

2023 Delta Electronics TCFD & TNFD Report



Contents

Preface 2

1 Governance 3

- 1.1 Vision for Climate and Nature 4
- 1.2 Corporate Governance 6

2 Climate Strategy 10

- 2.1 Climate Risk Identification and Response 11
- 2.2 Climate Risk Scenario Analysis 18
- 2.3 Metrics and Targets 25

3 Nature and Biodiversity 26

- 3.1 Locate 27
- 3.2 Evaluate 32
- 3.3 Assess 37
- 3.4 Prepare 39
- 3.5 Future Development Strategies for Measurement of NPI Targets and Metrics 40

4 Project Actions 43

- 4.1 Transition Plan 44
- 4.2 Energy Saving Benefits and the Avoided Emissions of Products 45
- 4.3 Ecological Due Diligence for Renewable Electricity 46

Future Prospects 48

Appendix 49

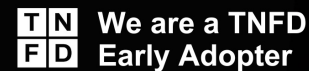
- TCFD Index 49
- TNFD Index 50
- Index of IFRS S2 Climate-related Disclosures 51

Preface

According to the Annual 2023 Global Climate Report published by the National Oceanic and Atmospheric Administration (NOAA), the global average temperature increase reached 1.35°C in 2023, which does not bode well for the target of limiting temperature rise to 1.5°C in the Paris Agreement. The "Natural Risk Survey Report" published by PwC stated that more than half of the world's GDP (approximately USD 58 trillion) is moderately or highly dependent on nature and its ecosystem services. In addition, according to the World Economic Forum (WEF) Global Risk Report 2024, climate change and nature issues will bring extremely high risks in the next 10 years, including extreme high temperatures, biodiversity loss, deforestation, marine pollution and other issues that will seriously affect our lives and economic development.

Delta upholds the mission statement "To provide innovative, clean and energy-efficient solutions for a better tomorrow" and has gained a deep understanding of the relationship between climate and nature and the Company's operations and financial performance in its experience in promoting sustainability in the past. Through active carbon reduction actions and reflection of our relation to the natural ecology, we firmly believe that Delta can attain greater resilience to cope with the impact of extreme climate and ecosystems, and create long-term value for Delta's business. In Delta's engagement with stakeholders and value chain activities, we have also learned that investors and customers are paying more attention to climate and environmental issues, and the disclosure of climate and nature-related financial information has become crucial. In September 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) published the official version of the Disclosure Framework v1.0. In January 2024, the IFRS S2 Climate-related Disclosures of the Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB) came into effect. Information disclosure on climate and nature issues will focus on "governance", "strategy", "risk management", and "metrics and targets" to provide companies with clearer information disclosure guidelines.

"2023 Delta Electronics TCFD & TNFD Report" (hereinafter referred to as the Report) is published based on the spirit of international frameworks such as TCFD, TNFD, and IFRS S2 to improve disclosure quality and transparency, and provide material climate and nature-related financial information. The first chapter will comprehensively describe our vision and governance structure on climate and nature, the second and third chapters will describe the risk and opportunity assessment and management response for climate and nature, and the fourth chapter will describe the actions taken in projects. With this report, we aim to share the results of Delta's in-depth development with stakeholders, demonstrate the value we have created in the face of climate risks and ecological crises, and convey Delta's sustainability commitment to all stakeholders.



1

Governance

1.1 Vision for Climate and Nature

1.2 Corporate Governance



Governance

Delta has formulated a clear vision on climate and biodiversity issues. With the support of the Board of Directors, Delta has adopted a science-based carbon reduction path in response to the climate target of limiting global average temperature rise to 1.5°C. To establish principles for managing biodiversity issues, Delta adopted the Biodiversity Policy as the foundation for subsequent response to nature-related risks and opportunities and ecological restoration actions. The Delta ESG Committee is Delta's core unit for promoting climate and natural issues. Delta's Global ESG Committee Board of Directors is responsible for supervision and functional committees and task forces for energy conservation, carbon reduction, product stewardship, and more. It was set up to establish a clear governance structure and assign powers and responsibilities to ensure that Delta moves towards net-zero and biodiversity maintenance through stable management mechanisms.

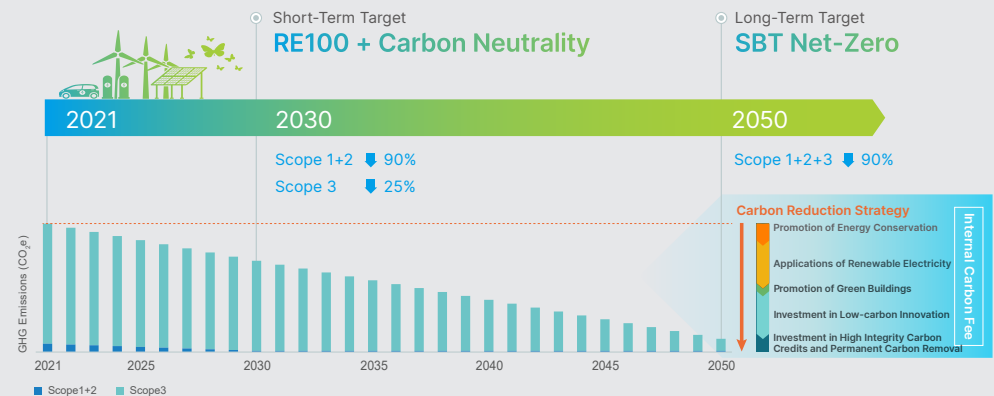
1.1 Vision for Climate and Nature

Climate change affects the business activities of enterprises as well as the sustainable development of future generations. As a leading manufacturer of power management and thermal management solutions, Delta adheres to the mission statement "To provide innovative, clean and energy-efficient solutions for a better tomorrow". We began research on climate change in 2007 and we actively communicate the importance of climate change in the Company to incorporate climate change awareness into our corporate culture. We also actively engage in climate action by participating in external initiatives to enhance our commitment to sustainable transition. Delta also recognizes the interdependence between climate and natural issues. Nature-based solutions are a crucial part of the road to net-zero. In recent years, Delta has expanded from focusing on responding to climate change to protection of the natural ecology and realization of the vision of net-zero and coexistence with the ecosystem with a more comprehensive approach.

Net-Zero and NPI by 2050

In 2022, Delta set goals that are consistent with the 1.5°C emissions reduction path set forth in the Net-Zero Standard released by the Science Based Targets initiative (SBTi) at the end of 2021. With 2021 as the baseline year, we set carbon reduction targets of a 90% reduction in absolute emissions for Scope 1 and Scope 2 (market based) and a 25% reduction for Scope 3 in 2030. We also aim to attain net-zero emissions in all global operation sites by 2050. This target has passed SBTi review. To fulfill Delta's commitment, we continue to implement energy conservation projects, use renewable electricity, promote green building, invest in carbon offsetting and permanent removal, implement internal carbon pricing to levy carbon fees, and invest in low-carbon innovations to actively attain carbon reduction targets and expand green business opportunities.

In terms of nature and biodiversity, Delta's Board of Directors has, in 2022, set the goals of "No Net Loss (NNL)" and "Net Positive Impact (NPI)" by 2050, and is committed to applying mitigation hierarchies, such as avoidance, minimization, restoration, offset, and additional conservation actions. Delta also works with value chain partners to support the global nature goal of "Net Positive by 2030 | Full recovery by 2050" with practical actions.



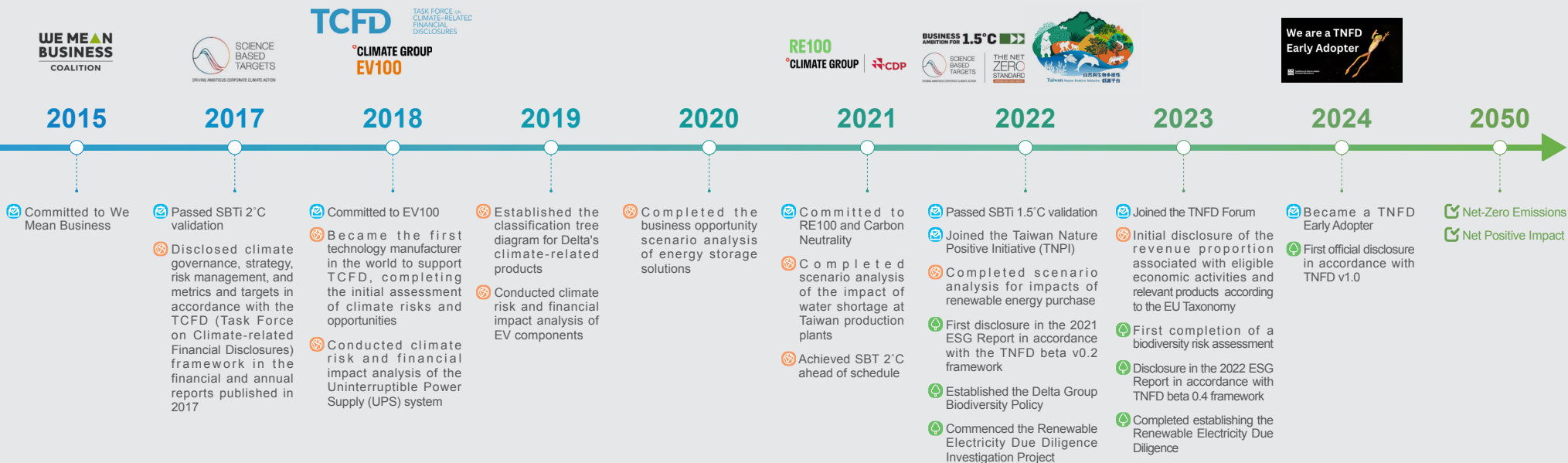
Key Performance Indicators in Past Years

Since 2015, Delta has implemented the policies of the We Mean Business Coalition for "commit to adopt a science-based emissions reduction target", "commit to report climate change information in mainstream reports as a fiduciary duty", "commit to responsible corporate engagement in climate policy", and "conversion to electric vehicles and expansion of charging facilities". We use renewable energy applications to reduce our carbon emissions, actively support international initiatives, and implement the carbon reduction action plan. We passed the SBTi 2°C in 2017, and set a science-based target for reducing the carbon intensity (CI) by 56.6% in 2025 compared to the baseline year of 2014. In addition, Delta joined the international initiative "EV100" in 2018, committing to convert 100% of its company vehicles to electric or hydrogen vehicles by 2030, and Delta became the first EV100 member in the world to provide energy infrastructure for electric vehicles. Delta announced its gold membership in the RE100 in 2021, a global renewable electricity initiative. We have pledged to achieve the goal of 100% renewable electricity and carbon neutrality by 2030 for all of Delta's global locations and achieve net-zero emissions by 2050 through the implementation of low-carbon transportation and renewable energy.

Delta has established the commitments of Delta, its subsidiaries with more than 50% shareholding and operational control, upstream suppliers and other partners on biodiversity issues in accordance with the Biodiversity Policy adopted in 2022. We are committed to reviewing the dependencies, impacts, risks, and opportunities on nature in our operations and value chains to actively implement Delta management of biodiversity issues. We also became one of the founding members of the Taiwan Nature Positive Initiative (TNPI) in the same year to jointly carry out local actions with domestic companies. We joined the TNFD Forum in 2023 to monitor international trends and industry dynamics, and became a TNFD Early Adopter in 2024 to commit to information disclosure in accordance with the TNFD framework. We work with internal and external partners and resources to actively implement Delta's management of biodiversity issues and move towards the 2050 NPI goal. Delta will continue to use real actions and the Company's core capabilities to demonstrate corporate resilience in the face of climate and nature challenges.

Delta's Climate and Nature-Related Achievements

Commitment and Initiatives Climate Action Biodiversity Accomplishments

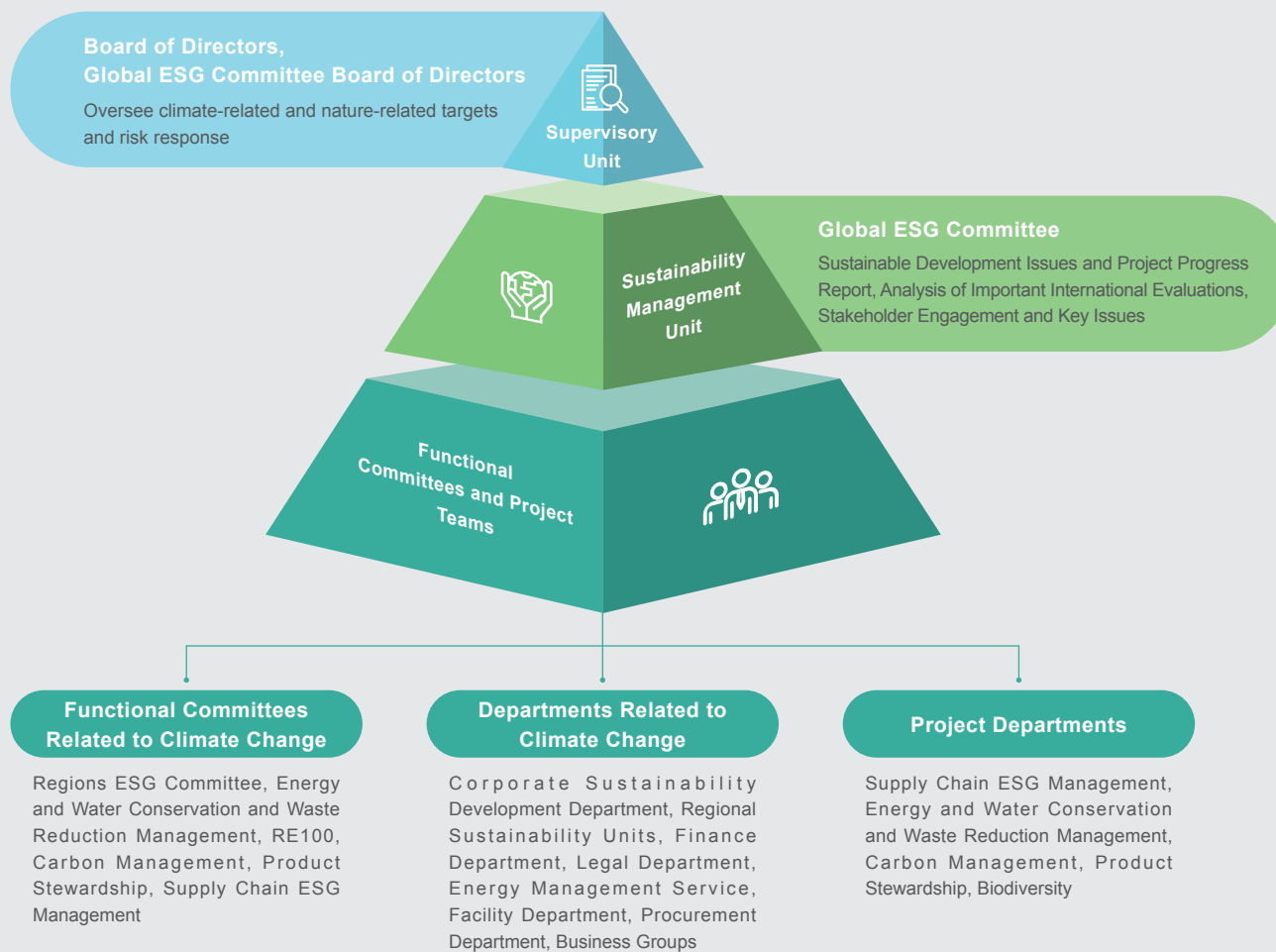


1.2 Corporate Governance

Delta's Board of Directors is the Company's highest sustainability oversight unit, and the management team members on the Board of Directors belong to Delta's Global ESG Committee Board of Directors, which is the highest-level climate and natural risk and opportunity oversight organization within Delta. Board members have always paid close attention to the latest climate change developments in the international community, and relevant knowledge has been incorporated into the professional functions of the Board of Directors. The issues under its supervision include climate strategy, climate transition plans, greenhouse gas inventory and reduction, internal carbon pricing, and related budgets and project implementation results. It also participates in the Delta ESG Committee and directly supervises Delta's climate change risk and opportunity management. In 2022, Delta officially incorporated biodiversity promotion into Delta's sustainability strategy, and the Board of Directors also included biodiversity risk assessment, renewable electricity ecological due diligence investigation, and related strategies into the scope of supervision.

Delta established the ESG Committee as the core unit for promoting ESG, and it also has several ESG functional committees and project teams composed of business groups, region directors, and department directors. They are responsible for formulating Delta's project plans, development tools, and procedures and they organize regular meetings to plan annual sustainability strategies, review the operations of the Group and various functional committees, and supervise the effectiveness of the execution of major projects to support and intensify Delta's sustainable development.

Delta's Sustainable Governance Structure



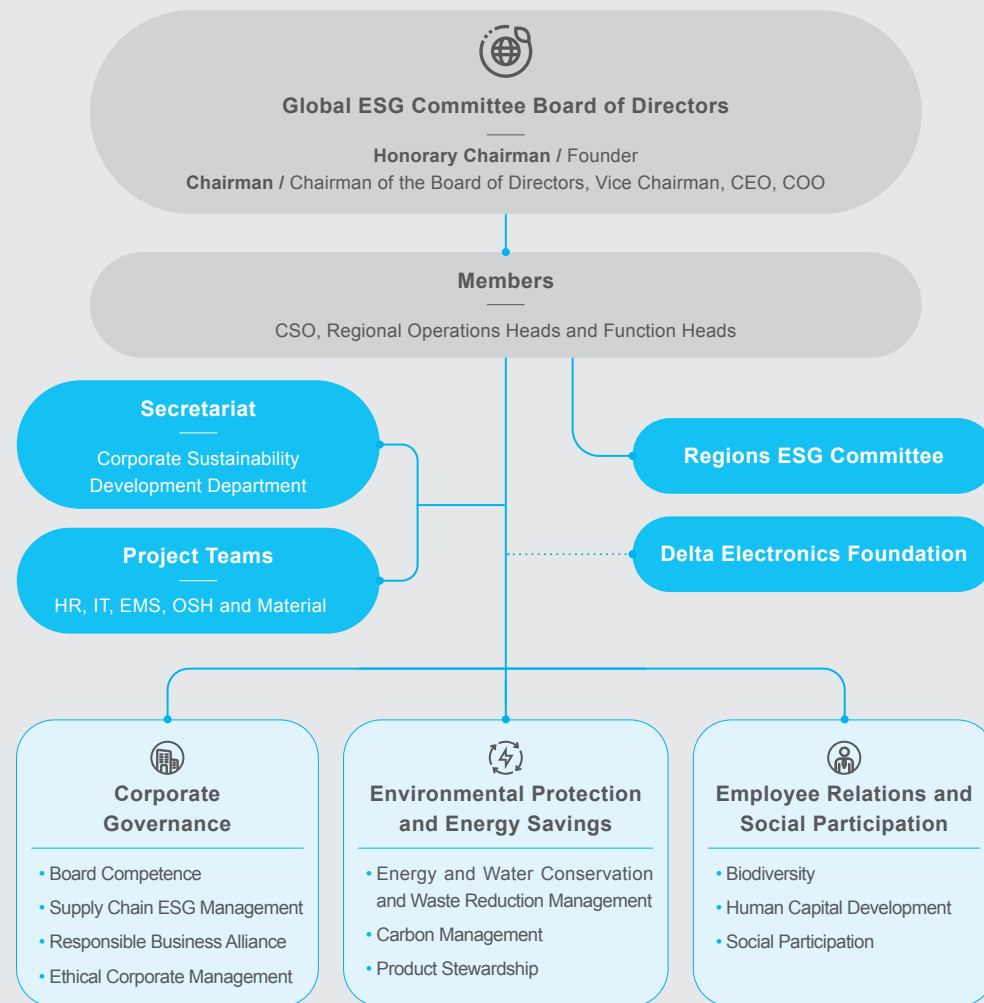
ESG Committee

Delta established the Corporate Social Responsibility Committee in 2007 and changed its name to the ESG Committee in 2021. It is the top management unit for climate and nature-related risks and opportunities. We established the position of Chief Sustainability Officer in 2019. The "Corporate Sustainability Development Department" is established under the jurisdiction of the Sustainability Committee. Its responsibilities are to analyze international sustainability trends, plan adaptation, mitigation, and other climate actions together with other management units to respond to the impact of climate risks on operations. It is also responsible for assessing TCFD, TNFD, nature-related frameworks and methodologies, Science Based Targets for Nature (SBTN), and Environmental Profit and Loss (EP&L) to study the ways in which biodiversity issues are promoted by enterprises and project development opportunities. Additionally, it is responsible for integrating internal climate and nature-related information, and coordinating external communication documents such as sustainability information. Important documents such as the annual ESG Report is submitted to the Board of Directors for approval.

