3. Traffic safet	1. Implement new equipment safety evaluations 2. Share cases of safety incidents and prevention 3. Enhance safety awareness	1. Intelligent machine and workplace safety 2. Workplace monitoring 3. Health examinations
Percentage of Total Employees	48%	No applicable requirements	46%
Supplementary Description	Number of employee representatives: 74 Number of committee members: 155		



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

In addition, a monthly cross-industry health and safety meeting is held that various industry administrators can carry out evaluations of employee and contractor's irregularities. The results are used as reference for improvements and to prevent recurrences.

Occupational Health and Safety Assessment

Each manufacturing plant complies with government regulations and our own standard operating procedures and uses them to carry out autonomous safety and health inspections. Before new manufacturing facilities are used, they must first meet all the safety inspection standards that utilize energy source management techniques to prevent and reduce accident occurrences. Safety and health management department personnel carry out routine occupational safety assessments and audits, and each department promotes inter-industry health and safety audit activities. Auditors include safety and health management department employees, factory work environment safety personnel, and departmental work environment safety promotion employees. Through the observational learning of cross-industry inter-auditor activities, factory personnel safety and health management exchanges and interaction were improved as were manufacturing plant audits. The departments and locations with the most improvement received commendations and bonuses, which further encourages improvements in how employees practice safety and health management in their work. Every year Taiwan carries out safety audits of its major Chinese manufacturing plants and requires departments that have had incidents to conduct root cause analyses and improvements. An auditor then carries out follow-up audits to check on the results of those improvements. To ensure safe operations of power equipment and facilities, our manufacturing plants regularly utilize an Infrared Thermal Imaging Camera to undertake non-blackout inspections for early detection of any abnormalities.

Safety and Health Education Training Communication

In 2017, to improve employee work safety and health knowledge, Delta held safety and health education training, sent emails, and utilized bulletin boards to instill work safety concepts in our workforce. In addition, Delta Taiwan, China, and Thailand, as well as Delta's Group subsidiary Cyntec, all implemented workplace safety and health training, emergency response and fire-drill, as well as consultant training for new and working employees alike. A total of 29,500 people participated with 584,000 hours of training, ensuring personnel safety and reduced losses with disaster readiness.

Occupational Health and Safety Information Transfer

For the sake of strengthening occupational health and safety communication, Delta periodically hold seminars regarding the Company's health and safety. Delta also utilizes the Company's internal website, to issue quarterly occupational safety electronic newsletters, and hold monthly workplace safety and environmental protection activities. Prompt work health and safety information is sent to employees while simultaneously collecting suggestions and feedback from our employees. We hope that by creating a two-way, barrier-free channel of communication, we will enhance employee workplace safety awareness and participation. This will simultaneously improve the health and safety of our employees.

Workplace Monitoring

Our respective locations, pursuant to practical operational hazardous situations and regulatory requirements, regularly implement chemical and physical workplace monitoring to control hazardous factors in the workplace. Delta then use the results of these tests to carry out onsite improvements, thereby lowering the occurrence of workplace illnesses. The main chemical hazards in our primary Taiwan and China manufacturing plants are organic solvents. We focus our monitoring on isopropanol, acetone, toluene, carbon dioxide, etc. Our



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

physical monitoring focuses on noise, light, dust, etc. We work to prevent employee workplace exposure to hazardous elements and their causes according to local statutory regulations. As such, operators that handle hazardous materials undergo special health checks and the results of those health check ratings are used to improve our healthcare management.

Workplace Safety and Health Management Performance

In 2017, Delta compiled FR and SR at main locations in Taiwan, China, and Thailand, (excluding China's regional operations and R&D centers) as below. The main types of injuries suffered in Taiwan and China's manufacturing plants were mechanical related. Men made up 65% of those injured and female 35%. In 2017, health and safety management target at Delta's manufacturing plant in China were FR < 0.2 and SR < 4. Our actual was FR = 0.31 and SR = 11 for sites in southern China and FR = 0.15 and SR = 6 in eastern China. This year an occupational disease occurred to a female worker in our Taiwan manufacturing plant. Her disease was carpal tunnel syndrome caused by working with electrical tools on an assembly line. The worker returned to work after receiving treatment. Prevention of muscle and

bone diseases were subsequently reinforced at our manufacturing plants.

Delta's Taoyuan First Manufacturing plant received the "Thank you letter for Poster Observation and Exchange Activity in 2017 Results Announcement and Awards Ceremony for Improvement Measures in SME Workplace" from the Occupational Safety and Health Administration, Ministry of Labor, as well as the 'Safety and Health Charity Award' from the Taoyuan City Government in 2017. Delta Electronics Dongguan was awarded the 'Dongguan City Safety Production Authority - 2017 Annual Model Demonstration Enterprise,' while Delta Power Solutions (Wuhu) was awarded the 'Safety Production Standard - Rank Two Enterprise.' In 2017, Delta's main global manufacturing plants had no employee occupational disease, contractor/employee injuries, or other unfortunate work-related events.

