

2022 CEO Compensation & Gender Pay Indicators

Corp. HR | 2023



CEO Compensation

- Success Metrics
- Long Term Incentive

CEO Compensation - Success Metrics & Long Term Incentive (1/4)

Financial Returns

Relative Financial Metrics

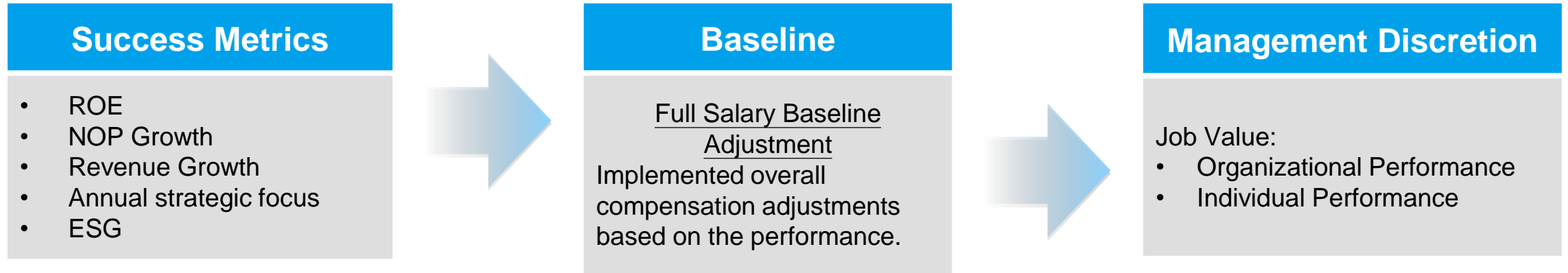
ESG Indicators

<u>60%</u> Company Performance Indicator	<u>20%</u> Annual Key Strategic Target Achievement Rate	<u>20%</u> ESG Indicators
<ul style="list-style-type: none"> Annual ROE Annual net interest rate Annual revenue achievement rate 	<ul style="list-style-type: none"> Original brand manufacturer (OBM) revenue ratio Key strategic business operation target achievement rate Increase in productivity per capita 	<ul style="list-style-type: none"> External Evaluation: DJSI, CDP, MSCI ESG with a weight of 10% Autonomous Initiatives: Achievement rate of RE100 initiatives with a weight of 10%

- The above are the financial metrics that we are using to determine our CEO's variable compensation. Those metrics were reviewed and approved by our Remuneration Committees. We conducted Remuneration Committee meeting twice a year, the committee members review and define indicators/factors to determine executive's variable pay and annual total compensation. In the end of each financial year, the variable pay to executives is proposed. based on the performance/actual business results, Remuneration Committee review and approve the payout amount.
- The ESG indicators from the table above can be applied to the vice chairman, CEO, and COO, the results were reviewed at the end of 2022.
- In 2022, the CEO achieved a performance rate of 120%**, surpassing the targets set by the aforementioned indicators

CEO Compensation - Success Metrics & Long Term Incentive (2/4)

CEO Compensation Pay Philosophy

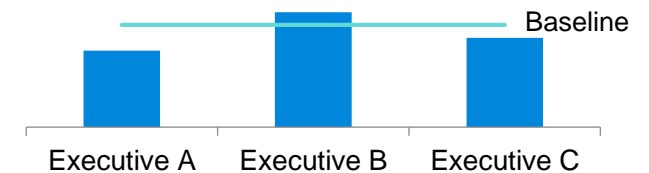
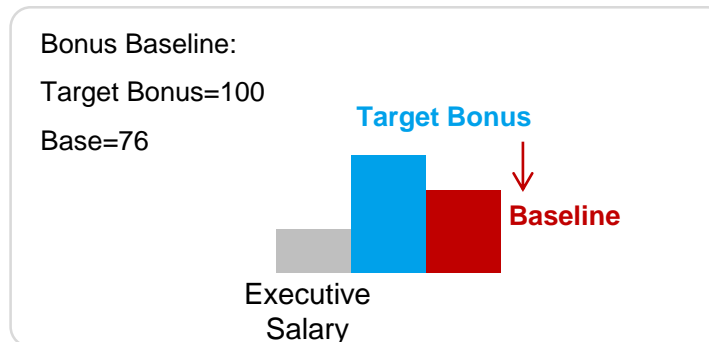