In response to the sustainability trends and transition needs, Delta's Sustainability Committee has also established task groups on various topics based on the three major areas of "Corporate Governance", "Environmental Protection and Energy Savings" and "Employee Relations and Social Participation". The project teams for "Supply Chain ESG Management", "Energy and Water Conservation and Waste Reduction Management", "Carbon Management", and "Product Stewardship" are responsible for the strategic planning and implementation of climate issues. The "Biodiversity" project team was added in 2022 to implement related projects.

In addition, we established an "Energy and Water Conservation and Waste Reduction Management" subcommittee for the "Energy and Water Conservation and Waste Reduction Management" project. For the "Carbon Management" project, we established "RE100" and "Scope 3 Category 11" subcommittees to implement regular cross-regional energy resource target management and performance tracking, and ensure the attainment of renewable electricity targets at each site. For the "Product Stewardship" project, we established a "Product Carbon Footprint" subcommittee to work with each business group in launching a comprehensive pilot project on the Group's product carbon footprint in 2022. To effectively manage and implement sustainability issues, Delta has established a "Regional ESG Committee" in each region to implement and manage sustainability issues in each region.

Organization of the ESG Committee



Supervision and Authority of Governance Units

Delta holds at least one board meeting every quarter for board members to discuss important ESG issues, review climate and nature policies, strategic planning and actions, and oversee the implementation and results of climate and nature goals. To ensure effective communication of management progress, the Chief Sustainability Officer regularly reports the long-term strategies for climate and nature actions to the Board of Directors at the annual strategy meeting, and reports the status of all projects to the Board of Directors every quarter. In 2023, the Chief Sustainability Officer made four reports to the Board of Directors on topics including important trends, key data, biodiversity policy updates, greenhouse gas reduction management, external ratings results, and the overall effectiveness of the implementation of energy and carbon management budgets.



Board of Directors

Authority and Responsibility

- Highest supervisory unit for sustainability
- Guide climate and nature strategies, transition plan, budgets, and major action plans related to Delta's business plan

2023 Results

Supervised climate strategies, transition plans, carbon management and GHG inventory programs, biodiversity policies, internal carbon pricing and annual low-carbon investment budgets, ESG rating performance, and global sustainability trends and regulations.



Global ESG Committee Board of Directors

Authority and Responsibility

- Highest supervisory organization for climate and natural risks and opportunities
- Oversee the promotion and performance results of climate and nature-related projects

2023 Results

Participated in important meetings, e.g. "Energy and Water Conservation and Waste Reduction Management" and "RE100", of the ESG Committee and sub-committees; supervised other projects, such as the results of natural and biodiversity risk assessments, and promoted and managed the progress of various climate and natural targets.



ESG Committee

Authority and Responsibility

- Highest management unit for climate and nature-related risks and opportunities
- Promote the implementation of climate action and transition plans

2023 Results

In response to different sustainability issues, project teams held regular sub-committee meetings to implement target management and performance tracking.



Chief Sustainability Officer

Authority and Responsibility

- Manage annual budget for climate and nature issues
- Report to the Board of Directors on climate and environmental management achievements every quarter
- Report to the Board on long-term strategies for all climate and nature actions at annual strategy meetings

2023 Results

Contents of discussions and proposals reported to the Board of Directors by the Chief Sustainability Officer included: annual budget planning results for low-carbon investments; greenhouse gas (GHG) inventory plans; biodiversity management and other project reports; analyses of MSCI, DJSI, CDP and other ratings; sustainability trends and regulations; CBAM (Carbon Border Adjustment Mechanism), and greenwashing issues.

Performance Evaluation Linked to Climate and Nature Issues

To strengthen climate and nature governance, Delta's Remuneration Committee is responsible for formulating and regularly reviewing the performance evaluation and salary compensation policies of Directors and managers, and assists the Board of Directors in evaluating the connection between the compensation of the Company's Directors and managers and the Company's operating performance. The ESG indicators used to evaluate remuneration cover three aspects: sustainability evaluation, participation in sustainability initiatives, and corporate governance. This ensures that the Chairman, managers, and regional business units have sufficient reward mechanisms to promote sustainable actions consistent with Delta's long-term goals.

ESG Indicators

Metrics

A External Evaluation

Global sustainability rating, the topics include nature and climate change, supply chain engagement, Scope 3 greenhouse gas emissions

Dow Jones Sustainability Indices (DJSI), Morgan Stanley Indexes (MSCI ESG), CDP

B Voluntary Initiatives

RE100

RE100: Achieve the 100% renewable electricity target

C Corporate Governance

Corporate Governance Evaluation of Companies listed on the TWSE and TPEX

Senior Executive Compensation and Reward System



Chairman

A + B : 30% of the current-year performance indicators

C : 20% of the current-year performance indicators



Managers (e.g., CEO and COO)

A + B : 20% of current-year performance indicators



Region Head and Global MFG Leaders

B : 5% of current-year performance indicators

2

Climate Strategy

2.1 Climate Risk Identification and Response

2.2 Climate Risk Scenario Analysis

2.3 Metrics and Targets



Climate Strategy

The continuous evolution of climate change impacts corporate operations at different levels. Delta has established a comprehensive risk management mechanism to respond to climate change. It regularly compiles international trends and research, assesses climate risks that may have a major impact, and evaluates climate risks based on different levels of impact to develop clear response principles. "Internal Carbon Pricing" is a core element of Delta's response to climate risks. It promotes different aspects of climate strategies through an internal incentive system. In addition, Delta uses climate scenario analysis to evaluate the impact of climate factors on market size, costs, and strategic planning to improve its strategic resilience in response to climate risks.

2.1 Climate Risk Identification and Response

Delta has incorporated climate change issues into the Group's risk management. We implement the identification, assessment, and response to climate risks and issues based on the climate change report, risk assessment report, level of concern to stakeholders, and international trends in response to sustainability issues. We also follow the risk framework in the Recommendations released by the TCFD to divide the risk structure into transition risks and physical risks, analyzing policies and regulations, technology, markets, corporate reputation, and the impact of acute and chronic climate events.

Risk identification mechanisms

Risk assessment coverage and scope

Delta's identification and assessment of climate risks includes its own operations as well as the physical and transition risks of the upstream supply chain. We also take into account downstream customers' demand for low-carbon products and Delta's brand reputation.

Risk assessment coverage categories

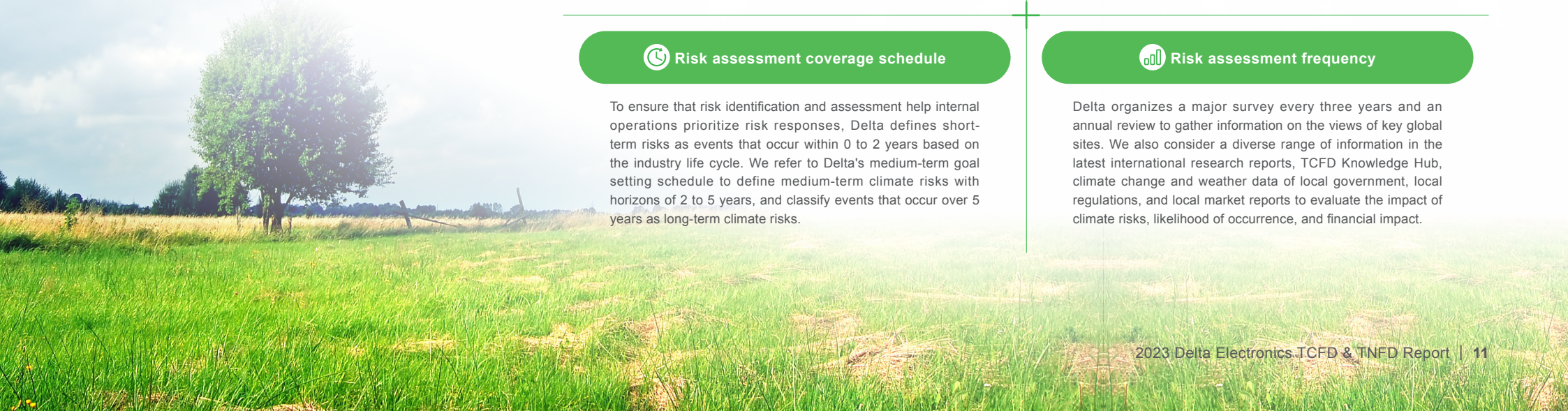
Delta refers to the TCFD Recommendations and considers current and emerging regulation, technology, legal, market, reputation, acute physical and chronic physical risks to identify significant climate risks.

Risk assessment coverage schedule

To ensure that risk identification and assessment help internal operations prioritize risk responses, Delta defines short-term risks as events that occur within 0 to 2 years based on the industry life cycle. We refer to Delta's medium-term goal setting schedule to define medium-term climate risks with horizons of 2 to 5 years, and classify events that occur over 5 years as long-term climate risks.

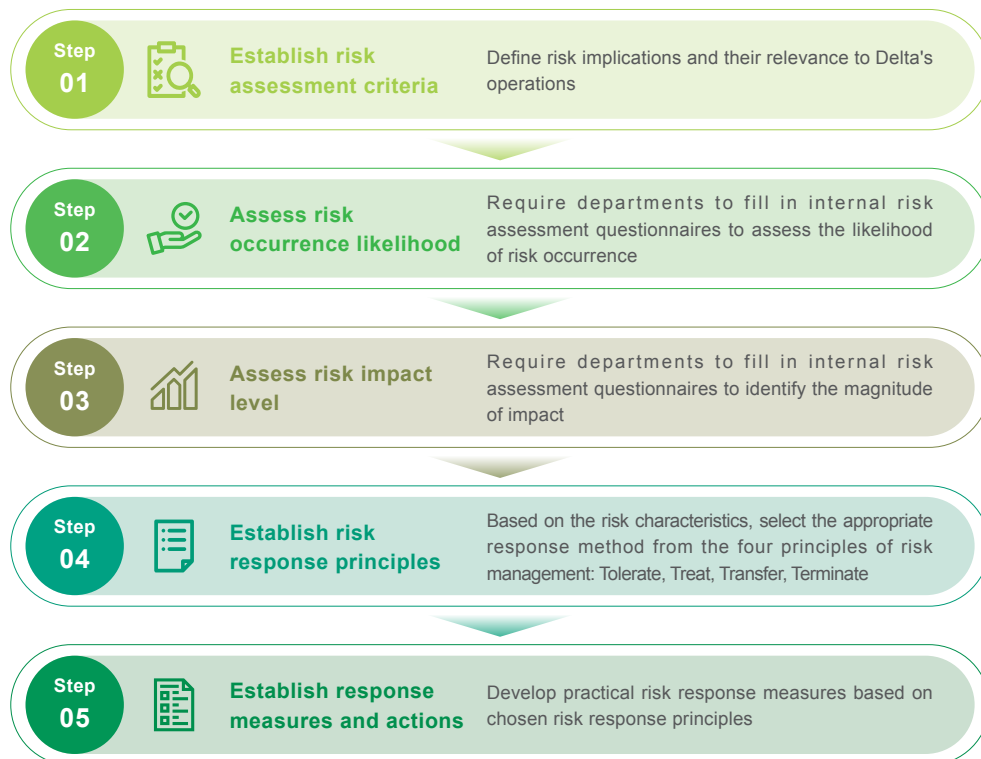
Risk assessment frequency

Delta organizes a major survey every three years and an annual review to gather information on the views of key global sites. We also consider a diverse range of information in the latest international research reports, TCFD Knowledge Hub, climate change and weather data of local government, local regulations, and local market reports to evaluate the impact of climate risks, likelihood of occurrence, and financial impact.



Risk Assessment Process

Delta has incorporated climate change factors into the group risk management and uses regular risk identification, assessment, control, monitoring, and communication management procedures to clarify the scope of climate change risks. The Corporate Sustainability Development Department established a preliminary list of risk themes for climate issues of concern to stakeholders, as well as sustainability assessment concerns based on international climate change research. It described the meaning of each climate risk, designed an internal risk assessment questionnaire, and invited all business units, plant operations, finance, and legal affairs, investor relations, human resources, occupational safety, brand, supply chain ESG management, foundations and other units to conduct quantitative assessments for each risk project based on the likelihood of risk occurrence and degree of impact. It uses the results as the basis for subsequent risk management and response.



Climate Risk Factors

During the risk identification process, Delta continuously examines the correlation between climate risks and Delta's industrial characteristics and business activities to determine the potential financial impact and strategic impact of climate risks on Delta.

Aspect	Relationship between climate risks and Delta's operations
Regulations and policies	Delta pays close attention to net-zero policies and greenhouse gas emission-related regulations in its global operation sites, including Taiwan's Climate Change Response Act, the Sustainable Development Roadmap promoted by the Financial Supervisory Commission, the European Union's Corporate Sustainability Reporting Directive (CSRD), and the climate-related disclosure requirements stipulated by the United States Securities and Exchange Commission (SEC). Delta adheres to the principle of complying with regulations ahead of schedule and continues to take climate actions before policy requirements come into effect.
Technological development	While climate change affects corporate operations and financial performance, it also creates new opportunities for the electronic components industry. Delta uses its own R&D capabilities as the foundations for developing energy-saving products and solutions and invests in low-carbon technologies to grasp opportunities for transforming into a green energy-saving solution provider.
Markets	Delta develops products with higher energy efficiency that meet customer needs, and continues to pay attention to customer selection criteria for suppliers and low-carbon product needs, creating value for customers while enhancing its own competitive advantages.
Reputation	Delta has operation sites all over the world and has a wide range of product lines. In addition to communicating with multiple stakeholders through sustainability reports, Delta also actively participates in a number of international forums and conferences to set clear science-based carbon reduction goals, communicate carbon reduction commitments with customers, promote a wide variety of carbon reduction actions to achieve carbon reduction goals, and communicate to investors and the public.
Acute Physical Risks	Delta's production sites and suppliers are located in different climate zones. As an example, flooding caused by short-term heavy rainfall may cause damage to plants or facilities. If the supply chain operation process faces physical risks, it will also result in interruption of material supply and incur additional costs.
Chronic Physical Risks	Chronic changes in climate patterns such as rainfall and temperature will affect the durability of Delta assets and equipment maintenance. Since 2006, Delta has actively pledged to implement green building concepts in offices and factories in the future and improve the durability of buildings against extreme weather.

Material Climate Risk Analysis Results

Delta has explored the ways in which climate risks may impact Delta based on the Recommendations of the Task Force on Climate-related Financial Disclosures. We have selected climate risks of high concern that would have a significant impact on Delta's operations from the list of risks based on the risk possibility, degree of risk impact, and degree of financial impact. We have also assessed the possible financial impact of climate risks from material impacts to consider subsequent response strategies and expansion opportunities.

Climate Risk Analysis Matrix



Current and Emerging Regulatory and Legal Risks

- 1 Domestic and international GHG reduction requirements
- 2 Voluntary regulations
- 3 Uncertainties in laws and policies
- 4 Carbon tax and related regulations
- 5 Mandatory regulations for products and services
- 6 Renewable energy regulations
- 7 Risks of litigation

Technology Risks

- 8 Products and services replaced by other low-carbon products and services
- 9 Cost of the transition to low-carbon technologies
- 10 Failed investment in new technologies

Market Risks

- 11 Customers change criteria for supplier selection
- 12 Customers change product specifications and requirements
- 13 Consumers shift to low-carbon products
- 14 Requirements for suppliers to reduce greenhouse gas emissions
- 15 Increase in the cost of raw materials
- 16 Lack of contribution from company in climate change, which affects investors' and banks' willingness to invest

Reputational Risks

- 17 Industry stigmatization
- 18 Adverse news on climate change that damages the Company's reputation

Acute Physical Risks

- 19 Increase in the severity of extreme weather events

Chronic Physical Risks

- 20 Changing rainfall patterns and severe weather patterns
- 21 Rise in average temperatures
- 22 Rise in average sea level

Risks of High Concern to Delta



Cost of the Transition to Low-carbon Technologies

In response to global trends and customer demand for carbon reduction, Delta has invested in low-carbon technology transformation such as increasing the use of renewable energy, enhancing the capacity of power storage technologies, and improving the energy efficiency of production processes, which incur increased costs of research and development as well as applications.

Ⓢ Potential Path and Method of Impact

- Required purchase of low-carbon technology equipment
- Required sourcing of low-carbon materials
- Increased R&D costs
- Possible loss of customers during the transformation
- Insufficient investment in low-carbon technology and resources

⚠ Financial Impact

- Decreased revenue
- Increased expenditures
- Impact on assets or discarding

🗣 Response to Risks

- Introduce internal carbon pricing mechanisms to accelerate internal carbon reduction actions
- Encourage investments in carbon-negative technologies and low-carbon innovations to uncover business opportunities
- Intensify R&D talent development and retention
- Continue to develop the circular economy and low-carbon materials

4T Treat

💡 Potential Opportunities

- Continue to strengthen low-carbon technologies, reduce product carbon footprint, and increase product competitiveness
- Business opportunities and market development for energy storage solutions



Uncertainties in Laws and Policies

The lack of regulatory measures may make it difficult for enterprises to obtain the necessary policy support. The impact of new regulations and policies may create uncertainties and make it impossible for enterprises to respond accordingly.

Ⓢ Potential Path and Method of Impact

- Increased risks of operational and product compliance due to uncertainties of domestic and foreign regulations
- Continuous increase in energy prices due to uncertainties in international energy policies
- Miscommunication between the Company and internal and external stakeholders may affect the Company's reputation.

⚠ Financial Impact

- Decreased revenue
- Increased expenditures
- Impact on assets or discarding
- Increased liabilities
- Decreased capital, financing difficulties

🗣 Response to Risks

- Continue to monitor legislative changes in different countries
- Commit to responsible corporate engagement in climate policy and initiatives

4T Treat

💡 Potential Opportunities

- Implement the RE100 commitment and net-zero commitment
- Engage in climate policy and initiatives and accelerate low-carbon transformation in industries



Carbon Price, Carbon Tax and Related Regulations

The governments of foreign countries and Taiwan have established related laws and regulations for carbon taxes and carbon fees, and set carbon reduction targets and carbon trading mechanisms. These measures increase the cost of carbon emissions for companies.