Statistics Data on Health and Safety in 2017

Region	Disabling Frequency Rate (FR)			Disabling Severity Rate (SR)			Occupational Diseases Rate (ODR)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Taiwan	0.26	0.54	0.35	0	29	10	0.00	0.27	0.08
China	0.28	0.11	0.21	11	2	8	0.00	0.00	0.00
Thailand	1.42	0.34	0.50	18	3	6	0.00	0.00	0.00
Cyntec (China)	0.97	0.62	0.83	11	7	9	0.00	0.00	0.00
Total	0.45	0.28	0.37	11	4	8	0.00	0.01	0.00

(Statistical count excludes traffic accidents outside of manufacturing plants)



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

**Environmental Protection
and Energy Conservation**

**Employee Relations and
Social Participation**

Appendix

7

Appendix

7.1 Screening Criteria of the Reporting Boundaries

7.2 Environmental Data

7.3 Index of GRI Standards Indicators

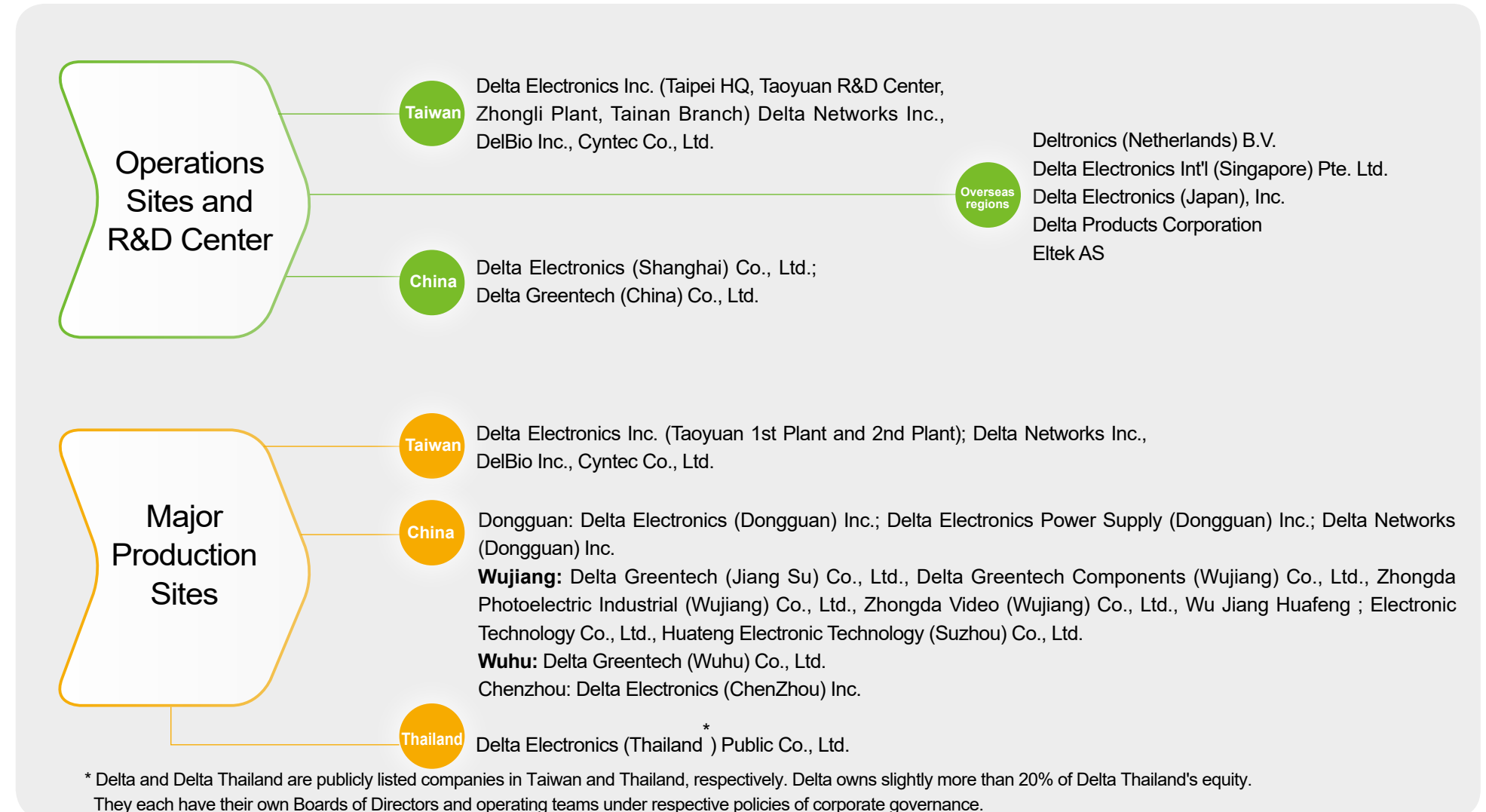
7.4 Summary of Information Assured (ISAE3000)