Market Benchmark

- External Market P75
- Comparison to peers: Listed High-tech Top 20

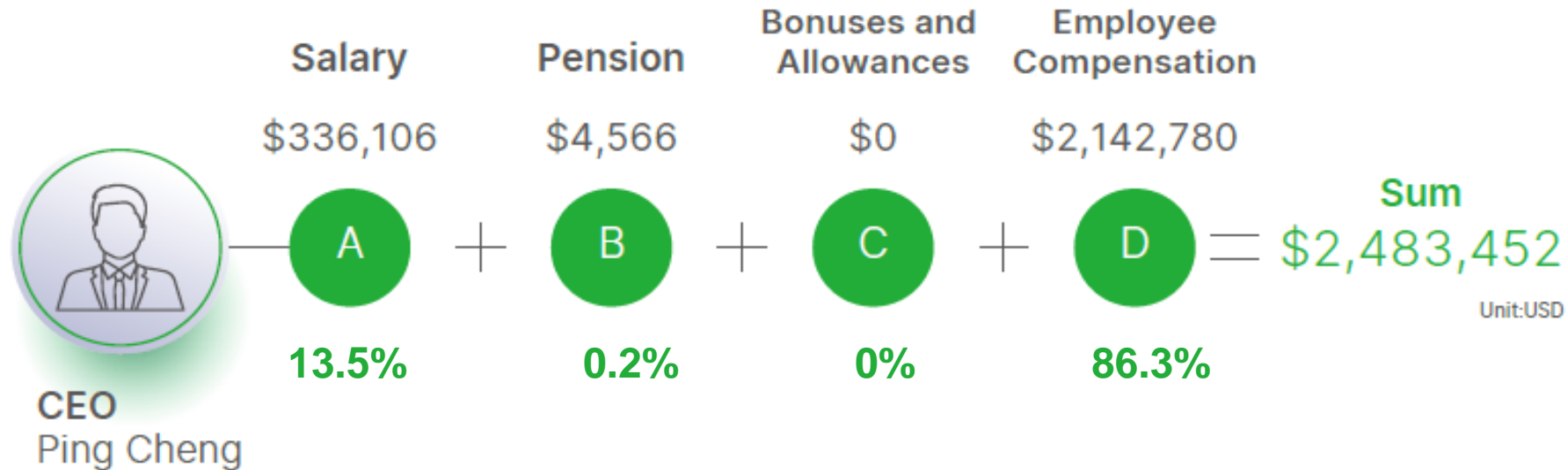
The score of performance indicators, for example:

ROE	Revenue	NOP	Annual Target	Total
20	24	10	22	76



CEO Compensation - Success Metrics & Long Term Incentive (3/4)

2022 Composition of CEO Remuneration



- Starting in 2023, an employee share purchase plan with **5 year vesting period and clawback policy** shall be used as a long-term initiative for senior managers(CEO included) to ensure that the Company’s long-term performance and shareholder’s interests are aligned. **14% of the short-term bonus** deferred in the form of shares or stock options.
- From 2023, long-term incentive will be “Employee Stock Ownership Trust, ESOT”, the long term incentive will be used to purchase the company stock and kept in trust fund for **5 years**.
- The CEO’s total remuneration is approximately US \$2,483,452, the ratio of the CEO’s annual salary to the median annual salary*1 of US \$10,488 for all employees excluding the CEO is approximately **237:1**. The ratio of the CEO's annual salary to the mean annual salary of US \$22,276 for all employees excluding the CEO is approximately **111:1**.