Ⓢ Potential Path and Method of Impact

- With the carbon border tax required by Europe and the U.S., Delta must calculate the carbon footprint of products and set reduction targets. Otherwise, it will increase operational costs and affect product profitability, and may prevent the sales of products on the international market.
- After Taiwan's Climate Change Response Act went into effect, carbon fees were levied in separate phases. If Delta is included in future carbon fee levies, it will incur additional carbon expenses, increasing its operating costs.

⚠ Financial Impact

- Decreased revenue
- Increased expenditures
- Impact on assets or discarding

🗣 Response to Risks

- Continue to use the internal carbon pricing to accelerate internal carbon reduction and low-carbon innovations and applications
- Launch the product carbon footprint project and set active carbon reduction targets
- Set the classification tree diagram for Delta's climate-related products based on their characteristics, method of application by customers, and the EU Taxonomy

4T Treat

💡 Potential Opportunities

- Continue to strengthen low-carbon technologies, reduce product carbon footprint, and increase product competitiveness

**Domestic and International
GHG Reduction Requirements**

Many countries have announced their carbon reduction commitments and formulated carbon reduction policies to support the international carbon reduction initiatives. They thus require enterprises to comply with greenhouse gas reduction policies and attain specific carbon reduction results.

S Potential Path and Method of Impact

- It may affect the reputation of companies and the willingness of investors to invest
- Carbon reduction measures may lead to higher operating costs
- If suppliers are levied high carbon taxes or fines, the costs will be passed on to Delta

! Financial Impact

- Decreased revenue
- Increased liabilities
- Increased expenditures
- Decreased capital
- Impact on assets or discarding
- Financing difficulties

🔄 Response to Risks

- Continue to utilize the internal carbon pricing mechanism to accelerate internal carbon reduction and low-carbon innovations and applications
- Actively implement the RE100 commitment
- Enhance supplier sustainability management and collaboration with upstream/downstream industries

4T Treat

💡 Potential Opportunities

- Develop innovative carbon reduction technologies for manufacturing processes, invest in carbon offsetting and permanent carbon removal, and expand low-carbon business opportunities
- Evaluate carbon trading
- Monitor the possibility of reduction outside the value chain

**Customers Change Criteria
for Supplier Selection**

As the sustainability and environmental protection awareness of corporate customers increase, they may opt for suppliers that provide products for adapting to the new climate. The selection criteria for suppliers will thus change.

S Potential Path and Method of Impact

- Failure to meet customers' supplier selection criteria may result in the loss of orders which would impact revenue and the Company's reputation.
- Customers impose increasingly stringent requirements for Delta's greenhouse gas reduction, which requires more energy-efficient and carbon-reducing production.

! Financial Impact

- Decreased revenue
- Increased liabilities
- Increased expenditures
- Decreased capital
- Impact on assets or discarding

🔄 Response to Risks

- Set net-zero strategies, pathways, and targets and continuously manage carbon reduction performance
- Monitor customers' sustainability developments and incorporate them into Delta's product R&D strategies to actively respond to customers' demand

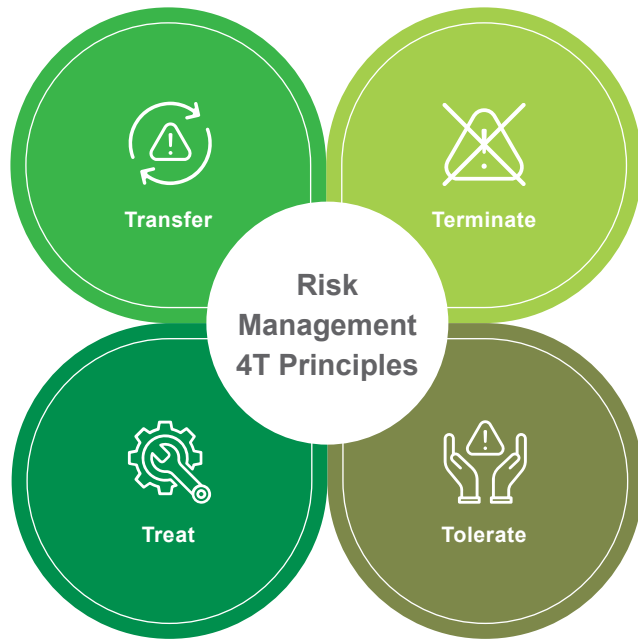
4T Treat

💡 Potential Opportunities

- Provide customers with innovative energy conservation solutions and services
- Enhance Delta's sustainability impact by participating in international evaluations and supporting international initiatives (SBTi, RE100, etc.)

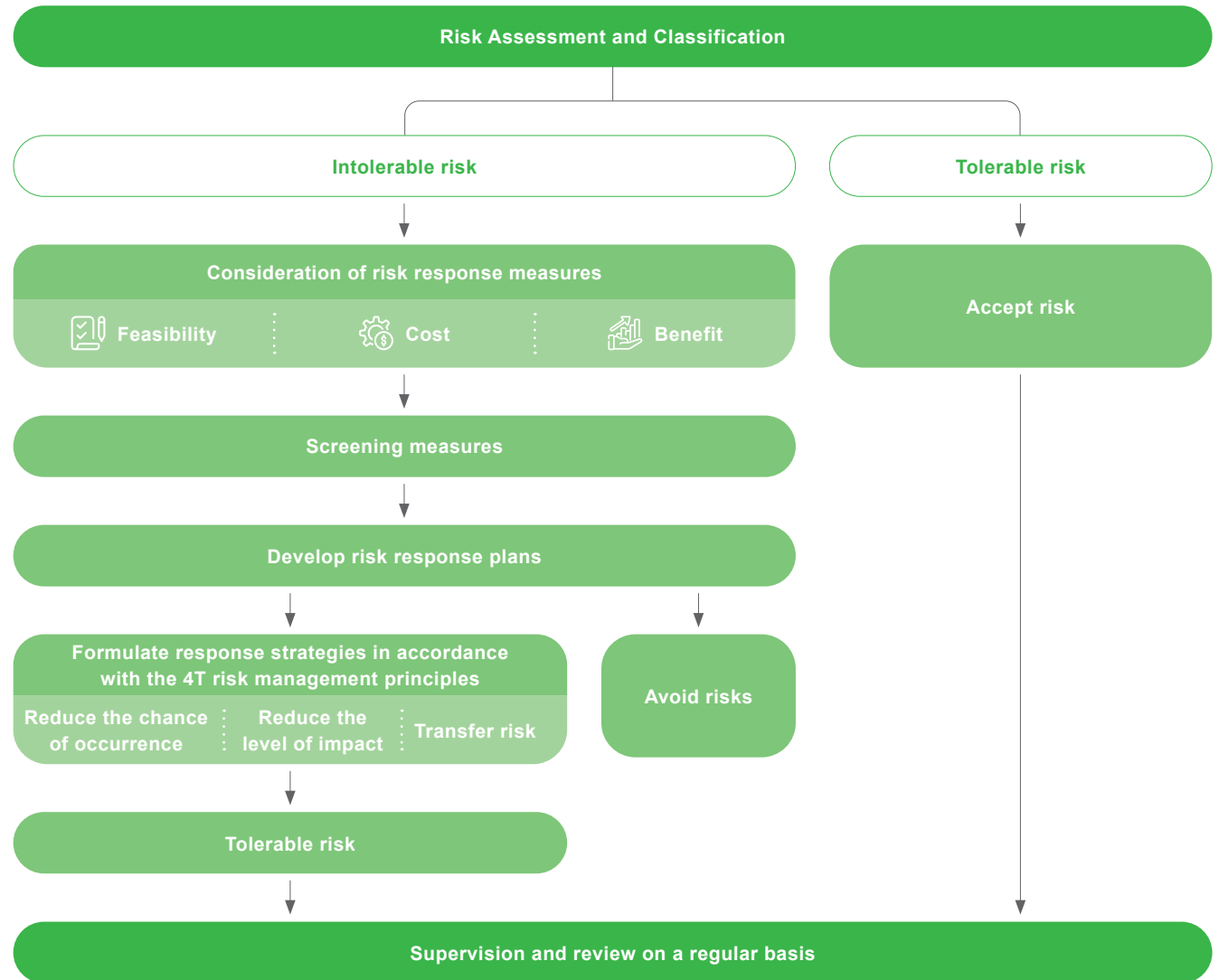
Risk Response Measures and Strategies

Delta has integrated climate-related risks into its risk management process and initially assessed Delta's tolerance for risks. For unacceptable risks, Delta considers "feasibility," "cost," and "benefit" to screen risk responses. We also formulate appropriate risk response plans in accordance with the risk management 4T principles by considering "reduce the chance of occurrence", "reduction of risk impact", "risk transfer", "risk avoidance", and other guidelines, and regularly monitor and manage the subsequent development of risks.



*Reference: Deloitte risk management framework

Delta's Risk Management Procedures



In terms of climate risk response, Delta continues to focus on different climate risk types and adaptability levels. Delta implements management through mitigation and adaptation for the items with high climate risks based on the overall risk rating.

Mitigation

The main purpose of "mitigation" is to slow down the rate or scale of climate change issues through the introduction of renewable energy, green buildings, and the implementation of internal carbon pricing to encourage all departments or business units to take emission reduction measures.

Adaptation

"Adaptation" focuses on how Delta can reduce the business impact of climate change as much as possible through the establishment of a risk management system and the transformation of internal operations.

Innovation

"Innovation" means making good use of Delta's own advantages, focusing on forward-looking technological research and development, encouraging the development of more innovative low-carbon applications, products, and solutions from Delta, and expanding green business opportunities such as hydrogen energy, smart grids, and renewable power matching programs.

Delta Climate Change Response Measures

Mitigation

- Enhance energy efficiency through self-generated renewable electricity, energy conservation, and green building, reducing Delta's energy dependency
- Establish a unified internal carbon price for strategic management across global Delta sites; review carbon reduction trends annually to update the carbon price and serve as an internal tool for supporting carbon reduction and risk management

Adaptation

- Conduct short, medium, and long-term physical risk analysis on the impact of flooding, droughts, and heatwave on Delta's global sites and key suppliers, to understand potential impacts in advance
- Formulate Business Continuity Plans (BCPs) to address climate change with reference to international standards such as ISO 14090: Adaptation to climate change - Principles, requirements and guidelines, and ISO 22301: Business continuity management systems

Innovation

- Promote the development of innovative low-carbon applications and product solutions through effective internal management systems
- Explore business opportunities related to green energy

Internal Carbon Pricing

Delta's climate change response measures incorporate internal carbon pricing to empower mitigation, adaptation, and innovation for risk projects.

2.2 Climate Risk Scenario Analysis

Delta has established analysis scenarios based on climate research for the most pressing transition and physical risks for analysis and incorporated the analysis results into internal decision-making to improve its strategic resilience in response to climate risks. Scenario analysis performed in recent years include transition risks for business opportunities for Delta's ventilator and air quality solutions, as well as business opportunities for Delta's energy storage solutions. The physical risks include the impact of external renewable power generation purchased by Delta, and the impact of water shortages on production plants in Taiwan. In 2023, we implemented a quantitative analysis for floods, droughts, and heatwave¹ for all Delta locations and key supplier locations to identify locations and specific types of physical risks in the short, medium, and long term under future climate scenarios.

Transition Risk Scenario Analysis

01 Business opportunities for Delta's ventilator and air quality solutions

Background	The Sixth Assessment Report (AR6) of the IPCC pointed out the link between air pollution and global warming, and that as global warming becomes more severe, air pollution indicators will deteriorate. Delta has long been committed to environmental issues and offers air quality solutions.	
Purpose of Analysis	Evaluate the impact of climate change on air quality in different regions and use the results as the basis for the business development of subsequent related products and solutions.	
Climate Scenario	We used SSP1-2.6 (ideal mitigation) and SSP5-8.5 (high emissions) as scenarios to estimate the future air pollution (PM2.5) conditions at the end of each decade and the end of each century and to simulate the projected risk maps of the globe, key regions, and cities.	
Scenario Evaluation Period	2021 – 2030	2031 – 2040
2021 – 2030	2031 – 2040	2041 – 2050
Scenario Evaluation Methodology	Using the World Health Organization's Air Quality Guidelines (PM2.5 24-hour average of 15 µg/m3) as a measurement standard, we analyze the total number of days when the PM2.5 concentration exceeds this standard in each region to evaluate the severity of local air pollution. Delta adopted IPCC-AR6 for the assessment results to simulate future warming scenarios with air pollution.	
Scenario Geographical Scope	 Global	 Taiwan
Scenario Analysis Results	SSP1-2.6 Scenario Severe pollution is concentrated in Mainland China, South Asia, West Asia, Equatorial Africa, Western Australia, and the Southern Cone of South America. Air pollution levels in South Asia and Mainland China may decrease slightly by the middle and end of the century.	SSP1-2.6 Scenario Air pollution on the western half of the island is much more severe than the eastern half. Air pollution in the north is mainly affected by pollution from outside the country which decreases as in the middle to latter periods of the century.
	SSP5-8.5 Scenario As opposed to the SSP1-2.6 scenario, the air pollution changes in the middle and latter periods of the century do not subside and the pollution expands to North America and Central America.	SP5-8.5 Scenario Air pollution continues to exacerbate until the middle of the century, and the impact of pollution from outside the country expands beyond the scope in the SSP1-2.6 scenario and reaches southern Taiwan, with only a slight decrease towards the end of the century.
Response Measures	<ul style="list-style-type: none"> ✓ We have analyzed the changes of air pollution around the globe as a key reference for determining Delta's globe marketing strategy for ventilator and air quality solutions. ✓ We develop and design different product lines and solutions for different regions to meet different market requirements. ✓ We import Delta's UNO indoor air quality monitoring solution to monitor indoor air and environmental quality data to create a healthy workspace for employees. 	

Assessment of business opportunities for air quality products and solutions²



Timescale	2021-2030		2031-2040		2041-2050	
Climate Scenario	SSP 1-2.6	SSP 5-8.5	SSP 1-2.6	SSP 5-8.5	SSP 1-2.6	SSP 5-8.5
Asia	64.536	68.589	51.696	58.696	44	56.589
Americas	1.292	1.458	1.208	1.833	1.25	1.541
Europe	1.357	0.429	0.821	0.321	0.607	1.214
Oceania	0	0	0	0	0	0
Africa	68	73	68	62	63	61

*1. Refers to definitions provided by official institutions or documents—such as the maximum consecutive dry days for drought risk or the Standardized Precipitation Index (SPI) for rainfall. For flood risk, the frequency, severity, and sea level rise are considered. For heat risk, the definition of a heatwave by the World Meteorological Organization (WMO) is referenced, and will be referred to as "heatwave" in the following descriptions.

*2. The data in the table are the total number of days when the PM2.5 concentration exceeds the World Health Organization's global air quality guidelines for PM2.5 24-hour average.

02 Business opportunities for Delta's energy storage solutions

Background

Renewable energy is one of the options for mitigation and adaptation for responding to climate change. However, as the proportion of renewable energy increases, the impact on the power grid will be more pronounced, thereby creating the need for energy storage systems through operational requirements.

Purpose of Analysis

Assess the growth of renewable energy demand under different carbon reduction scenarios and analyze business opportunities under different scenarios.

Climate Scenario

We adopted the NDC scenario and Beyond 2°C scenario A (B2DS) to simulate different climate scenarios and evaluate the business opportunities for energy storage products under the two renewable energy scenarios. In addition to the estimated amount of energy storage installations, Delta's energy storage system specifications, prices, market and customer demand, and estimated installation capacity were also included as parameters for analysis.

Scenario Evaluation Period

2025 2030 2050

Evaluation Methodology

We estimated that the proportion of renewable electricity, energy storage installed capacity, and the specifications, prices, market and customer demand, and installed capacity of energy storage systems in the Taiwan market in 2025 and 2030 using the two scenarios of NDC and Beyond 2°C Scenario (B2DS) and using the total global greenhouse gases and power generation and other factors.

Scenario Geographical Scope

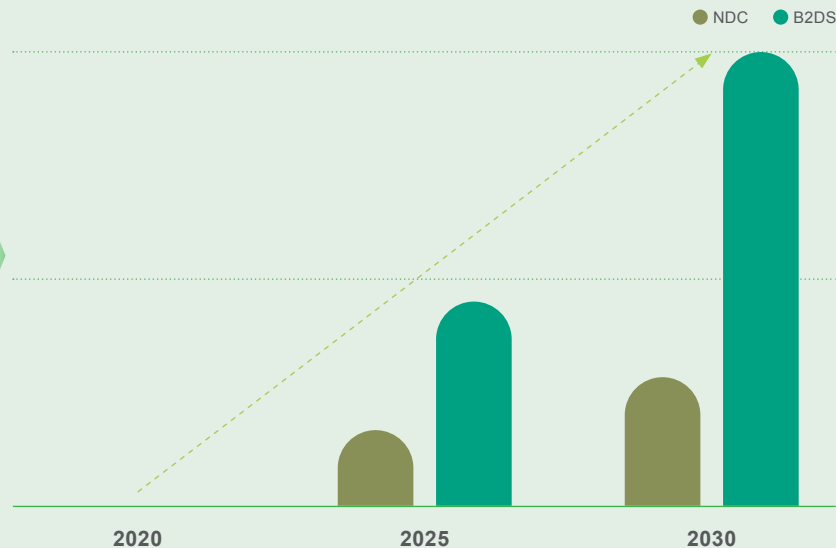
Taiwan

Scenario Analysis Results

In the model setting, if we compare the growth of the same scenario in different years, the overall energy storage market is expected to grow more than twice as much in 2030 compared to 2025 in the B2DS scenario. In the NDC scenario, the overall energy storage market is expected to grow less than twice as much in 2030 as in 2025. If we compare the two scenarios in the same year, the estimated overall energy storage market in 2030 in the B2DS scenario is 4.7 times larger than in the NDC scenario, indicating that the B2DS scenario significantly drives the demand for energy storage solutions, therefore, it is better if B2DS is adopted as the policy for Taiwan.

The results showed that before 2025, Delta's internal strategy for energy storage solutions is consistent with the NDC climate scenario. In the NDC scenario simulation, the energy storage market is expected to double in 2030 compared to the market in 2025. In the B2DS scenario simulation, we see an opportunity to increase the revenue growth by twofold compared to the benchmark.

Delta's expected cumulative revenue in the energy storage market



Response Measures

- ✔ We joined the RE100 and continue to expand the proportion of renewable energy and set up demonstration sites for energy storage solutions at many operation sites. We implement practical integration of power applications and energy management systems to maximize the effectiveness of grid frequency regulation.
- ✔ Both the installation capacity market for short-term microgrid stabilization and the energy market for long-term power shortage supply are critical market developments for the future.

03 Global greenhouse gas reduction path and Delta's carbon reduction plan

Background

The International Renewable Energy Agency (IRENA) published the "World Energy Transitions Outlook 2022: 1.5°C Pathway", which proposes a pathway to limit global warming to 1.5°C from the perspective of energy transition and the milestones that should be achieved in different periods.

Purpose of Analysis

Understand how the global carbon reduction pathway will affect Delta's carbon reduction plan and countermeasures that Delta should develop.

Climate Scenario

IRENA carbon reduction scenario

Scenario Evaluation Period

2022 to 2050

Evaluation Methodology

Compare Delta's own SBTi carbon reduction pathway with IRENA's carbon reduction forecast to analyze the amount of carbon reduction Delta needs to achieve to follow IRENA's carbon reduction pathway.