7.5 External Assurance Statement and Report



7.1 Screening Criteria of Reporting Boundaries

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



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix



7.2 Environmental Data

Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection
and Energy Conservation

Employee Relations and
Social Participation

Appendix

Attribute	Category	Item	2015 (Main Production Plant)	2016 (Main Production Plant)	2017 (Main Production Plant)	2017 (Overall Production Plant)
Input	Energy	Purchased Electricity (MWh)	441,242	461,909	492,237	495,456
		Total Non-renewable fuels (Natural gases 、 Diesel 、 Gasoline and LPG) (MWh)	76,802	83,083	88,097	88,159
		Natural Gases(GJ)	68,848	79,812	116,225	116,229
		Diesel(GJ)	20,275	18,040	13,112	13,329
		Gasoline(GJ)	10,521	10,785	10,212	11,142
		Liquid Petroleum Gases(GJ)	176,844	190,462	177,603	177,603
	Renewable Energy	Solar Power (MWh)	5,509	6,907	14,368	14,377
	Water Resources	Tap water (km ³)	4,546.5	4,470.6	4,744.2	4,747.7
		Ground water (km ³)	-	-	-	1.270
		Rainwater (km ³)	-	-	8.079	8.079
Output	Recycle	Water recycled and reused (km ³)	99.8	135.8	173.1	173.1
	CHG Emissions	Scope 1(metric ton-CO ₂ e)	21,673	19,900	25,219	25,308
		Scope 2(metric ton-CO ₂ e)	343,094	350,974	367,152	368,537
		Scope 1+Scope2 (metric ton-CO ₂ e)	364,767	370,874	392,371	393,845
	Waste	General waste (ton)	8,449	9,382	8,989	9,073
		Hazardous waste(ton)	3,384	3,354	3,491	3,491
		Resource waste(ton)	26,176	29,037	31,972	32,014
		Total waste (ton)	38,010	41,773	44,452	44,578
	Waste Water	Domestic sewage(km ³)	3,398	3,318	3,574	3,578
		Discharges process waster(km ³)	246	258	288	288
	Exhaust missions	Volatile Organic Compounds (VOC) ((ton)	34.2	36.9	54.6	44.7



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

7.3 Index of GRI Standards Indicators

GRI standard title	Disclosure Number	Disclosure Title	Chapter	Page Number	Remark
General Disclosures	102-1	Name of the organization	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-2	Activities, brands, products, and services	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-3	Location of headquarters	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-4	Location of operations	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-5	Ownership and legal form	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-6	Markets served	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-7	Scale of the organization	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-8	Information on employees and other workers	1 Delta Group Overview, 6.2. Talent Attraction & Retention	8, 80, 85	Assured by SGS
General Disclosures	102-9	Supply Chain	4.5.1 Localized Management	40-41	Assured by SGS
General Disclosures	102-10	Significant changes to the organization and its supply chain	-	NA	No significant change in 2017
General Disclosures	102-11	Precautionary Principle or approach	4.6.1 Board of Directors' Functions and Risk Management, 5.2 Proactive Response to Climate Change	47-49, 57-58	Assured by SGS
General Disclosures	102-12	External initiatives	2.3 Responding to Global Sustainable Development	20-21	Assured by SGS
General Disclosures	102-13	Membership of associations	1 Delta Group Overview	8	Assured by SGS
General Disclosures	102-14	Statement from senior decision-maker	A Word from the Management	3-6	Assured by SGS
General Disclosures	102-15	Key impacts, risks, and opportunities	3.2 Materiality Assessment	26-28	Assured by SGS
General Disclosures	102-16	Values, principles, standards, and norms of behavior	2.2.1 CSR Commitment, 4.5.1 Localized Management, 6.2. Talent Attraction and Retention	17, 21, 40-41, 86	Assured by SGS
General Disclosures	102-17	Mechanisms for advice and concerns about ethics	-	-	Please refer to the Delta 2017 Annual Report
General Disclosures	102-18	Governance structure	1.1 Delta Electronics Organizational Structure	9	Assured by SGS
General Disclosures	102-19	Delegating authority	2.2.2 CSR Committee	18-19	Assured by SGS
General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	2.2.2 CSR Committee	18-19	Assured by SGS
General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	3.1 Stakeholders Identification	24-28	Assured by SGS
General Disclosures	102-22	Composition of the highest governance body and its committees	-	-	All board of directors are male
General Disclosures	102-23	Chair of the highest governance body	4.6.1 Board of Directors' Functions and Risk Management	46	Assured by SGS