*1 The employees’ annual salaries refer to the actual salary amount for the current year paid to all employees, and include the basic monthly salary, fixed cash remuneration, bonuses, and cash dividends.

CEO Compensation - Success Metrics & Long Term Incentive (4/4)

Discussion Items and Resolutions of the Compensation Committee

Date of Compensation Committee Meetings	Discussion Item	Resolution
<p><u>October 27, 2022</u> The 5th of the 5th term</p>	<p>Proposal for the recommendation on 2022 director's compensation.</p>	<p>Passed by all members unanimously. Only the following suggestions are provided for the HR department:</p> <ol style="list-style-type: none"> 1. Please design the principles and calculation formula for director remuneration based on the following two points and industry benchmarks: <ul style="list-style-type: none"> • Director remuneration should be linked to company performance. • Executive directors and independent directors have equivalent responsibilities and should receive equal pay. There should not be significant discrepancies in their rewards. 2. In terms of recusing oneself from the voting on one's own remuneration, recusal should only be necessary if there is a potential conflict of interest that could cause prejudice to the Company. Please seek legal advice on this matter.
<p><u>February 22, 2023</u> The 7th of the 5th term</p>	<ol style="list-style-type: none"> 1. Proposal for the recommendation on 2022 Chairman's compensation. 2. Proposal for the distribution of 2022 employees and directors' compensation 	<ol style="list-style-type: none"> 1. Passed by all members unanimously with a request for HR to confirm the definitions of the fixed compensation and remuneration for the Chairman of the Board. 2. Passed by all members unanimously.
<p><u>April 26, 2023</u> The 8th of the 5th term</p>	<ol style="list-style-type: none"> 1. Proposal for the recommendation on 2023 managers' compensation. 2. Proposal for the percentage of distribution as 2023 employees' compensation. 3. 2022 Compensation Committee performance evaluation report. 	<ol style="list-style-type: none"> 1. Passed by all members unanimously. 2. Passed by all members unanimously. 3. The 2022 improvement plan has effectively strengthened the effectiveness of the Compensation Committee, and a committee member suggested that HR department arrange a meeting to explain relevant personnel procedures to help the committee members better understand the Company's operations.
<p><u>December 29, 2022</u> The 6th of the 5th term</p>	<p>Proposal for the amendment to the Company's long-term incentive plan.</p>	<p>Passed by all members unanimously with request for HR to add the following:</p> <ol style="list-style-type: none"> (1) Increase the differentiation of this long-term incentive in terms of total incentive. (2) Determine whether there have been any changes in the ratio of the compensation of top executives to the median salary, and compare it with industry standards.

- The salary structure of senior managers is highly correlated to the Company's performance. The Company determines the managers' salary proposals in accordance with the Company's performance indicators and submits the proposals to the Remuneration Committee for review and to the Board of Directors for resolution.
- Reference: [2022 Annual Report\(P.62\)](#),

Gender Pay Indicators

Gender Pay Indicators

2022 Global Annual Salary Ratio Based on Gender

Items		Male	Female
Executives Ranked Managers and Above (basic salary)		1	0.97
Executives Ranked Managers and Above (full salary)		1	0.94
Other Management Personnel (basic salary)		1	0.87
Other Management Personnel (full salary)		1	0.89
Non-management Personnel (basic salary)	Overall	1	0.76
	Professional Technical and Management Personnel	1	0.95
	Operator (including production line assistants)	1	1.13

- The gender wage gap in executive and other management is less than 13%.
- Break down the non-management personnel into professional technical and management personnel and operators (including production line assistants), 10% are female professional technical and management personnel and **the gender wage gap drops to 5%**; 43% are female operators (including production line assistants), and the average women salary is better than men salary. **It indicates Delta's pay philosophy of "equal pay for equal work"**.

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