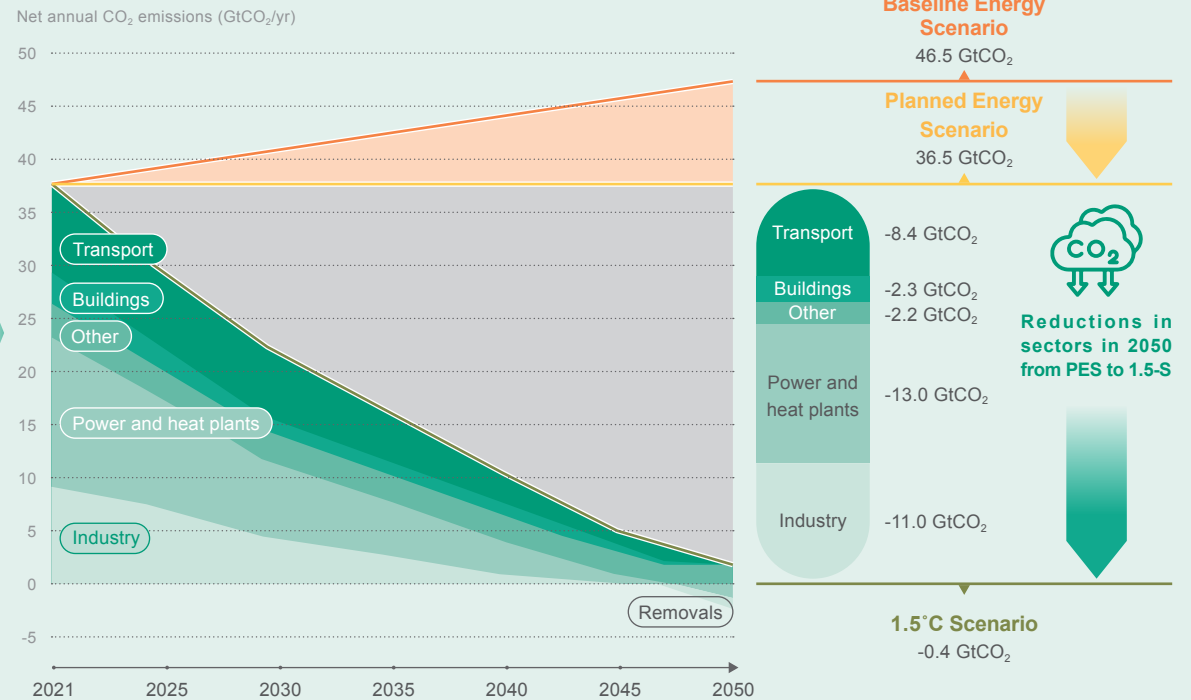
Scenario Analysis Results

The annual carbon reduction rate of the SBTi carbon reduction plan submitted by Delta is 2.5% to 3%. To follow the IRENA carbon reduction pathway, Delta needs to achieve carbon reduction of at least 13% to 28% each year.

Transition scenarios IRENA Assumptions

- The annual reduction needed by IRENA will be consistent through 2050.
- Baseline emissions equal to IRENA PES scenario in 2021.
- Delta's current emission reduction pathway is also consistent with it.

Projected trends in global CO₂ emissions and Delta's carbon reduction plan under three scenarios, 2020-2050



*Reference: WORLD ENERGY TRANSITIONS OUTLOOK 1.5°C PATHWAY

Physical Risk Scenario Analysis

01 Impacts of flooding, droughts, and heatwaves on Delta's operation sites and key suppliers




Background

Climate change has led to more frequent extreme weather events. In 2023, Delta identified three major physical risks including flooding, drought, and heatwave. Flooding and drought are affected by rainfall patterns. Flooding caused by short-term heavy rainfall may increase the chance of damage to plants or equipment. Changes in long-term rainfall patterns may also lead to less rainfall and droughts, increase water costs for plants or suppliers, and create risks of interrupted plant or supply chain operations. The extreme high temperature records set by the continuous rise in temperature and the increase in the number of hot days intensify the personal safety risks of workers working outdoors and increase the chance of abnormal operation of outdoor equipment.

Purpose of Analysis

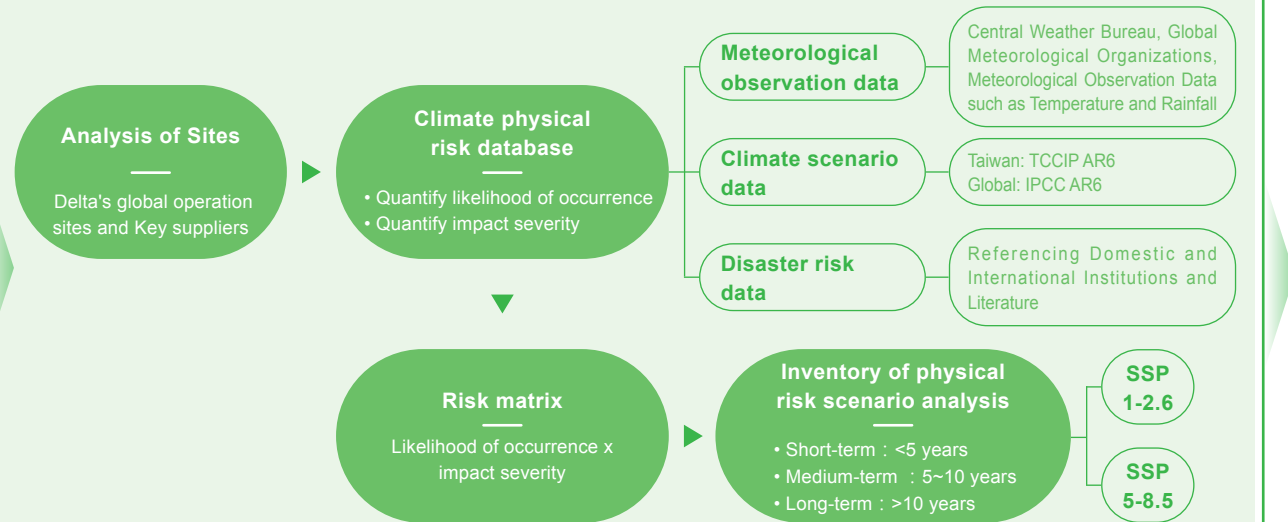
Delta conducted a quantitative analysis of the above risks to understand the physical risks that operation sites and key suppliers will face in the short, medium, and long term under future climate scenarios, and formulated corresponding adaptation actions to strengthen the climate resilience of corporate operations.

Climate Risks of Delta Operation Sites and Key Suppliers

Climate Risks	Risk Category	Possible Impact on Operation Sites or Suppliers
 Flooding	Acute	Operations and production are affected, resulting in reduced revenue or increased cost of repairs.
 Droughts	Chronic	Water shortages increase risks of operational disruptions and incur additional water costs.
 Heatwave	Chronic	Increased safety risks for outdoor workers. The probability of failure of some equipment increases which incurs additional costs.

Delta referenced the risk management recommendations in the TCFD Recommendations and used meteorological observation data, climate projection data, and the definitions of disasters from official domestic and foreign organizations to calculate the likelihood and impact of disasters under different scenarios and eras. We identified the risk levels (high, medium, and low) of each location based on the risk matrix, and formulated corresponding mitigation or adaptation measures for high-risk locations.

Physical Risk Scenario Analysis Procedures



*1. According to Delta's operational strategic plan, the short term is defined as within 5 years, the medium term is 5 to 10 years in the future, and the long term is more than 10 years in the future.
 *2. Rainfall and temperature data from meteorological stations of the Central Weather Administration and IPCC AR6-CMIP6 global climate simulation dataset.
 *3. Plants in Taiwan use the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) AR6 downscaled climate estimation. Plants in Mainland China use the IPCC AR6-CMIP6 climate simulation dataset.
 *4. Created based on definitions of official institutions or literature, such as the maximum number of consecutive days without rainfall for drought risks, and the Standardized Precipitation Index (SPI). For flooding risks, we consider the frequency and severity of flooding and the extent of sea level rise. For high temperature risks, we refer to the definition of heat wave by the World Meteorological Organization (WMO). Therefore, it will be described as "heatwave" in subsequent descriptions.
 *5. Delta referenced the Shared Socioeconomic Pathways (SSPs) proposed in the IPCC-AR6 Climate Change Assessment Report and the Representative Concentration Pathways (RCPs) to determine the severity of warming based on different socioeconomic assumptions and radiative forcing. Based on the degree of risk, "low emission (SSP1-2.6) scenario" and "very high emission (SSP5-8.5) scenario" are selected as the analysis scenarios of physical risks.

Climate Risk Assessment of Operation Sites

Climate Risks



Flooding



Droughts



Heatwave

Scope of Assessment

Delta global operation sites

Scenario Selected

SSP1-2.6

SSP5-8.5

SSP1-2.6

Short-term analysis results show that only a few of Delta's operation sites are located in areas with high risks of flooding. In medium and long-term analysis, the number of high-risk sites gradually increases. In the long term, about 13 sites are located in high-risk areas for flooding.

SSP5-8.5

Operation sites with high risk of flooding are mainly located in the coastal areas of Japan, Mainland China, and Southeast Asia, with a few located in the inland areas of Mainland China and South America. Many operation sites in Taiwan and East Asia have moderate risks of flooding, while locations in Europe and North America have no significant risks of flooding.

SSP1-2.6

The number of sites located in high-risk areas for drought in the short and medium term is relatively low, while the number of sites located at areas with long-term high risks of drought has increased to 7.

SSP5-8.5

High-risk drought sites are mainly located in desert climate areas such as the inland areas of North America, North Africa, Arabia, and India. There are operation sites with moderate drought risks in Southern Taiwan, inland areas of Mainland China, and Southeast Asia, while operation sites in other regions have no significant drought risks.

Under both SSP1-2.6 and SSP5-8.5 scenarios, the proportion of operation sites located in high-risk areas increases rapidly over time. The increase in risks is most significant under the 8.5 scenario with half of operation sites exposed to the impact of rapid rise in temperature under long-term extreme scenarios. They are mainly located in Mainland China, Europe, and North America. The high temperature conditions in coastal areas may be regulated by sea temperature and there are fewer high-risk sites.

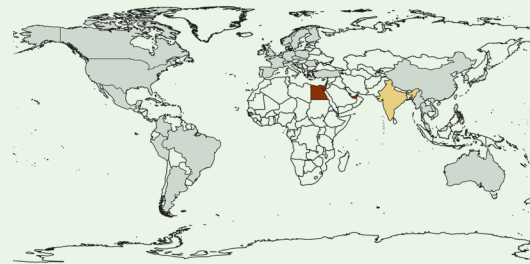
Assessment Results

Flooding risk of Delta's global operation sites under the long-term SSP5-8.5 scenario



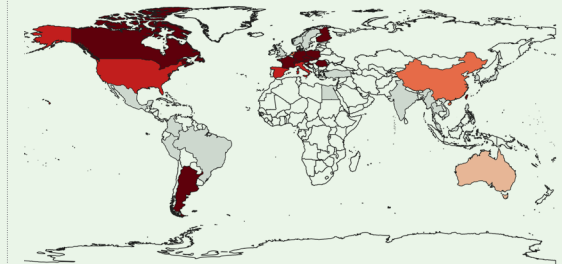
Legend
Results of Flooding Risk: High Risk, Low Risk, No operation sites

Drought risk of Delta's global operation sites under the long-term SSP5-8.5 scenario



Legend
Results of Drought Risk: High Risk, Low Risk, No operation sites

Heatwave risk of Delta's global operation sites under the long-term SSP5-8.5 scenario



Legend
Results of Heat (Heatwave) Risk: High Risk, Low Risk, No operation sites

Supplier Climate Risk Assessment

Climate Risks



Flooding



Droughts



Heatwave

Scope of Assessment

Key Suppliers

Scenario Selected

SSP1-2.6

SSP5-8.5

In each scenario in the short, medium, and long term, only a few key suppliers located in coastal areas of Southeast Asia are affected by rising sea levels and changes in the frequency of extreme rainfall and are located in areas with high risks of flooding. Some suppliers in Mainland China and other parts of Southeast Asia are located in areas with moderate risks of flooding.

There is no significant difference in the drought risk analysis results of various scenarios in the short, medium, and long term. Key suppliers located in areas with high risks of droughts are mainly concentrated in deserts or dry areas, including India, Africa, the Middle East, and Western United States. A certain proportion of suppliers in Northeast China, Southeast Asia, and South Asia are also located in areas with risks of droughts.

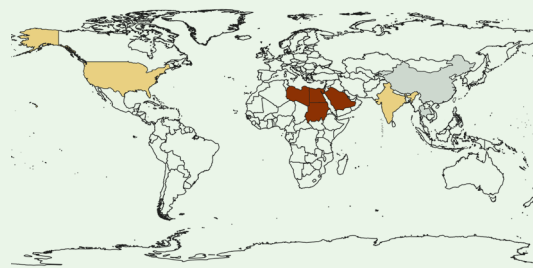
Under the long-term SSP5-8.5 scenario, 26% of suppliers are located in high-risk areas for heat waves, and they are mainly in Mainland China and North America. The proportion of suppliers located in high-risk areas also increased significantly compared with the SSP1-2.6 scenario, which shows that the risk level of heat waves intensifies significantly under more severe climate scenarios.

Assessment Results

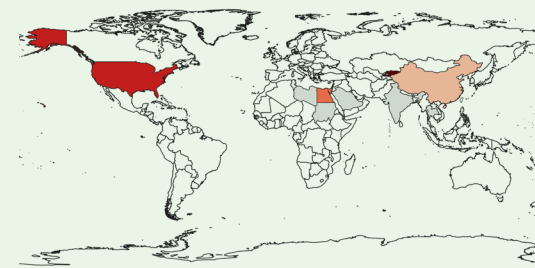
Flooding risk of Delta's global key suppliers under the long-term SSP5-8.5 scenario



Drought risk of Delta's global key suppliers in the long-term SSP5-8.5 scenario



Heatwave risk of Delta's global key suppliers under the long-term SSP5-8.5 scenario



02 Impact of changes in water supply to external renewable power generation purchased by Delta

Background

Renewable energy generation relies on natural resources (e.g., solar power, hydropower, wind power, geothermal, and biomass). Due to the impact of climate change and extreme weather, Delta must carefully evaluate whether the renewable energy sources that provide the electrical power purchased by Delta can generate power continuously and steadily to maximize benefits.

Purpose of Analysis

Scenario analysis of the long-term changes in power generation of Taiwan's hydropower generation units.

Climate Scenario

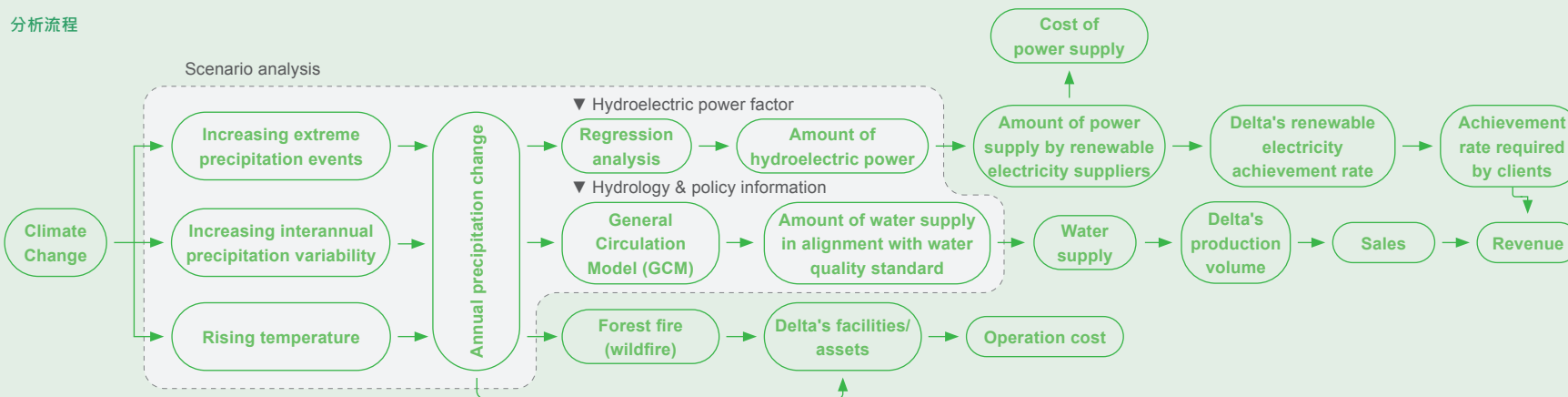
RCP2.6 RCP4.5 RCP6.0 RCP8.5

Scenario Evaluation Period

2022 to 2031

Using the monthly power generation data retained by Taipower's Central Dispatch and Control Center, and considering future rainfall estimates, historical rainfall and other factors, we estimated Taiwan's hydropower generation using the hydroelectric power factor to deduce the supply of renewable energy in Taiwan. This is used as a basis for calculating the cost of Delta's power purchases, analysis of downstream customer demand for renewable energy, and assessment of Delta's profit opportunities in the renewable energy market.

分析流程



Scenario Geographical Scope

Taiwan

Scenario Analysis Results

According to estimates of the power generation capacity under each RCP scenario, the highest amount is under RCP4.5 and the lowest is under RCP6.0. However, the average difference between the scenarios in the next 10 years is insignificant. The lowest estimated value of total generation capacity under RCP4.5 is in 2029 and the highest estimated value is in 2031. The cost of the power generation impact in 2031 is approximately 2.8 times that of 2029.

Item	RCP4.5 minimum	RCP6.0 minimum
Range of Electricity Generation Estimation	4,000 MWh	24,000 MWh

Response Measures

- ☑ The impact of long-term climate and short-term weather variability on renewable energy generation will be evaluated from time to time, so as to respond to the impact in advance and adjust the strategy of purchasing renewable power on a rolling basis.
- ☑ Incorporate the analysis results in the selection of renewable energy sites and suppliers.

*1. Future rainfall estimation data are formulated with reference to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) and IPCC (United Nations Panel on Climate Change) AR5 Report.
 *2. Monthly power generation data retained by Taipower's Central Dispatch and Control Center is used for past power generation data.