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

GRI standard title	Disclosure Number	Disclosure Title	Chapter	Page Number	Remark
General Disclosures	102-24	Nominating and selecting the highest governance body	4.6.1 Board of Directors' Functions and Risk Management	46	Assured by SGS
General Disclosures	102-25	Conflicts of interest	4.6.1 Board of Directors' Functions and Risk Management	46	Assured by SGS
General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	4.6.1 Board of Directors' Functions and Risk Management	46-49	Assured by SGS
General Disclosures	102-27	Collective knowledge of highest governance body	4.6.1 Board of Directors' Functions and Risk Management	46-49	Assured by SGS
General Disclosures	102-28	Evaluating the highest governance body's performance	4.6.1 Board of Directors' Functions and Risk Management	46-49	Assured by SGS
General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	3.2 Materiality Assessment	26-28	Assured by SGS
General Disclosures	102-30	Effectiveness of risk management processes	3.2 Materiality Assessment	26-28	Assured by SGS
General Disclosures	102-31	Review of economic, environmental, and social topics	3.2 Materiality Assessment	26-28	Assured by SGS
General Disclosures	102-32	Highest governance body's role in sustainability reporting	2.2.2 CSR Committee	18-19	Assured by SGS
General Disclosures	102-33	Communicating critical concerns	3. Communication with Stakeholders	23-28	Assured by SGS
General Disclosures	102-34	Nature and total number of critical concerns	3.2 Materiality Assessment	26-28	Assured by SGS
General Disclosures	102-35	Remuneration policies	4.6.1 Board of Directors' Functions and Risk Management	46	Assured by SGS
General Disclosures	102-36	Process for determining remuneration	4.6.1 Board of Directors' Functions and Risk Management	46	Assured by SGS
General Disclosures	102-37	Stakeholders' involvement in remuneration	-	NA	Not Disclosed
General Disclosures	102-38	Annual total compensation ratio	-	NA	Not Disclosed
General Disclosures	102-39	Percentage increase in annual total compensation ratio	-	NA	Not Disclosed
General Disclosures	102-40	List of stakeholder groups	3. Communication with Stakeholders	24	Assured by SGS
General Disclosures	102-41	Collective bargaining agreements	6.2. Talent Attraction & Retention	86	Assured by SGS
General Disclosures	102-42	Identifying and selecting stakeholders	3. Communication with Stakeholders	24-28	Assured by SGS
General Disclosures	102-43	Approach to stakeholder engagement	3.1 Stakeholders Identification	24-25	Assured by SGS
General Disclosures	102-44	Key topics and concerns raised	3.1 Stakeholders Identification	24-25	Assured by SGS
General Disclosures	102-45	Entities included in the consolidated financial statement	7.1 Screening Criteria of the Responding Boundaries	114	Assured by SGS
General Disclosures	102-46	Defining report content and topic Boundaries	About the CSR Report	2	Assured by SGS
General Disclosures	102-47	List of material topics	About the CSR Report, 3.2 Materiality Assessment	2, 26-28	Assured by SGS
General Disclosures	102-48	Restatements of information	-	-	No significant change in 2017