2.3 Metrics and Targets

	Metrics	2023 Target and Performance	Short, Medium, and Long-Term Targets
External Targets	SBT Scope 1 and Scope 2 absolute reduction (2021 as baseline year)	Target ↓ 20% Actual ↓ 39.0%	2024 ↓ 30% 2030 ↓ 90% and attain carbon neutrality
	SBT Scope 3 absolute reduction (2021 as baseline year)	Target ↓ 5% Actual ↑ 37.6%	2024 ↓ 7.5% 2030 ↓ 25%
	Attainment rate in the use of renewable electricity in global operations	Target RE65 Actual RE76	2025 RE80 2030 RE100
	Corporate vehicles covered by EV %	Actual 35%	2030 100%
Internal Targets	Plant electricity consumption intensity (EI) (2020 as baseline year)	Target ↓ 12% Actual ↓ 17.3%	2025 ↓ 20%
	Building electricity consumption intensity (2020 as baseline year)	Target ↓ 12% Actual ↓ 2.1%	2025 ↓ 20%
	Data center power usage effectiveness (PUE) (2020 as baseline year)	Target ↓ 24% Actual ↓ 7.4%	2025 ↓ 37.5%
	Plant water productivity intensity (WPI) (2020 as baseline year)	Target ↓ 6% Actual ↓ 26.4%	2024 ↓ 8% 2025 ↓ 10%
	Building water consumption intensity (WCI) (2020 as baseline year)	Target ↓ 6% Actual ↓ 18%	2024 ↓ 8% 2025 ↓ 10%
	Waste diversion rate of overall production plants	Target 96% Actual 99%	2024 98% 2025 100%
Others	Green building certification of plants and offices and electricity savings and carbon reduction of green buildings donated to academic institutions green, and pass ISAE 3000 assurance	Actual saved 43.26 million kWh of electricity and reduced carbon emissions by approximately 22,694 metric tons CO ₂ e.	-
	Products passing ISAE 3000 assurance for energy savings and carbon emissions avoidance	Target ≥10 products Actual 10 products	-

3

Nature and Biodiversity

3.1 Locate

3.2 Evaluate

3.3 Assess

3.4 Prepare

3.5 Future Development Strategies for
Measurement of NPI Targets and Metrics

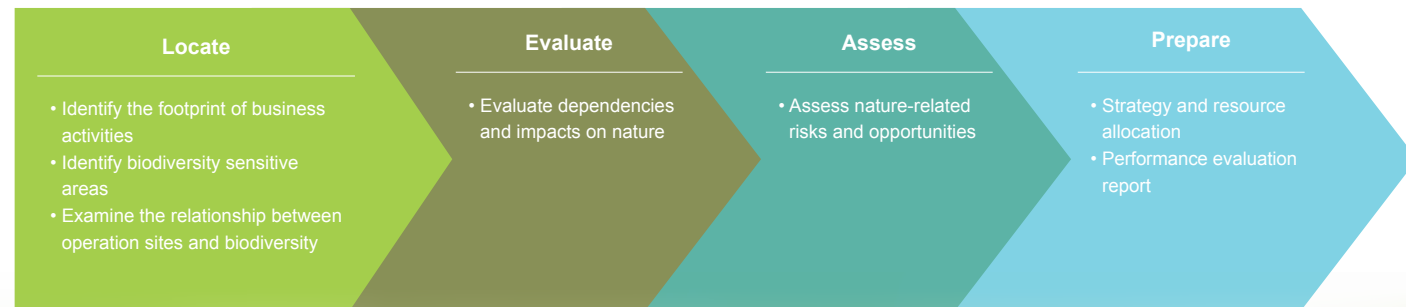


Nature and Biodiversity

We stated in the preface that companies rely on natural capital for operations. However, companies' dependencies and impacts on nature, as well as the accompanying risks and opportunities, rarely had consistent assessment methods before the release of the TNFD. Therefore, the official release of TNFD is an important milestone for companies to assess, manage and disclose nature-related issues. In addition to the four disclosure pillars of the TCFD, namely "governance", "strategy", "risk management", and "metrics and targets" (refer to CH1 for the governance of nature-related issues), TNFD added human rights governance to the disclosure of governance recommendations. It emphasized that companies should consider the impact on local communities and indigenous people when conducting nature-related assessments. In addition to conducting human rights risk assessments every year, Delta also requires suppliers to manage human rights issues within their own operations and track the impact of upstream raw materials on the environment. As of the end of 2023, Delta has not received reports of any issues related to indigenous peoples or local communities. In the future, We will continue to pay attention to issues related to nature and human rights.

Implementation of the LEAP approach

To improve the transparency of companies' disclosure of nature-related financial risks and integrate nature into financial and business decisions, TNFD proposed the "LEAP" approach framework, which is a four-stage assessment of nature-related risks and opportunities that includes locate, evaluate, assess, and prepare. In this report, Delta uses the LEAP approach to identify the nature-related dependencies, impacts, risks and opportunities within Delta's own operations, upstream and downstream activities. The identification process is as follows:



3.1 Locate

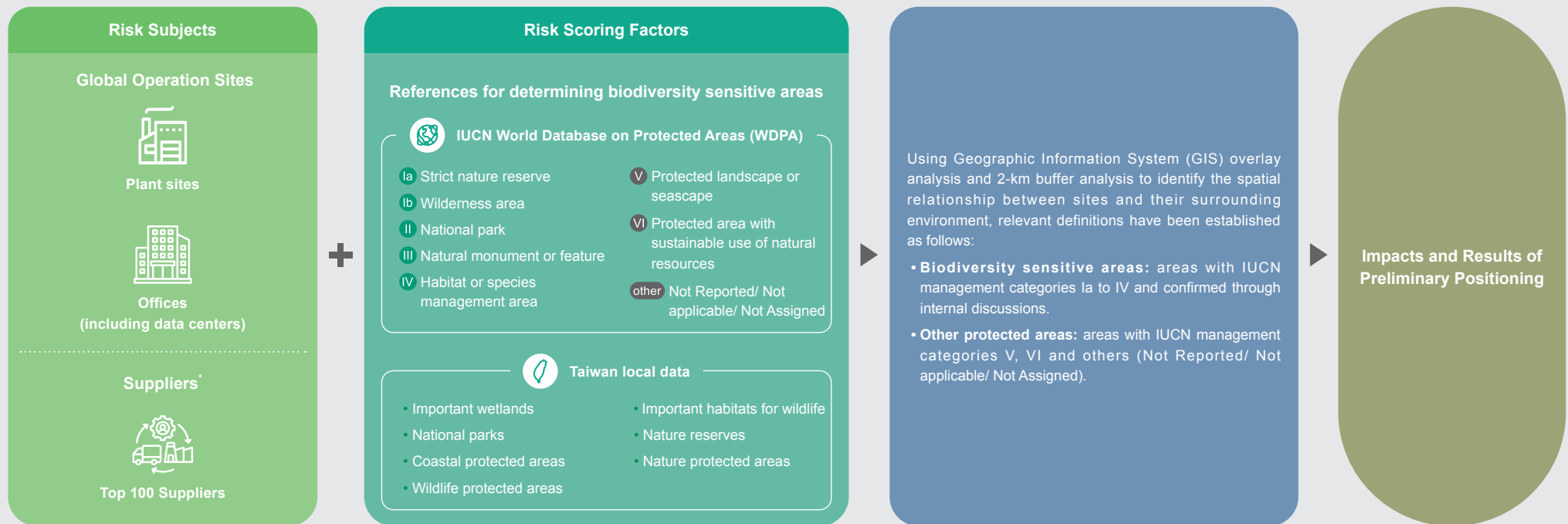
The first step of the LEAP approach is to locate the "interface" between the company and nature, which means to examine whether the company's assets, business activities, and value chains are located in sensitive areas for nature-related issues such as biodiversity or water resources to continue to identify companies' dependencies and impacts on nature. Delta has used green building standards in the past. In addition to avoiding sites located in biodiversity sensitive areas during site selection, we also seek to reduce the negative impact on the landscape. In water resources management, we used the methodology developed by the World Resources Institute (WRI) in the Aqueduct Water Risk Atlas to analyze the risk of chain interruption caused by droughts and floods in the value chain under climate change. We identified water resource risks in Delta's supply chain and global operation sites, and assigned scores based on each risk factor. In addition to using the information as a reference for internal decision-making, we will continue to use this assessment method to plan adaptation and implementation pathways for high-risk plants (for details on risk identification results, adaptation, and response, please refer to the 2023 Delta ESG Report).

Water Risk Identification and Assessment Mechanisms



In 2023, Delta conducted its first analysis of biodiversity sensitive areas. Based on acquiring coordinates of all company's sites, we overlaid and analyzed the biodiversity sensitive areas to quickly understand whether a site is located in or adjacent to a biodiversity sensitive area. During the spatial analysis, Delta first defined its global operation sites, including production plants, offices, and 100 suppliers, and used the World Database on Protected Areas (WDPA), compiled by the International Union for Conservation of Nature (IUCN) and the United Nations Environment Programme (UNEP), and Taiwan's local biodiversity hotspot data. After converting data into coordinates using a geographic information system (GIS), we overlaid maps and implemented 2-km buffer analysis to determine whether and what proportion of operation sites and suppliers are close to biodiversity sensitive areas. We thus produced biodiversity analysis and assessment reports and location marking data to facilitate subsequent dependencies and impacts assessments.

Site Analysis Procedures

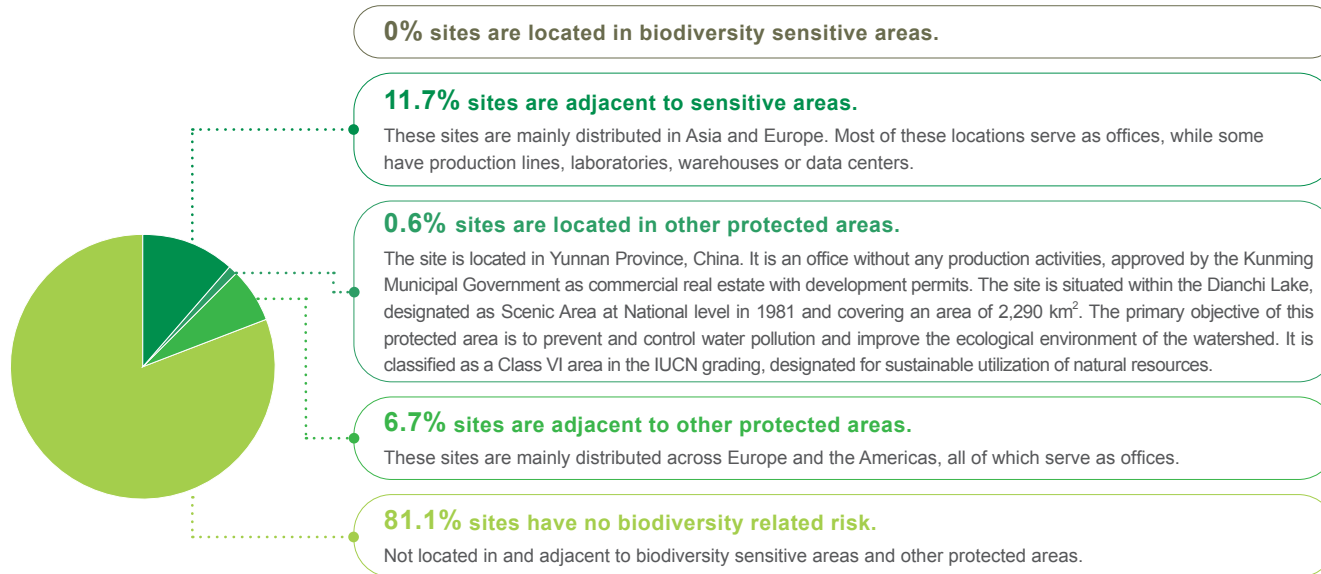


* The top 100 suppliers by procurement amount in 2022, with complete spatial information.

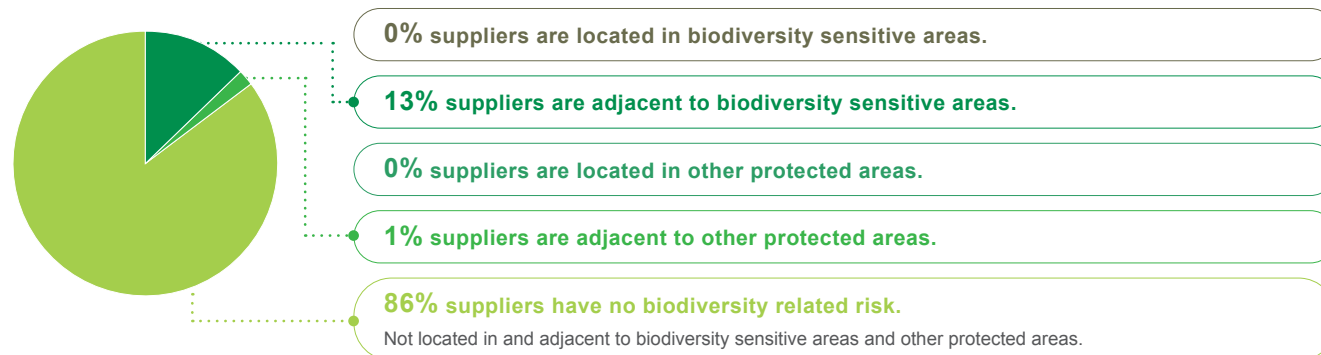
Site Analysis Results

According to the above process, after integrating the site coordinates with the biodiversity sensitive area layers using a GIS, the results showed that none of Delta's sites are located in biodiversity sensitive areas. For sites adjacent to biodiversity sensitive areas, we learn through the contacts in regions about the attributes of these sites, the key points and regulations for the management of the protected areas, and the relationship between the sites and adjacent protected areas. Obtaining more sufficient information will be helpful for future decision-making.

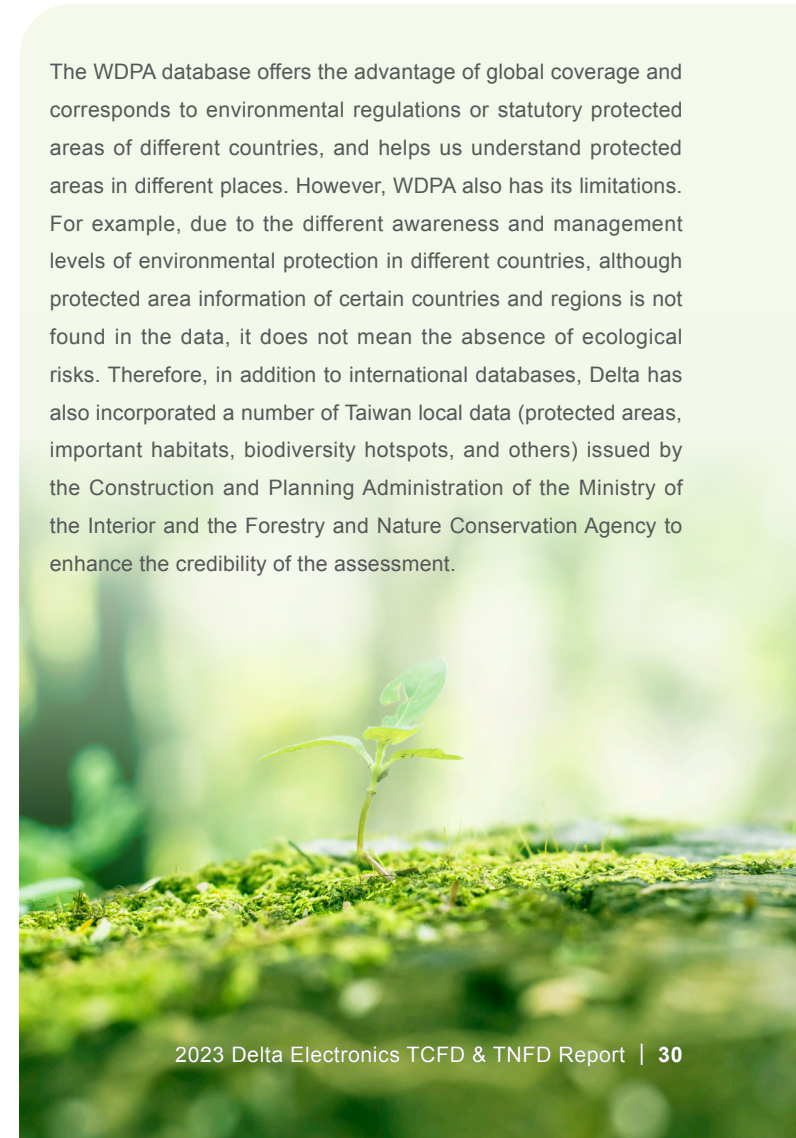
Delta's Global Operation Sites



Top 100 Suppliers



The WDPA database offers the advantage of global coverage and corresponds to environmental regulations or statutory protected areas of different countries, and helps us understand protected areas in different places. However, WDPA also has its limitations. For example, due to the different awareness and management levels of environmental protection in different countries, although protected area information of certain countries and regions is not found in the data, it does not mean the absence of ecological risks. Therefore, in addition to international databases, Delta has also incorporated a number of Taiwan local data (protected areas, important habitats, biodiversity hotspots, and others) issued by the Construction and Planning Administration of the Ministry of the Interior and the Forestry and Nature Conservation Agency to enhance the credibility of the assessment.



According to WDPA data, none of Delta's global operation sites are located in biodiversity sensitive areas. Regarding the sites within a 2-kilometer radius, the names of adjacent biodiversity sensitive areas and their commercial activities have been disclosed, and a preliminary assessment of the impact of these locations on biodiversity has been made, which showed no significant negative impact on the biodiversity sensitive areas.



Country	Name of the biodiversity-sensitive area ^{*1}	Description of Delta's activities
Japan	<ul style="list-style-type: none"> • Tokyo • Yodogawa • Yatsu 	Office and warehouse
Taiwan	<ul style="list-style-type: none"> • Danshuei River Important Wetland • Taoyuan Gaorong • Taipei City Zhongxing and Yungfu Bridges Waterbird • Taoyuan's Reservoir and Canal Important Wetland 	Office, lab, production line and warehouse
United States of America	<ul style="list-style-type: none"> • Don Edwards San Francisco Bay National Wildlife Refuge • Don Edwards San Francisco Bay 	Office
Canada	<ul style="list-style-type: none"> • Shirleys Bay 	Office
Czech Republic	<ul style="list-style-type: none"> • Meandr Botiče 	Office
France	<ul style="list-style-type: none"> • Adour Et Affluent 	Office
Germany	<ul style="list-style-type: none"> • Rumpfenheimer und Bürgeler Kiesgruben 	Office
Slovakia	<ul style="list-style-type: none"> • Hradocke arboretum • Pecniansky les • Sihot • Horsky park 	Office, lab, and production line
Sweden	<ul style="list-style-type: none"> • 2002584 Dragsåsen • 2002392 Araby • 2050380 Hovshaga • 2022049 Södra Törnskogen 	Office
United Kingdom	<ul style="list-style-type: none"> • Alkington Woods • Boggart Hole Clough • Rochdale Canal 	Office, lab, and production line

*1. Biodiversity sensitive areas: areas with IUCN management categories Ia to IV and confirmed through internal discussions.

In addition to using the WDPA database, which mainly contains protected area data, we also tried to incorporate species distribution into our consideration. The Red List of Threatened Species published by IUCN contains global assessments of more than 157,100 species, of which more than 83% (>130,500 species) are provided with spatial distribution data^{*2}. We used this to conduct buffer and overlay analysis with Delta's global operation sites to examine the number and types of endangered species within 2 kilometers of each site. During the process, we found that data resolution and professional interpretation of ecological information directly affect the Company's interpretation and subsequent decision-making. Therefore, Delta will use this as a valuable finding and the foundation for continuous adjustment of future related strategies and practices.

Site analysis cases: Delta Americas Headquarters

Delta Americas headquarters is located in southern San Francisco Bay, California, USA. It provides offices, laboratories, data centers, warehouses, and other functions. A nature protected area adjacent to this site is the Don Edwards San Francisco Bay National Wildlife Refuge, one of the largest urban nature protected areas in the United States. It contains a large swath of water areas, mudflats, and salt marsh ecology in the bay and is an important habitat for many wild animals. In the analysis of nearby endangered species, those classified as endangered (endangered, abbreviated as EN) included the little brown bat (*Myotis lucifugus*) and salt marsh harvest rats (*Reithrodontomys raviventris*). Those rated as vulnerable (vulnerable, referred to as VU) included the California tiger salamander (*Ambystoma californiense*), and western ridge mussel (*Gonidea angulata*).



When formulating the first plans for Delta Americas Headquarters in 2012, we accounted for the relationship between the building and the surrounding environment. In addition to adopting designs that would not destroy natural vegetation or impact wildlife and natural resources, we introduced mitigation measures, such as bird species and predator surveys, stormwater management, wetland restoration and landscape planning, air quality during construction and more. We thus passed the rigorous review of the California Environmental Quality Act (CEQA) and obtained the Mitigated Negative Declaration. It then obtained LEED Platinum certification in 2015. By 2023, it further advanced to become Fremont's first, and the Silicon Valley Bay Area's second, green building to pass the LEED Zero Energy green building certification of the US Green Building Council (USGBC). In terms of design, in addition to importing Delta's own IoT and smart green solutions, 50% of the building site was also kept for greening with native plants. We set up ecological ponds to provide microclimate adjustment, habitats, and other functions. In the future, we will build upon the existing foundations, continue to pay attention to the dependencies and impacts on the surrounding environment and species, monitor relevant risks and opportunities, and strive to make a positive contribution to the environment.

*2. Information from the IUCN website (2024/05/30)

3.2 Evaluate

Based on spatial analysis, Delta evaluates the dependencies of its business activities on specific ecosystem services and conducts a comprehensive review of the direct or indirect impacts on biodiversity, including raw material procurement, production processes, and product use and final disposal to produce a list of Delta's dependencies and impacts on nature. We analyzed these possible important dependencies and impacts as a reference for attaining Delta's 2050 NPI targets.

In order to identify the dependence or impact of business activities on nature and biodiversity, Delta first referred to the ENCORE tool jointly developed by UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the United Nations Environment Programme Finance Initiative (UNEP FI), to examine the dependence and impact items of Delta's industries and production activities. To gain a more in-depth and direct understanding of the dependencies and impacts on nature at each part of the value chain, Delta conducted a questionnaire survey on its supply chain, own operations, and customers in 2023 (a total of 627 valid questionnaires were collected in this survey). We referenced the types of ecosystem services in the System of Environmental Economic Accounting-Ecosystem Accounting (SEEA EA) and the five impact drivers in TNFD to analyze the main dependencies and impacts of upstream, midstream, and downstream sections of the value chain in terms of their exposure, impact, and risk preparedness. In the dependency questionnaire, we used a reverse approach to help the respondents understand the concept of dependence. Using climate regulation services as an example, we presented "extreme high temperatures" in the questionnaire to examine the respondents' exposure to climate regulation service interruptions and whether they are affected, in which case it will show the respondent's dependency on this ecosystem service.

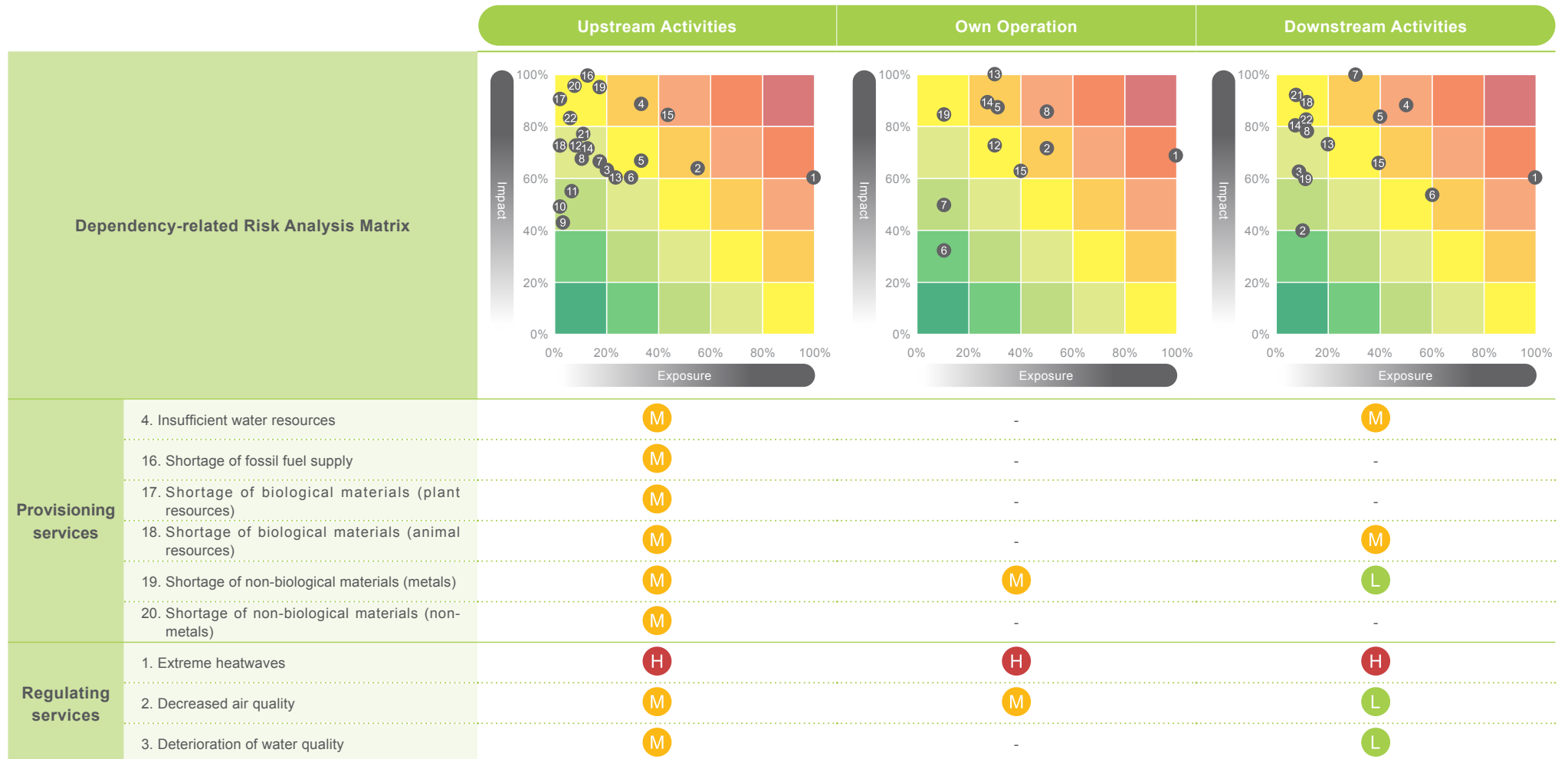
Value chain	Valid questionnaires
Upstream activities	605
Own operations	10
Downstream activities	12

Delta's Nature-Related Dependency and Impact Assessment Procedures



Using the results of the stakeholder questionnaire, we drew a risk matrix chart related to dependencies and impacts on our own operations, upstream and downstream value chains to identify Delta's dependencies and impacts. The matrix chart is drawn with exposure as the X-axis and the degree of impact as the Y-axis. The closer it is to the risk items on the upper right, the more priority Delta allocates to risk management. The following is a description of the dependency and impact risk matrix diagram in each stage of the value chain.

Dependencies Evaluation



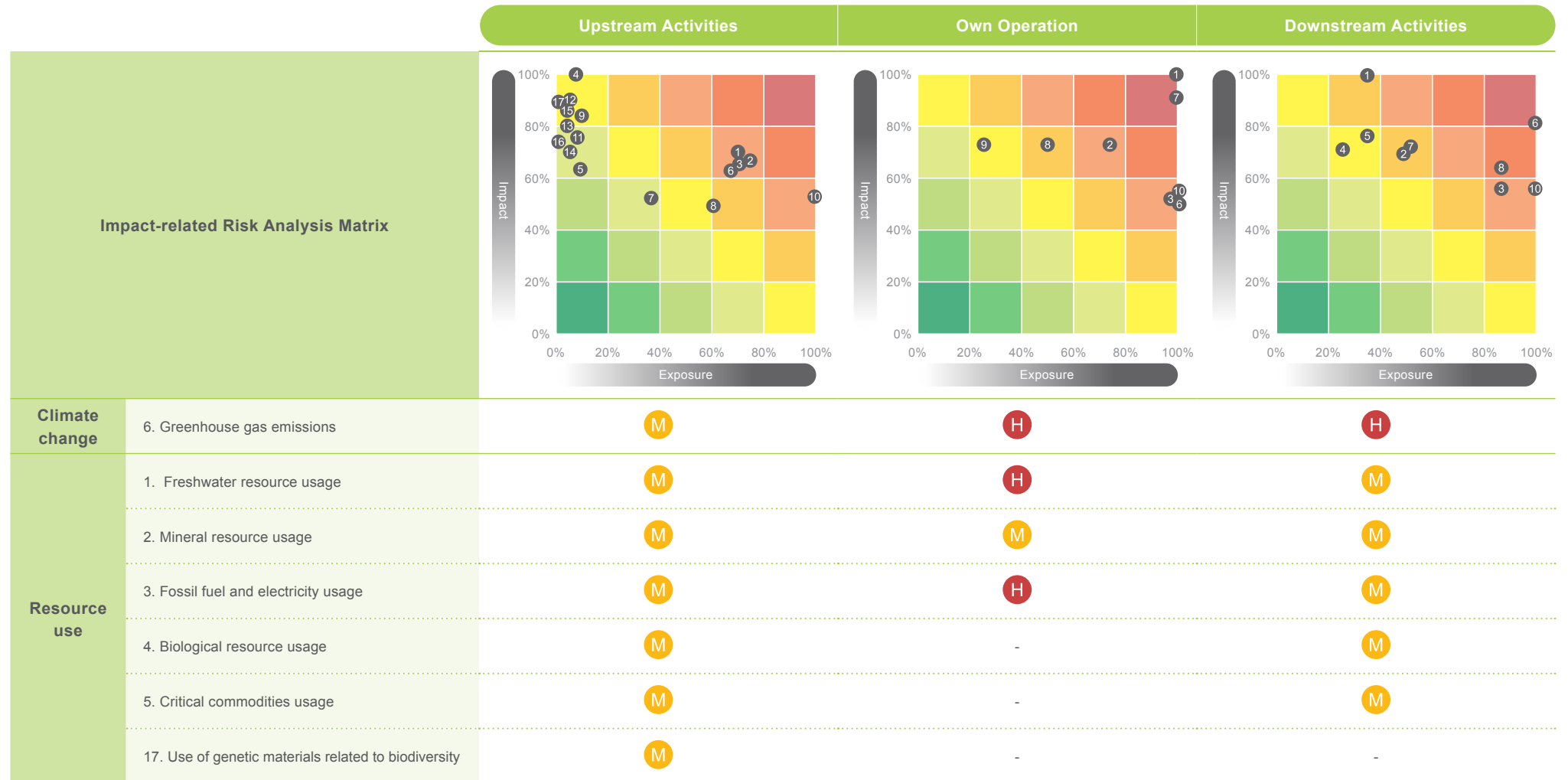
* The Y-axis represents the degree of impact, which takes into account both the degree of influence and the implementation of management measures. If the level of management is higher, the degree of impact will be lower.

H High M Medium L Low

		Upstream Activities	Own Operation	Downstream Activities
Regulating services	5. Extreme rainfall	M	M	M
	6. Uneven distribution of rainfall	M	L	M
	7. Drought	M	L	M
	8. Floods	M	M	M
	9. Eutrophication	L	-	-
	10. Seawater intrusion	L	-	-
	11. Decline in soil productivity	L	-	-
	12. Landslides	M	M	-
	13. Stronger wind disasters	M	M	M
	14. Large-scale occurrence of noise and vibrations	M	M	M
	15. Large-scale infectious diseases	M	M	M
	21. Destruction of habitats or decline in biodiversity	M	-	M
	22. Insufficient pollination leading to reduced crop yields	M	-	M
	The top six dependency-related risks	<ul style="list-style-type: none"> ▲ 1 Extreme heatwaves ▲ 2 Large-scale infectious diseases ▲ 3 Decreased air quality ▲ 4 Insufficient water resources ▲ 5 Extreme rainfall ▲ 6 Shortage of non-biological materials 	<ul style="list-style-type: none"> ▲ 1 Extreme heatwaves ▲ 2 Floods ▲ 3 Decreased air quality ▲ 4 Stronger wind disasters ▲ 5 Large-scale occurrence of noise and vibrations ▲ 6 Extreme rainfall 	<ul style="list-style-type: none"> ▲ 1 Extreme heatwaves ▲ 2 Insufficient water resources ▲ 3 Extreme rainfall ▲ 4 Uneven distribution of rainfall ▲ 5 Drought ▲ 6 Large-scale infectious diseases
Description of results	<p>The top six dependency-related risks from upstream, own operations, and downstream activities are as listed above according to the dependency risk matrix diagram identified by Delta. Across the entire value chain, extreme heatwaves and extreme rainfall are listed as one of the top six risks, indicating Delta's high dependency on stable temperature and rainfall patterns.</p>			

▲ In the top six dependencies, it represents the primary dependency category for Delta.

Impacts Evaluation



* The Y-axis represents the degree of impact, which includes consideration of whether management measures, objectives, and monitoring are implemented. If the level of management is higher, the degree of impact will be lower.

H High M Medium L Low

		Upstream Activities	Own Operation	Downstream Activities
Pollution	7. Air pollution emissions	M	H	M
	8. Generation of process wastewater	M	M	H
	9. Discharge of wastewater into surrounding natural water bodies	M	M	-
	10. Generation of waste	M	H	M
	11. Waste affecting surrounding natural or agricultural land	M	-	-
Land/ocean/freshwater use change	14. Alteration of land topography and type	M	-	-
	15. Changes to freshwater ecosystems	M	-	-
	16. Changes to marine ecosystems	M	-	-
Invasive alien species introduction	12. Introduction of invasive alien species	M	-	-
	13. Operational disruption to local wildlife and plants	M	-	-
The top six impact-related risks		<ul style="list-style-type: none"> ▲ 1 Generation of waste ▲ 2 Mineral resource usage ▲ 3 Freshwater resource usage ▲ 4 Fossil fuel and electricity usage ▲ 5 Greenhouse gas emissions ▲ 6 Generation of process wastewater 	<ul style="list-style-type: none"> ▲ 1 Freshwater resource usage ▲ 2 Air pollution emissions ▲ 3 Fossil fuel and electricity usage ▲ 4 Greenhouse gas emissions ▲ 5 Generation of waste ▲ 6 Mineral resource usage 	<ul style="list-style-type: none"> ▲ 1 Greenhouse gas emissions ▲ 2 Generation of waste ▲ 3 Generation of process wastewater ▲ 4 Fossil fuel and electricity usage ▲ 5 Freshwater resource usage ▲ 6 Mineral resource usage
Prioritized risk description		Delta's top six impact risks in its own operations, upstream and downstream activities are shown in the table above. Among them, freshwater resource usage, fossil fuel and electricity usage, greenhouse gas emissions, generation of waste, and mineral resource usage are all tied for being among the top six impacts, making them the most significant impact categories for Delta.		

▲ In the top six impacts, it represents the primary impact category for Delta.

3.3 Assess

After the locate and evaluate step, Delta commences the third step of the LEAP approach: Assess. The purpose of this step is to identify and prioritize nature-related risks and opportunities arising from the business's dependency and impact on nature and to integrate them into existing risk management processes. Under Delta's climate and nature risk management structure, nature and biodiversity are part of the sustainability issues. Therefore, nature-related risks are also integrated into multi-disciplinary company-wide risk management processes. The Global ESG Committee Board of Directors oversees the risk identification results and relevant performance tracking. The following is a list of the nature-related "physical risks" and "transition risks" identified by Delta. The three categories of transition risks include reputation risks, market risks, and policy risks, which are described below:

Physical Risk

Potential Risk

Increase in Extreme Weather Events

For instance, excessive heat can result in various impacts, including increased energy consumption and GHG emissions from air-conditioning use, higher costs, compromised employee health, and decreased efficiency in solar power generation

Increase in Extreme Weather Events

Events such as short-duration intense rainfall, heatwaves, droughts, and others, induce related potential impacts which include work stoppages due to flooding or water shortages, property damage (such as equipment damage, storage, and others), supply chain disruptions, and increased energy demand

Greenhouse Gas Emissions

The emission of greenhouse gases will exacerbate global climate change

Freshwater Resource Usage

Overexploitation of freshwater resources may reduce groundwater recharge and affect the water needs of local communities

Fossil Fuel and Electricity Usage

The use of fossil fuels leads to greenhouse gas emissions, air pollution, ozone layer depletion, and poses risks to human health. In addition, the use of renewable electricity can also result in ecological impacts, including changes or loss of habitats, modifications in species behavior and composition, introduction of invasive species, and noise pollution

Mineral Resource Usage

Mining can lead to habitat destruction and the loss of biodiversity






Waste Generation

Improper waste management can lead to environmental pollution and have detrimental effects on surrounding habitats and species




Response Measure

Implementation of Net-Zero Commitment





Introduce internal carbon pricing and promote five major decarbonization strategies to support the transition to net-zero, including:

-  Promoting energy conservation projects
-  Adopting renewable electricity, fulfilling the RE100 commitment, and choosing a diverse range of technology types to reduce risks associated with reliance on a single type
-  Promoting green building, enhancing energy efficiency, and providing employees with a comfortable office environment
-  Investing in low-carbon innovation
-  Investing in carbon offsets and permanent carbon removal

Implementation of Water Resource Management

-  Promoting water conservation measures and enhancing wastewater treatment and recycling to reduce reliance on tap water
-  Developing water efficiency goals and striving for consistent improvements in water efficiency
-  Conducting water risk assessments and implementing measures to mitigate the risks of flooding and water shortage

Promotion of Circular Economy

-  Implementing upstream raw material management to mitigate environmental impacts caused by the use of raw materials
-  Enhancing the efficiency of mineral resource utilization, promoting the use of recycled metals, and reducing mineral extraction
-  Minimizing waste through process improvement, elimination of landfill disposal, and promotion of recycling and reuse
-  Collaborating with the value chain and reusing cardboard boxes, pallets, and transportation equipment

Derived Opportunities

Introduce circular economy, enhance resource utilization efficiency, and minimize waste, reducing production and disposal costs

Improve product energy efficiency and develop eco-friendly and energy-saving solutions to help customers save energy and reduce cost

Promote energy storage systems and green hydrogen solutions

Promote green building products and solutions


Invest in innovative R&D; integrate products and systems such as industrial automation, fans, cooling solutions, and LED lighting at Delta's plant factory, using less water than traditional farming methods; commit to providing a stable supply of non-toxic, low-carbon, high-quality vegetables

Establish a new business department for renewable electricity sales, offering customers comprehensive energy solutions covering management, conservation, and implementation of renewable electricity; collaborate with customers to develop smart and eco-friendly energy solutions


Transition Risk



Reputation Risk



Market Risk



Policy Risk

⚠️ Potential Risk

If renewable energy used is sourced from ecologically controversial sites, Delta's reputation may suffer negative impacts

Delta has made public commitments to carbon reduction targets, and failing to meet these targets could harm its reputation

Customers changing product specifications and requirements

Consumers increasingly opting for low-carbon products

GHG reduction requirements for suppliers

Increase in raw material costs

Poor ESG ratings, as a result of lacking contributions to climate change and biodiversity, may affect the willingness of investors and banks to invest

Domestic and international GHG reduction requirements

Voluntary code of conduct

Regulatory and policy uncertainties

✅ Potential Risk

✅ Formulate methodology for renewable electricity due diligence investigation

✅ Monitor international practices for carbon reduction and carbon credit developments and evaluate their suitability

✅ Implement net-zero commitment

✅ Regularly track customer net-zero commitments and strategies

✅ Monitor the progress of regulatory updates and make early preparations to ensure compliance

✅ Adopt information system for real-time access to emission data, which can assist in management and reduction efforts

💡 Derived Opportunities

Establish an industry benchmark case for conducting renewable electricity due diligence investigation

Develop products related to carbon removal

Collaborate with customers in the development of low-carbon products

Develop company GHG inventory and carbon reduction experience into a system to assist customers in responding to regulatory requirements for disclosing GHG information

3.4 Prepare

The prepare phase is the final step of the LEAP approach. This step integrates the analysis results of the previous phases into action plans and strategic objectives. Delta's Board of Directors approved the Delta Group Biodiversity Policy and formulated specific response measures and management strategies for the aforementioned identified and assessed nature-related risks and opportunities (refer to Ch 1.1 Vision for Climate and Nature, Ch 3.3 Assess). We establish related indicators for monitoring and evaluation, regularly review targets through governance units and supervision processes, and regularly prepare relevant reports and contents for engagement with our stakeholders. These measures ensure that Delta effectively manages its dependency and impact on nature to mitigate risks, identify opportunities, and demonstrate our commitments and progress to internal and external stakeholders with greater transparency.