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

GRI standard title	Disclosure Number	Disclosure Title	Chapter	Page Number	Remark
General Disclosures	102-49	Changes in reporting	-	-	No significant change in 2017
General Disclosures	102-50	Reporting period	About the CSR Report	2	Assured by SGS
General Disclosures	102-51	Date of most recent report	About the CSR Report	2	Assured by SGS
General Disclosures	102-52	Reporting cycle	About the CSR Report	2	Assured by SGS
General Disclosures	102-53	Contact point for questions regarding the report	About the CSR Report	2	Assured by SGS
General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	About the CSR Report	2	Assured by SGS
General Disclosures	102-55	GRI content index	7.3 GRI Standards Indicators	116-120	Assured by SGS
General Disclosures	102-56	External assurance	About the CSR Report, 7.5 External Assurance Statement and Report	2, 123-124	Assured by SGS
Economic Performance	201-1	Direct economic value generated and distributed	-	-	Please refer to the 2017 Annual Report p.88
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	5.2.1 Identification and Management of Climate Change Risks and Opportunities	55-56	Assured by SGS
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	6.6.1 Employee Wages and Benefit	100	Assured by SGS
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	6.5 Social Participation	96-105	Assured by SGS
Procurement Practices	204-1	Proportion of spending on local suppliers	4.5.1 Localized Management	40-41	Disclosed item a,b, and c
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	4.5.1 Localized Management	40-41	All qualified suppliers need to sign the "Delta Integrity Declaration"
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.6.1 Board of Directors' Functions and Risk Management	46	No significant consumer complaint in 2017
Materials	301-1	Materials used by weight or volume	4.5.1 Localized Management	40-41	Assured by SGS
Materials	301-2	Recycled input materials used	4.5.1 Localized Management	40-41	Assured by SGS
Materials	301-3	Reclaimed products and their packaging materials	4.5.1 Localized Management	40-41	Assured by SGS
Energy	302-1	Energy consumption within the organization	5.3 Energy Management	61	Assured by SGS
Energy	302-2	Energy consumption outside of the organization	5.5.3 Green Energy/Energy Conservation Benefits of Products	72	Assured by SGS; Certified by PwC
Energy	302-3	Energy intensity	5.3 Energy Management	60-61	Assured by SGS; Certified by PwC
Energy	302-4	Reduction of energy consumption	5.5.3 Green Energy/Energy Conservation Benefits of Products	72	Assured by SGS; Certified by PwC
Energy	302-5	Reductions in energy requirements of products and services	5.3 Energy Management, 5.5.3 Green Energy/Energy Conservation Benefits of Products, 5.5.4 Green Products/Services Innovation	60-65, 72-73	Assured by SGS; Certified by PwC



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

GRI standard title	Disclosure Number	Disclosure Title	Chapter	Page Number	Remark
Water	303-1	Water withdrawal by source	5.4 Water Resources Management	66-68	Assured by SGS
Water	303-2	Water sources significantly affected by withdrawal of water	5.4 Water Resources Management	66-68	Assured by SGS
Water	303-3	Water recycled and reused	5.4 Water Resources Management	66-68	Assured by SGS
Emissions	305-1	Direct (Scope 1) GHG emissions	5.2.4 Greenhouse Gas Inventory	58-59	Assured by SGS
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	5.2.4 Greenhouse Gas Inventory	58-59	Assured by SGS
Emissions	305-3	Other indirect (Scope 3) GHG emissions	5.2.4 Greenhouse Gas Inventory	58-59	Assured by SGS
Emissions	305-4	GHG emissions intensity	5.2.4 Greenhouse Gas Inventory	58-59	Assured by SGS
Emissions	305-5	Reduction of GHG emissions	5.2.4 Greenhouse Gas Inventory	58-59	Assured by SGS
Emissions	305-6	Emissions of ozone-depleting substances (ODS)	5.2.4 Greenhouse Gas Inventory	58-59	Assured by SGS
Emissions	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emission	5.6.2 Pollution Prevention	76	Assured by SGS
Effluents and waste	306-1	Water discharge by quality and destination	5.6.2 Pollution Prevention	74	Assured by SGS
Effluents and waste	306-2	Waste by type and disposal method	5.6.2 Pollution Prevention	75	Assured by SGS
Effluents and waste	306-3	Significant spill	5.6.2 Pollution Prevention	74-76	Assured by SGS
Effluents and waste	306-5	Water bodies affected by water discharges and/or runoff	5.6.2 Pollution Prevention	74	Assured by SGS
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	4.5.1 Localized Management	40-41	Assured by SGS
Supplier Environmental Assessment	308-2	Negative environmental impacts in the CPC and actions taken	4.5.2 Receive Supplier Certification and Risk Management	42-44	Assured by SGS
Employment	401-1	New employee hires and employee turnover	6.2. Talent Attraction and Retention	82	Assured by SGS
Employment	401-3	Parental leave	6.3 Employment Relations and Labor Rights	87-88	Assured by SGS
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	6.3 Employment Relations and Labor Rights	86	Assured by SGS
Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	6.6.2 Occupational Safety and Health	110-112	Assured by SGS
Training and Education	404-1	Average hours of training per year per employee	6.4 Talent Management and Learning Development	94	Assured by SGS
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	6.4 Talent Management and Learning Development	92-95	Assured by SGS
Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	6.6.1 Employee Wages and Benefit	106	Assured by SGS
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.5.1 Localized Management	40-41	Assured by SGS
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.5.1 Localized Management	40-41	Assured by SGS