Communication with Internal and External Stakeholders

Internal communication and awareness raising

- Organize training programs to enhance internal understanding and awareness of biodiversity issues.
- Establish ecological due diligence processes and tools for renewable electricity cases, and introduce biodiversity assessment into the renewable electricity procurement process.

External disclosure and engagement

- Delta's strategies, actions, and results in biodiversity management are disclosed through annual ESG reports, websites, participation in advocacy organizations, and other channels.
- Engage with stakeholders (including but not limited to experts, suppliers, local communities, NGOs, and investee companies) to actively collaborate on reducing negative environmental impact and enhancing biodiversity.

Management Strategies and Action Plans

Additional Conservation Actions

Collaborate with marine conservation teams to jointly restore coral reefs, enhance marine biodiversity by using Delta's technologies and equipment, and strengthen ecosystem functions.

Develop specific mitigation measures for high-priority risks, e.g. improving production processes to reduce impacts on biodiversity, or investing in ecological restoration projects to positively contribute to biodiversity

Opportunity Realization Strategy

Risk Mitigation Measures

Formulate strategies to realize opportunities with potential commercial value and environmental contribution, e.g. developing and promoting environmentally-friendly products, or establishing partnerships with organizations that protect natural resources.

Offset

Collaboration with experts to evaluate, research, and develop natural solutions that possess both biodiversity and carbon removal functions, obtaining credits for Natural Climate Solutions (NCS).

Restoration

Evaluate and adhere to the ecological restoration requirements of green building standards; form partnerships with the supply chain to share knowledge and tools, thereby reducing the negative impacts on the environment and society from the procurement of raw materials and renewable electricity.

Mitigation

Site Level: Implement green building standards, monitor energy consumption, GHG emissions, water usage, waste management, and biodiversity conservation
Product Level: Develop new products or business models that are less reliant on natural resources and have lower ecological impacts
Value Chain Level: Integrate natural risk indicators into supply chain assessment and due diligence criteria

Avoidance

Commit to ensuring Delta's global operation sites and supply chain are not located in or adjacent to nationally or internationally recognized key biodiversity areas.

Continuous Monitoring and Evaluation

Establish mechanisms and tracking indicators to monitor and evaluate the effectiveness of risk and opportunity management measures.

☑ In line with Delta's net-zero emissions goal, analyze natural climate solutions to neutralize approximately 10% of residual emissions while simultaneously enhancing biodiversity.

☑ Site analysis should be completed for both Delta's existing and new operation sites.

☑ Focus on key dependencies such as mineral resource usage to initiate related tracking and management plans, aiming to increase the use of sustainable raw materials.

☑ Continuously monitor and analyze the SBTN methodology, striving to establish nature-related science-based targets.

Metrics

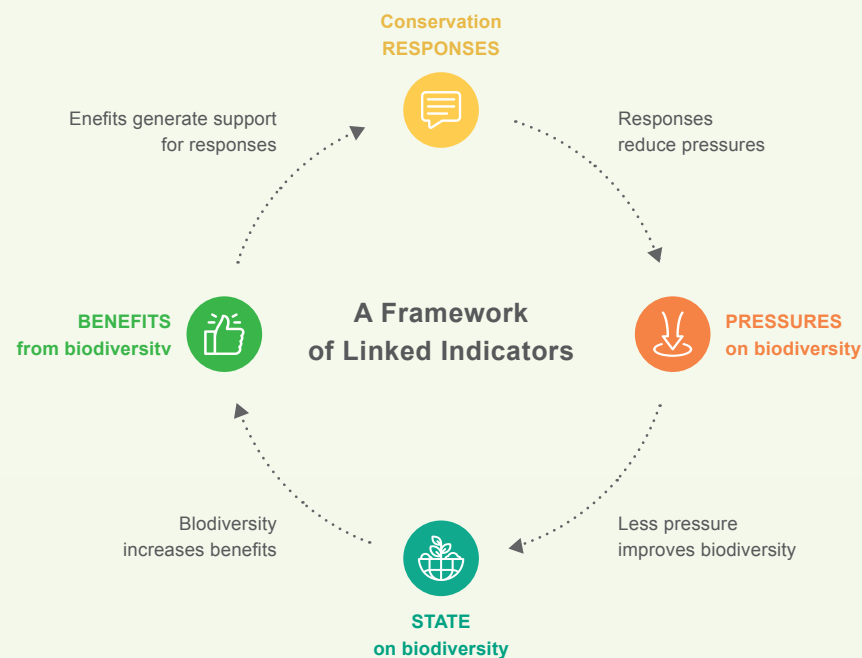
- Percentage of purchased printing papers with labels or certificates that prove non-deforestation.
- Amount of coral restoration planted and survived – which fulfill the health standard by the Coral Health Chart.

3.5 Future Development Strategies for Measurement of NPI Targets and Metrics

We aim to achieve the vision of "living in harmony with nature" set forth in the "Kunming-Montreal Global Biodiversity Framework (GBF)" and adequately maintain the ecosystem services and overall health of the Earth so that they can sustainably provide essential benefits to mankind. Delta has set 2050 NPI targets. In order to achieve positive net value benefits, we employ appropriate methods to measure relevant biodiversity values and dynamically adjust development strategies in accordance with international trends, national policies, and discussions with local stakeholders. Other requirements include items that can be clearly defined and a time scope that can be defined, quantified, and measured. We also considered the conservation and development of the wider landscape (beyond the site boundaries).

As the complexity of biodiversity includes definitions based on time and space as well as the effectiveness of mitigation measures, there are many uncertainties. Since there is no internationally accepted and clear measurement metrics, there are many challenges for actual operations and credibility. To effectively implement internal strategies and management measures, Delta has begun to analyze the NPI metric structure. The preliminary results of the current analysis are as follows.

According to the Guidelines for Planning and Monitoring Corporate Biodiversity Performance published by IUCN in 2021, indicators such as "pressure", "state", "benefit", and "response" can be used to measure the connection and changes between the company and nature and biodiversity, and they complement each other.



Pressures

Pressure indicators

These refer to the external factors for change present in the environment, which correspond to the drivers of impact (drivers of nature change) in TNFD, such as the amount of sewage discharged in corporate operations.

State

State indicators

These refer to the state of the environment or biodiversity itself, which corresponds to the state of nature in TNFD, such as habitat integrity, number of species, and water quality.

Benefits

Benefits indicators

These are used to measure the ecosystem services and abiotic services made available by natural capital, such as the supply of water resources.

Responses

Response indicators

These are used to measure the performance of the actions taken by the organization, such as the number of people receiving education and training, the number of sewage treatment projects promoted, and the number of fish species restored.

* Reference: Stephenson & Carbone, 2021

Delta also refers to the current two relatively complete indicator systems "TNFD" and "SEEA EA", as well as the "Science Based Targets Network (SBTN)" currently under development to analyze the tracking of NPI target indicators for 2050:

	Description	Advantages	Challenges
TNFD	In Appendix 1 of TNFD v1.0, the focus is on indicators related to the drivers of nature change. It includes five impact drivers: climate change, land/ freshwater/ ocean use change, resource use, pollution, and invasive alien species introduction. These drivers are used to provide core and additional disclosure indicators corresponding to recommended metrics. The scale and representativeness of each metric are different, and they are independent measurement indicators for each project.	<ul style="list-style-type: none"> They are similar to Delta's existing indicators related to energy use, greenhouse gas emissions, water resources management, and waste, and most of them can be used accordingly. 	<ul style="list-style-type: none"> It is difficult to integrate and evaluate whether the overall NPI targets are achieved.
SBTN	According to the information document currently released by SBTN, it only mentions the general direction indicator type, and has not yet released more specific indicator metrics. However, the initial assessment is that the overall direction is close to the TNFD structure.		
SEEA EA	Environmental value and economic value are converted through flow accounts and monetization, and the internal indicators are more focused on the state of nature.	<ul style="list-style-type: none"> This type of architecture can integrate various indicators into unified units of measurement to facilitate unified management. 	<ul style="list-style-type: none"> Enterprises are unfamiliar with the units of measurement of the state of nature, data availability, accuracy, and monetization coefficients, and it is not easy to obtain information. It will be a great challenge to implement them in practice.

Delta's Main Challenges and Follow-up Plans

Unlike climate change, nature-related issues are highly complex and highly localized, and there is currently no single integrated indicator for measurement. This poses a considerable challenge to multinational enterprises such as Delta, which have a diverse range of products and services.

In response to these challenges, Delta will continue to track the progress of relevant international research. In addition to establishing a set of measurable, reportable, and verifiable (MRV) indicators for nature-related assessments, Delta will also monitor its progress for climate goals. When carrying out each project, we shall consider the effectiveness of emission reductions, pay attention to the impact on biodiversity, and prioritize nature and climate solutions that can help mitigate or adapt to climate change to make full use of corporate synergy.

We will uphold our corporate mission of "To provide innovative, clean and energy-efficient solutions for a better tomorrow", support business development and corporate sustainability, and strive to provide innovative, clean, and energy-saving solutions. We shall internalize and incorporate them into our business model, develop related products and services based on core functions, and work with customers to create positive change for nature and biodiversity.

Main Challenges in Resolving Nature Issues

Challenges in Managing Traceability

Results of the product life cycle assessment indicate that the 'use' and 'acquisition of raw materials' are respectively the primary and secondary stages where Delta's core products have the most environmental impact. Due to the wide variety of raw materials and the difficulty in tracing them back to the material extraction stage, it is a major challenge for midstream and downstream companies to ensure that raw materials do not have adverse, significant environmental and social impacts.

Data Acquisition and Tool Application

Natural data varies across different locations, times, and scales; inconsistencies in classification or quality of the data can have an impact on companies' decision-making. Furthermore, given the unfamiliarity of businesses with biodiversity issues, transforming such data into comprehensible and actionable information is in itself a major issue. Therefore, having the right tools would prove to be more beneficial for corporate decision-making.

Time Urgency

Global biodiversity is declining at a rapid pace. In light of this pressing global trend, businesses are under time pressure to comprehend biodiversity issues and make decisions accordingly. Actions taken by these companies all require careful evaluation and long-term observation, and should be informed by a comprehensive understanding of ecosystem mechanisms; these actions should also actively contribute to biodiversity conservation and be monitored for potential adverse impacts.

Significant Complexity of Environmental Issues

Nature issues vary greatly by location, and at present, there is yet to be a universally accepted comprehensive indicator. For companies with a diverse product portfolio and multinational operations, significant challenges exist in understanding regional situations, implementing appropriate management measures, and selecting suitable performance to track progress effectively.

4

Project Actions

4.1 Transition Plan

4.2 Energy Saving Benefits and the Avoided Emissions of Products

4.3 Ecological Due Diligence for Renewable Electricity



4.1 Transition Plan

Delta's Commitment to Climate Change Toward Net-Zero by 2050

Project Background and Overview


With global warming gradually impacting the global economy, climate change has become a global risk. Many countries have committed to achieving net-zero emissions, and investors and stakeholders are concerned about how companies will respond to climate change and the transition to net-zero. According to the definitions of IFRS S2 and CDP, a climate transition plan includes the goals, action plans, and resources for a company to transition to a low-carbon economy. This involves how a company will address related opportunities and risks, and ensure the long-term value of its stakeholders, society, economy, and natural environment. In addition to having clear action plans with specific timelines, companies also need to disclose how they will achieve their climate transition goal, and transform their existing assets, operations, and entire business models to align with the latest climate science-based plans.

In order to comprehensively communicate Delta's climate transition plan externally, in 2023, we referred to the CDP Technical Note: Reporting on Climate Transition to provide a clear framework for communicating to external stakeholders how Delta has been integrating its operational and business model planning, financial planning, and proactive climate strategy goals and actions over the years. At the annual shareholder meeting that year, we communicated Delta's climate transition plan to shareholders for the first time, including incorporating the climate transition plan and explanations into the appendix of the shareholder meeting handbook. We also compared Delta's climate strategy and transition plan with the elements of the United Nations Integrity Matters document to self-assess and avoid greenwashing, and presented Delta's 2050 net-zero science-based carbon reduction target pathway and Integrity Matters review results at the press conference.




▲ In 2023, Delta first presented its climate transition plan at the annual shareholder meeting and included it in the appendix of the meeting handbook.


Delta's transition plan is built on years of accumulation:

- 


Products and Technology

Enhance energy-saving core technology to provide innovative, clean, and efficient products and solutions globally, helping the Earth reduce carbon emissions.
- 


Operations

Introduce green buildings to contribute to climate change mitigation and adaptation.
- 

Mechanisms

Delta implements an internal carbon fee mechanism globally to accelerate the implementation of the climate transition plan and strengthen carbon reduction incentives, reporting budget expenditures and execution results to the board regularly.
- 

Indicators

Combine the renewable energy achievement rate with the performance of the senior management team.
- 

Strategy

Building on the existing Delta climaterelated product classification tree, we continue to analyze the EU Taxonomy for sustainable finance standards, optimizing Delta's climaterelated product classification to manage Delta's revenue ratio in line with climate change trends internally and meet international demand for green investments.

In the future, Delta will continue to regularly review its climate transition plan, focusing not only on carbon reduction strategy actions within our own operations and value chain, and measures to address climate-related risks and opportunities, but also leveraging Delta's strengths and capabilities to enhance internal and external cooperation and management, accelerating the transition towards net-zero emissions and adapting to the risks and opportunities brought by economic transformation in response to climate change, regularly disclosing the progress of Delta's transition plan.

4.2 Energy Saving Benefits and the Avoided Emissions of Products

Delta's Green Products Save 45.5 Billion kWh Electricity for Net-zero



Project Background and Overview

Delta upholds the mission: "To provide innovative, clean, and energy-efficient solutions for a better tomorrow". Since its establishment, it has always taken energy saving as its core value. It knows that if a company wants to achieve its carbon reduction goals, the first step is to start with energy saving. In addition to applying energy-saving technologies to its own carbon reduction, it also considers the carbon emissions caused by the use of sold products, continuously improves the energy efficiency of products, and launches various energy-saving solutions to help global customers save more energy and operating costs. Under the net zero goal, it can also help achieve the carbon reduction of Scope 3 value chain.

In 2015, Delta was the first in the industry to introduce product energy-saving calculations into ISAE 3000 assurance. In 2023, Delta became the first in Taiwan to calculate avoided emissions and obtain ISAE 3000 assurance in accordance with the "Guidance on Avoided Emissions" published by the World Business Council for Sustainable Development (WBCSD) in 2023.

Project Highlights, Benefits and Performance

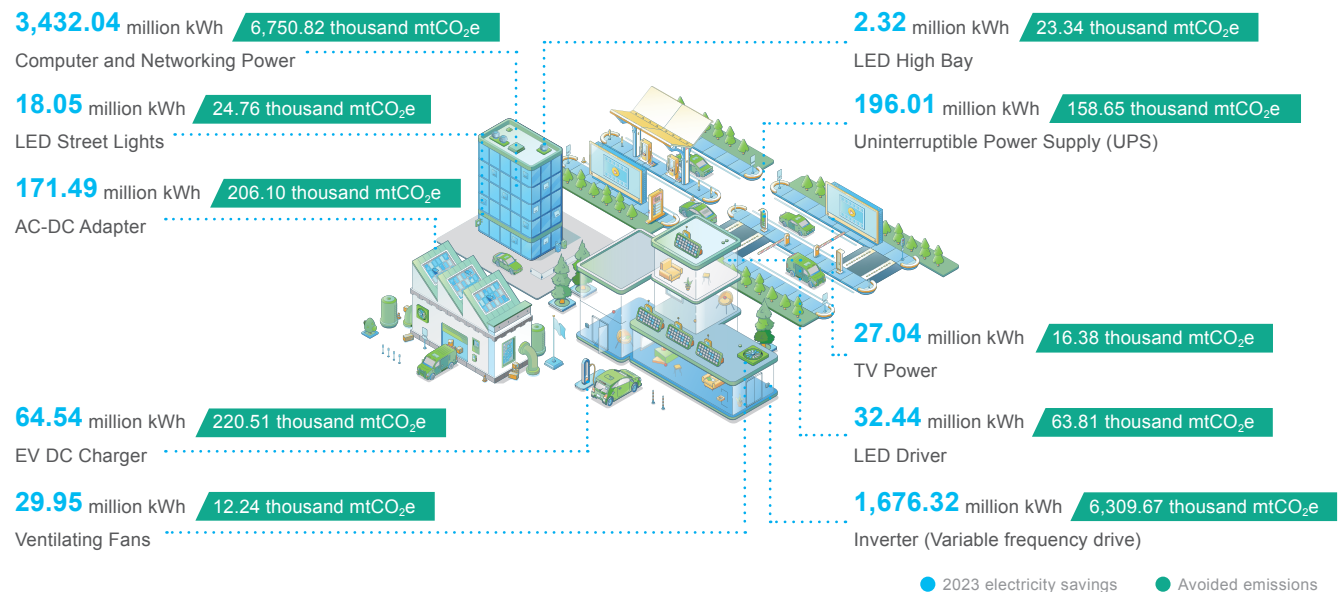
In 2023, the ten types of Delta's products assured by ISAE 3000 included computer and networking power, ventilating fans, LED street lights, AC-DC adapters, EV DC chargers, LED high bay lights, UPS, TV Power, LED drivers, and inverters (variable frequency drive). The revenue from sales accounted for 24.6% of Delta's total revenue. For more information, please refer to the 2023 Delta ESG Report.

Between 2010 and 2023, Delta's high efficiency products saved customers an estimated:

☑ **45.5** billion kWh of electricity

☑ reduced carbon emissions by nearly **23.84** million metric tons CO₂e*

Ten Types of Products Assured by ISAE 3000 in 2023



* The reduced carbon emissions in 2023 was based on the electricity emission coefficient of 0.495 kg CO₂e/kWh for Taiwan in 2022.

4.3 Ecological Due Diligence for Renewable Electricity

A Solution That Addresses Both Climate Action and Natural Environment



Project Background and Overview

Delta joined RE100 in 2021 and committed itself to attaining the goal of using 100% renewable electricity by 2030. We therefore understand that we will rely heavily on renewable electricity and may also cause more potential ecological impacts due to the use of renewable electricity. To effectively reduce the negative impact, Delta worked with an ecological consulting company to take inventory of the potential ecological impacts of different types of renewable electricity projects through literature review. We then established Delta's renewable electricity ecological due diligence methodology by referencing the environmental and ecological assessment management processes of domestic and international renewable electricity projects. This includes evaluating multiple aspects such as the ecological sensitivity of the project site surroundings, changes of natural habitats affected by the project, concern for species involved, strategies to address these issues, and actions promoting ecological friendliness. These factors serve as one of the considerations for procurement decisions.

Project Highlights

We completed the pilot evaluation of purchased renewable electricity projects in Taiwan. In the future, we will continue to optimize the assessment process and tools, and organize internal training programs to expand their use to Delta's RE100 regional working groups. We will also implement restoration to minimize the ecological impact of the use of renewable electricity.

Three stages of the assessment process

The evaluation process is divided into three stages. In the first and second stages, members of the Delta RE100 working group conduct basic and advanced evaluations. Based on the evaluation scores, the sites are classified as permitted for direct purchase, not permitted for purchase, or requiring a third stage professional ecological evaluation. If the latter is the case, external ecological experts are appointed to assist in the professional evaluation, which is used as the final input for determining the purchase.

A Basic assessment

Basic information and key evaluation indicators, including:

- Area
- Installed capacity
- Case type (solar energy, onshore wind power, offshore wind power...)
- Land use districts
- Adjacent biodiversity sensitive areas

Implementation personnel

Delta RE100 working group member

Purpose

Conduct a quick review. If specific conditions are not met, the procurement will be rejected.

B Advanced assessment

Conduct a complete information collection assessment and on-site investigation, including:

- Relevant environmental regulations or assessment processes
- Adjacent ecological database records (species, according to conservation/endangered status)
- Changes in natural habitats
- Responses to ecological issues and eco-friendly actions

Implementation personnel

Delta RE100 working group member

Purpose

Each evaluation index has scores with different weights. The Company decides between purchase/professional ecological assessment/no purchase based on the total score and designated conditions.

C Professional ecological assessment

Conduct more in-depth professional assessments and on-site investigations for steps A and B

- Determine the quality of case reports and make use of ecological literature and expert opinions
- Clarify the items and extent of main ecological impacts at the site
- Review the rationality, completeness, and effectiveness of response measures and other eco-friendly actions

Implementation personnel

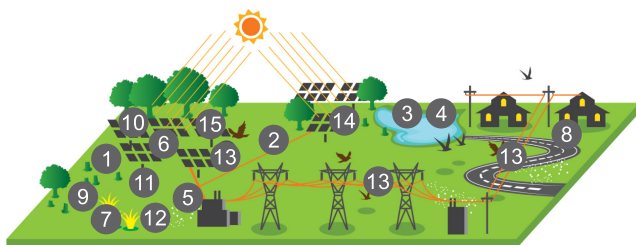
Expert ecologists

Purpose

Expert knowledge is incorporated to clarify the degree of impact, and quantitative scores and weights are also set based on the assessment metrics. Finally, comprehensive consideration is given to B. Advanced evaluation scores, which are used as the basis for determining whether to proceed with the procurement.

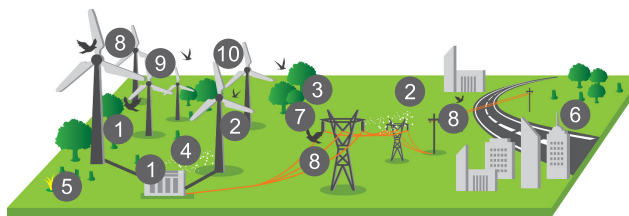
Potential impacts of renewable electricity project developments on biodiversity and associated ecosystem services

PV Developments



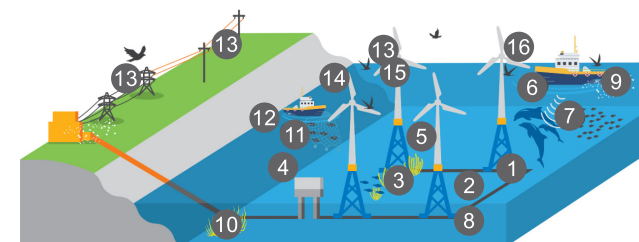
- 1 Habitat loss or alteration of animal ranges
- 2 Ecological corridors or migration pathways blocked by project facilities
- 3 Wildlife attracted to evaporation ponds and dying
- 4 Changes in hydrology or water resources leading to habitat degradation
- 5 Pollution (e.g. dust, light, noise, vibration, solid/liquid waste)
- 6 Shading from photovoltaic panels altering microclimates
- 7 Construction activities leading to the spread of invasive species
- 8 Indirect impacts (secondary effects from the project), such as changes in economic activities
- 9 Associated ecosystem service impacts
- 10 Ground shading altering vegetation composition
- 11 Herbicides inhibiting vegetation growth
- 12 Improper management leading to grassland wildfires
- 13 Birds or bats colliding with photovoltaic panels, cables, or other facilities resulting in injury or mortality
- 14 Panel reflections attracting insects, leading to aggregation of bats/birds
- 15 Structures altering the composition of bird species around and within the site (attracting/dispersing species)

Onshore Wind Developments



- 1 Habitat loss or alteration of animal ranges
- 2 Ecological corridors or migration pathways blocked by project facilities
- 3 Species leaving the site, affecting food webs/ecosystem functions
- 4 Pollution (e.g. dust, light, noise, vibration, solid/liquid waste)
- 5 Construction activities leading to the spread of invasive species
- 6 Indirect impacts (secondary effects from the project), such as changes in population/economic structure
- 7 Associated ecosystem service impacts
- 8 Bird and bat collisions with turbines blades and / or transmission lines, as well as possibly barotrauma
- 9 Changes in air pressure during fan blade rotation can damage bat lungs
- 10 Wind turbine lighting attracts birds, increasing the risk of collisions

Offshore Wind Developments



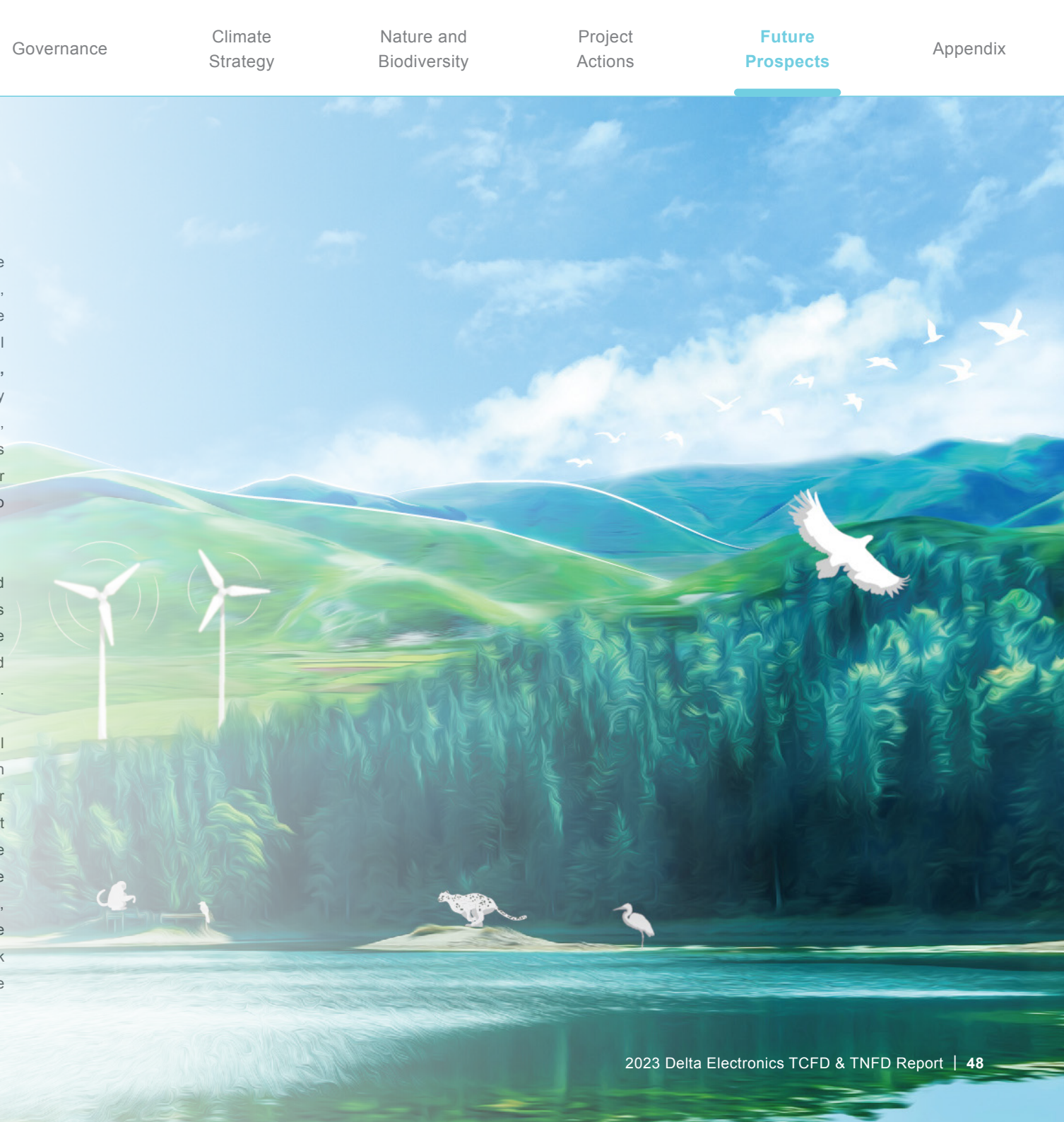
- 1 The construction of the project site leads to loss, degradation, or alteration of seabed habitats.
- 2 Changes in hydrological dynamics
- 3 Creating new habitats (e.g., aggregating fish effect)
- 4 Altering marine ecosystem food webs, impacting ecosystem functions
- 5 Ecological corridors or migration pathways obstructed, forcing animals to leave
- 6 Ships causing changes in wildlife behavior, injuries, or fatalities
- 7 Underwater noise causing changes in wildlife behavior, injuries, or fatalities
- 8 Electromagnetic fields from underwater cables causing disturbance
- 9 Pollution (e.g. water quality, dust, light, solid/liquid waste)
- 10 Construction activities leading to the spread of invasive species
- 11 Indirect impacts (secondary effects from the project), such as changes in fishing activities
- 12 Associated ecosystem service impacts
- 13 Bird and bat collisions with turbines blades and / or transmission lines, as well as possibly barotrauma
- 14 Changes in air pressure during fan blade rotation can damage bat lungs
- 15 Wind turbine lighting attracts birds, increasing the risk of collisions
- 16 Birds avoiding the site, leading to increased energy expenditure or reduced resources

Future Prospects

Climate change mitigation and nature protection have become irreversible trends around the world. Governments, businesses, and NGOs are strengthening cooperation to jointly respond to the challenges posed by climate change. Looking to the future, Delta will continue to uphold the mission statement **"To provide innovative, clean and energy-efficient solutions for a better tomorrow"**, pay close attention to and actively participate in these international trends, and actively integrate climate and nature goals to achieve Delta's sustainability goals. We have achieved remarkable results with our past efforts in climate and natural biodiversity, but we will continue to face future challenges and the opportunities that come with them.

This report is Delta's first joint disclosure of climate and nature-related goals and information. It is used as an inventory of future goals and past achievements, and more importantly, it incorporates the requirements and guidelines of international standards to identify and plan management strategies and practical pathways toward the goals.

We will continue to intensify our cooperation with international organizations and initiatives, share our own experiences through participation, and learn from global benchmark cases to improve our performance in climate and nature protection. We understand that successful climate action and biodiversity protection are inseparable from the support of internal and external partners. We must therefore strengthen cooperation with employees, customers, supply chains, and other stakeholders, which will be crucial for our sustainable development. Finally, we also look forward to continuing to work hand in hand with our wide range of stakeholders for sustainable development in our business and core functions.



TCFD Index

Dimension	TCFD Disclosure Recommendation	Chapter	Page
Governance	Describe the board's oversight of climate related risks and opportunities.	1.2 Corporate Governance	6
	Describe management's role in assessing and managing climate-related risks and opportunities.	1.2 Corporate Governance	6
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2.1 Climate Risk Identification and Response	11
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	2.1 Climate Risk Identification and Response	11
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2.2 Climate Risk Scenario Analysis	18
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	2.1 Climate Risk Identification and Response	11
	Describe the organization's processes for managing climate-related risks.	2.1 Climate Risk Identification and Response	11
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2.1 Climate Risk Identification and Response	11
Metrics & Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	2.3 Metrics and Targets	25
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	2.1 Climate Risk Identification and Response Ch4 Project Actions	11
		1.1 Vision for Climate and Nature	11
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2.3 Metrics and Targets Ch4 Project Actions	25 43

TNFD Index

Dimension	TNFD Disclosure Recommendation	Chapter	Page
Governance	Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	1.2 Corporate Governance	6
	Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	1.2 Corporate Governance	6
	Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Ch3 Nature and Biodiversity	26
Strategy	Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	3.1 Locate	28
		3.2 Evaluate	32
		3.3 Assess	37
	Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	3.3 Assess	37
Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	-	-	
Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	3.1 Locate	28	
Risk & Impact Management	Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	3.2 Evaluate	32
		3.3 Assess	37
	Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	3.1 Locate	28
		3.2 Evaluate	32
	Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	3.4 Prepare	39
		3.5 Future Development Strategies for Measurement of NPI Targets and Metrics	40
		3.3 Assess	37
Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	3.4 Prepare	39	
	3.5 Future Development Strategies for Measurement of NPI Targets and Metrics	40	
Metrics & Targets	Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	3.5 Future Development Strategies for Measurement of NPI Targets and Metrics	40
	Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	3.5 Future Development Strategies for Measurement of NPI Targets and Metrics	40
	Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	1.1 Vision for Climate and Nature	4
3.5 Future Development Strategies for Measurement of NPI Targets and Metrics		40	

Index of IFRS S2 Climate-related Disclosures

Core Content	Main Principles	IFRS S2 Disclosure Recommendation	Chapter	Page
Governance	Climate-related governance body(s) or individual(s)	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities applicable to that body(s) or individual(s).	1.2 Corporate Governance	6
		How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies.	1.1 Vision for Climate and Nature 1.2 Corporate Governance	4 6
		How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.	1.2 Corporate Governance	6
		How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities.	1.2 Corporate Governance	6
		How the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities.	1.2 Corporate Governance	6
		How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	1.2 Corporate Governance	6
	Responsibilities and roles of climate-related governance body(s) or individual(s)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	1.2 Corporate Governance	6
		Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.	1.2 Corporate Governance	6
		Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	1.2 Corporate Governance	6
	Strategy	Climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk	2.1 Climate Risk Identification and Response
Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity could reasonably be expected to occur.			2.1 Climate Risk Identification and Response	11
Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.			2.1 Climate Risk Identification and Response	11
Current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain		A description of the current and anticipated effects.	2.1 Climate Risk Identification and Response 2.2 Climate Risk Scenario Analysis	11 18
		A description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	2.1 Climate Risk Identification and Response 2.2 Climate Risk Scenario Analysis	11 18

Core Content	Main Principles	IFRS S2 Disclosure Recommendation	Chapter	Page
Strategy	Effects of climate-related risks and opportunities on its strategy and decision-making	Current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities	2.1 Climate Risk Identification and Response 2.2 Climate Risk Scenario Analysis	11 18
		Current and anticipated direct (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications) and indirect (for example, through working with customers and supply chains) mitigation and adaptation efforts.	2.1 Climate Risk Identification and Response 2.2 Climate Risk Scenario Analysis	11 18
		Any climate-related transition plan the entity has.	Ch4 Project Actions	43
		How the entity plans to achieve any climate-related targets.	2.3 Metrics and Targets	25
	Effects of climate-related risks and opportunities on the entity's financial position	The effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning.	2.2 Climate Risk Scenario Analysis	18
		Climate resilience	The implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to.	2.2 Climate Risk Scenario Analysis
	The significant areas of uncertainty considered in the entity's assessment of its climate resilience.		2.2 Climate Risk Scenario Analysis	18
	The entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term.		2.2 Climate Risk Scenario Analysis	18
	How and when the climate-related scenario analysis was carried out.		2.2 Climate Risk Scenario Analysis	18
	Risk management	Climate-related risks management process	The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks.	2.1 Climate Risk Identification and Response
Climate-related scenario analysis		Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	2.2 Climate Risk Scenario Analysis	18
		The extent to which, and how, the processes for climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	2.2 Climate Risk Scenario Analysis	18
Metrics and targets	Greenhouse gases	Disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent, classified as: <ul style="list-style-type: none"> • Scope 1 greenhouse gas emissions • Scope 2 greenhouse gas emissions • Scope 3 greenhouse gas emissions 	2.3 Metrics and Targets	25
		Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions.	2.3 Metrics and Targets	25
		Disclose the approach it uses to measure its greenhouse gas emissions.	2.3 Metrics and Targets	25

Core Content	Main Principles	IFRS S2 Disclosure Recommendation	Chapter	Page		
Metrics and targets	Climate-related transition risks	The amount and percentage of assets or business activities vulnerable to climate-related transition risks.	2.2 Climate Risk Scenario Analysis	18		
	Climate-related physical risks	The amount and percentage of assets or business activities vulnerable to climate-related physical risks.	2.2 Climate Risk Scenario Analysis	18		
	Climate-related opportunities	The amount and percentage of assets or business activities aligned with climate-related opportunities.	2.2 Climate Risk Scenario Analysis	18		
	Capital deployment	The amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	2.2 Climate Risk Scenario Analysis	18		
	Internal carbon prices		<ul style="list-style-type: none"> An explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis) The price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions. 	2.3 Metrics and Targets	25	
				Refer to the 2023 Delta ESG Report Ch 5.2.1.3 Risk Management	93	
	Remuneration		<ul style="list-style-type: none"> A description of whether and how climate-related considerations are factored into executive remuneration The percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations. 	1.2 Corporate Governance	6	
	Industry standards		An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry (i.e., SASB Industry Standards).	Refer to the 2023 Delta ESG Report Ch 7.4 SASB Index	208	
	The quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets			The metric used to set the target.	2.3 Metrics and Targets	25
				The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives).	2.3 Metrics and Targets	25
				The part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region).	2.3 Metrics and Targets	25
				The period over which the target applies.	2.3 Metrics and Targets	25
				The base period from which progress is measured.	2.3 Metrics and Targets	25
				Any milestones and interim targets.	1.1 Vision for Climate and Nature	4
					2.3 Metrics and Targets	25
				If the target is quantitative, whether it is an absolute target or an intensity target.	2.3 Metrics and Targets	25
				How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	1.1 Vision for Climate and Nature	4
				2.3 Metrics and Targets	25	
Information about its approach to setting and reviewing each target, and how it monitors progress against each target			Whether the target and the methodology for setting the target has been validated by a third party.	1.1 Vision for Climate and Nature	3	
			The metrics used to monitor progress towards reaching the target.	2.3 Metrics and Targets	25	



www.deltaww.com