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

GRI standard title	Disclosure Number	Disclosure Title	Chapter	Page Number	Remark
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	4.5.1 Localized Management	40-41	Assured by SGS
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.5.1 Localized Management	40-41	Assured by SGS
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	4.5.2 Receive Supplier Certification and Risk Management, 6.3 Employment Relations and Labor Rights	42-43, 86-87	Assured by SGS
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	4.5.1 Localized Management 6.3 Employment Relations and Labor Rights	41, 86-87	Assured by SGS
Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.5.2 Receive Supplier Certification and Risk Management	41-43	Assured by SGS
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	4.5.2 Receive Supplier Certification and Risk Management	40	Assured by SGS
Supplier Social Assessment	414-2	Negative social impacts in the CPC and actions taken	4.5.2 Receive Supplier Certification and Risk Management	41-43	Assured by SGS
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	5.5 Green Product Liability 5.5.1 Green Design	69-71	Assured by SGS; Certified by PwC
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	5.5 Green Product Liability 5.5.1 Green Design	69-71	Assured by SGS; Certified by PwC
Marketing and Labeling	417-1	Requirements for product and service information and labeling	5.5.2 Eco-labels and Eco-declarations	71	Assured by SGS
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Transcending Customer Expectations	38	No significant consumer complaint in 2017
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	6.3 Employment Relations and Labor Rights	87	Assured by SGS
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.4 Transcending Customer Expectations	38	No significant consumer complaint in 2017
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	6.3 Employment Relations and Labor Rights	87	Assured by SGS



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

7.4 Summary of Information Assured (ISAE 3000)

No.	Assured Item	Information Assured	Page	Reporting Criteria
1	Electronic ballast annual energy savings in 2017	Assuming that end-users replace existing Magnetic Ballasts with Electronic Ballasts, for shipments of Delta Electronic Ballast for Fluorescent Lamps to 9 major customers in 2017, annual energy savings for end-users was 132 million kWh.	72	Annual Energy Savings (kWh) = $[\Sigma(A \times B) \times C] \div 1000 \times 8 \text{ (hr)} \times 365 \text{ (day)}$. A: Maximum input voltage (W) of different models of Electronic Ballast installed in the compatible Fluorescent Lamp based on the data from customer's product brochure. B: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017. C: Energy Savings=10%.
2	Server power annual energy savings in 2017	By comparing the efficiency of Delta Server Power to that of 80 Plus Bronze requirements, for the shipments of 10 major customers in 2017, annual energy savings was 1.23 billion kWh.	72	Annual Energy Savings (kWh) = $[\Sigma(A \times B \times C) \times D] \div 1000 \times 24 \text{ (hr)} \times 365 \text{ (day)}$. A: Rated output power (W) of each Delta server power model B: At the 50% load condition, power loss (W) difference between Delta server power and 80 Plus Bronze requirements. C: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017. D: Percentage of load=50%
3	Ventilating fans annual energy savings in 2017	By comparing the efficiency of Delta ventilating fans to that of USA Energy Star or Taiwan Energy Label requirements, for shipments of products that have been certified by the USA Energy Star or Taiwan Energy Label in 2017, annual energy savings was 30 million kWh.	72	Annual Energy Savings (kWh) = $\Sigma(A \times B \times C) \div 1000 \times 1671 \text{ (hour/Year)} \times 1$. A: Rated output power (W) of each Delta ventilating fan model B: Energy saving rate (the difference of efficiency between Delta ventilating fan and USA Energy Star/Taiwan Energy Label requirements divided by that of USA Energy Star/Taiwan Energy Label requirements). C: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017. *1: Usage time of 1671 hours/year refers to Japanese Industrial Standards (JIS C 9921-2)
4	LED street lights annual energy savings in 2017	Assuming that end-user installed Delta LED street lights to replace mercury street lights, for the shipments of LED street lights to Taiwan in 2017, annual energy savings was 13 million kWh.	72	Annual Energy Savings (kWh) = $\Sigma(A \times B) \times 12 \text{ (hr)} \times 365 \text{ (day)}$. A: Power consumption (W) difference between LED street lights and theoretical replaced mercury street lights B: Quantities of products of each model are exported from SAP shipment record from 2017/1/1~2017/12/31
5	AC-DC adapter annual energy savings in 2017	By comparing the efficiency of Delta AC-DC adapters to that of Code of Conduct External Power Supplies (EC No. 278/2009 stage 2), for shipments of the 4* ³ main AC-DC Adapter models in 2017, annual energy savings was 21 million kWh. * ³ : Main product models and series are ADP-45FE B, ADP-65HB H, ADP-90WH H, and ADP-120MH T.	72	Annual Energy Savings (KWh) = $\{[\Sigma(A \times B) \times C \times 39.9 \text{ (hr/week)} \times 52 \text{ (week)}] + [\Sigma(D \times B) \times 56.05 \text{ (hr/week)} \times 52 \text{ (week)}] \} \div 1000$. A: On charge mode, power loss (W) difference between Delta product and EU requirements at corresponding average efficiency. B: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017 C: Percentage of load=56% (Refer to (EC) No 278/2009 analysis report * 2) D: On no load mode, power loss (W) difference between Delta product and EU requirements * 1: Usage time refers to Page 22, Additional assessment in the frame of the review study on commission regulation (EC) No. 278/2009 External Power Supplies. * 2: Percent loading of 56% refers to Page 21, Additional assessment in the frame of the review study on commission regulation (EC) No. 278/2009 External Power Supplies.
6	PV inverter annual energy savings in 2017	By comparing the efficiency of Delta PV Inverter (PVI) to the minimum average efficiency 97.5%* ² of the ENERGY STAR Market and Industry Scoping Report, for the shipments of PVI to North America and Europe in 2017, annual energy savings was 4.4 million kWh. * ² : ENERGY STAR Market and Industry Scoping Report	72	Annual Energy Savings (KWh) = $\Sigma(A \times B \times C \times D \times T) \div 365 \text{ (day)} \div 1000$ A: Rated output power (W) of each Delta PVI model B: Power loss (W) difference between Delta PVI and the ENERGY STAR market investigation. C: Percentage of load=100% D: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017. T: Usage time of various hours/day refers to NASA Daily solar radiation of the Delta PVI's shipping destination



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

7	EV charging annual energy savings in 2017	By comparing the efficiency of Delta EV DC Charger to the minimum efficiency 90% regulated by CHAdeMo, for the shipments of EV DC Charger in 2017, annual energy savings was 6.5 million kWh.	72	<p>Annual Energy Savings (KWh) = $\Sigma(A \times B \times C) \times D \times 8 \text{ (hr)} \times 365 \text{ (day)} \div 1000$</p> <p>A: Rated output power (W) of each Delta EV DC Charger model</p> <p>B: Power loss (W) difference between Delta EV DC Charger and CHAdeMo requirements.</p> <p>C: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017.</p> <p>D: Percentage of load=100%</p>
8	LED high bay annual energy savings in 2017	Assuming that end-users installed Delta LED high bays to replace Metal Halide high bays, and by comparing the efficiency of Delta LED high bays to the minimum efficiency requirements for the procurement of Metal Halide high bays (Distribution: Direct, LER: Closed) issued by the United States Department of Energy, for the shipments of LED high bays in 2017, annual energy savings was 5 million kWh.	72	<p>Annual Energy Savings (KWh) = $\Sigma[(A+B) \times C] \times 12 \text{ (hr)} \times 260 \text{ (day)} \div 1000$</p> <p>A: Rated output power (W) of each Delta LED high bay model</p> <p>B: The difference of efficiency between Delta LED high bay and United States Department of Energy's HID high bay requirements.</p> <p>C: Quantities of products of each model are exported from SAP shipment record from 1/1/2017 to 12/31/2017.</p>
9	Electricity intensity in 2017	2017 EI was 66,155 kWh/MUSD for Delta's main production plants.	61	<p>Main production plants include China (Dongguan, Wujiang, Wuhu, Chenzhou and Cyntec in Huafeng), Taiwan (Taoyuan Plant 1, Taoyuan Plant 2, Cytotec in Hsinchu) and DET (plants 1, 5 & 6).</p> <p>Electricity intensity = [Annual electricity usage (kWh)-electricity usage (kWh)] of excluded areas/Production value (million USD).</p> <p>Global average= average PUE of four Delta data centers (Taipei Headquarters, Wujiang, DET Plant 5 and American Headquarters)</p> <p>PUE is calculated with methodology provided by The Green Grid as follows:</p> <p>PUE= Total Data Center Energy (kWh) /IT Equipment Energy (kWh)</p> <p>IT equipment energy includes the energy associated with all of the IT equipment (e.g., compute, storage, and network equipment) along with supplemental equipment (e.g., KVM switches, monitors, and workstations/ laptops used to monitor or otherwise control the data center).</p> <p>Total data center energy includes all IT equipment energy as described above plus everything that supports the IT equipment using energy, such as:</p> <p>A: Power delivery components, including UPS systems, switchgear, generators, power distribution units (PDUs), batteries, and distribution losses external to the IT equipment</p> <p>B: Cooling system components, such as chillers, cooling towers, pumps, computer room air handling units (CRAHs), computer room air conditioning units (CRACs), and direct expansion air handler (DX) units</p> <p>C: Other miscellaneous component loads, such as data center lighting</p>
10	Power Usage Effectiveness (PUE) in 2017	2017 PUE was 1.36 for Delta's 4 data centers.	61	
11	Electricity savings of green plants and buildings in 2017	In 2017, Delta's global certified green plants and buildings collectively saved, in total, 13.29 million kWh of electricity.	63	<p>The thirteen green factory/office buildings are the following: Delta Taipei Headquarters, Taoyuan R&D Center, Tainan Plant Phase II, Tainan Plant Phase I, India Rudrapur Plant, India Gurgaon Plant, Shanghai R&D Building, American Headquarters, Taoyuan Plant 5, Beijing Office Building, India Mumbai Office Building, DET Plant 5 and EMEA Headquarters.</p> <p>Electricity savings (kWh) = (EUI in literature cited – Actual EUI of green buildings) * Floor area of green buildings</p> <p>EUI = Electricity usage (kWh)/Floor area (m2).</p> <p>Note: Refer to footnotes *1 to *8 on pages 64 and 65 for "EUI in literature cited" and footnote *1 on page 63 for "Actual EUI of green buildings"</p>
12	Electricity savings of donated green buildings in 2017	In 2017, Delta Group's five donated green buildings reduced, in total, 1.61 million kWh of electricity.	100	<p>The five donated green buildings are the following: the Delta Building and the Magic School of Green Technologies at National Cheng Kung University (NCKU), the Kuo-Ting Optoelectronic Building at National Central University (NCU), the Delta Building at National Tsing Hua University (NTHU), as well as the Namasia Ming Chuan Elementary School.</p> <p>Electricity savings (kWh) = (EUI in literature cited – Actual EUI of green buildings) * Floor area of green buildings</p> <p>EUI = Electricity usage (kWh)/Floor area (m2).</p> <p>Note: Refer to footnotes *1 to *3 on page 100 for "EUI in literature cited" and footnote *4 on page 100 for "Actual EUI of green buildings"</p>



Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders

Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

7.5.1 SGS Assurance Statement - GRI Standards & AA1000

SGS ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE Delta Electronics, Inc.'s CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

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 for 2017 (hereinafter referred to as 2017 Delta Group CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the 2017 Delta Group CSR Report and its presentation are the responsibility of the management of Delta. SGS has not been involved in the preparation of any of the material included in 2017 Delta Group CSR Report.

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

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

- This report has been assured using our protocols for:
- evaluation of content veracity at a high level of scrutiny for Delta and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
 - AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
 - evaluation of the report against the Global Reporting Initiative Sustainability Reporting Standards (2016)

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management 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 affirm 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 ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation 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 2017 Delta Group CSR Report verified is accurate, reliable and provides a fair and balanced representation of Delta sustainability activities in 01/01/2017 to 12/31/2017.

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. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, High level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

- Inclusivity**
Delta has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, Delta may proactively consider having more direct two-ways involvement of stakeholders during future engagement.
- Materiality**
Delta has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.
- Responsiveness**
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS (2016) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, 2017 Delta Group CSR Report, is adequately in line with the GRI Standards in accordance with Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to have more descriptions of Delta's involvement with the impacts for each material topic (103-1), and how efforts were given to mitigate the impacts. When reporting on goals and targets for each material topic, the expected results are suggested to be set, if applicable, with quantitative objectives

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang, Director
Taipei, Taiwan
21 May, 2018
WWW.SGS.COM





Contents

About the CSR Report

A Word from the Management

Delta Group Overview

Sustainable Management

Communication with Stakeholders


Corporate Governance

Environmental Protection and Energy Conservation

Employee Relations and Social Participation

Appendix

7.5.2 ISAE 3000 Limited Assurance Report



資誠

Independent Limited Assurance Report

PWCM18000040

To Delta Electronics, Inc.

We have been engaged by Delta Electronics, Inc. (“ Company”) to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2017 Delta Group CSR report (hereinafter referred to as the “CSR Report”), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the “Subject Matter Information”) and the respective applicable criteria are stated in the “Summary of Subject Matter Assured” on page 121 and 122 of the CSR Report. The scope of the aforementioned Subject Matter information is also set out in the “Summary of Subject Matter Assured ”.

Management’s Responsibilities

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


Our Responsibilities

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

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

The procedures we performed were based on the identification of risk areas and materiality level. Given the circumstances of the engagement, we performed the following procedures:

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
11012 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F: + 886 (2) 2729 6686, www.pwc.tw



資誠

- Made enquires of personnel responsible for the Subject Matter Information to understand and evaluate the processes, information systems (if any) relating to the preparation of the aforementioned information, and its design and implementation of relevant internal controls; and
- Based on the above understanding and evaluation, performed analytical procedures on the Subject Matter Information and, if deemed necessary, performed selective testing to obtain evidence for limited assurance.

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

Compliance of Independence and Quality Control Requirement

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

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

Inherent Limitations

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


Limited Assurance Conclusion

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

Other Matter

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

PricewaterhouseCoopers, Taiwan



Li, Yi-Huah
Partner
June 11, 2018

