



DELTA ELECTRONICS, INC.

**2023 Delta Electronics
Sustainability Taxonomy Disclosures**

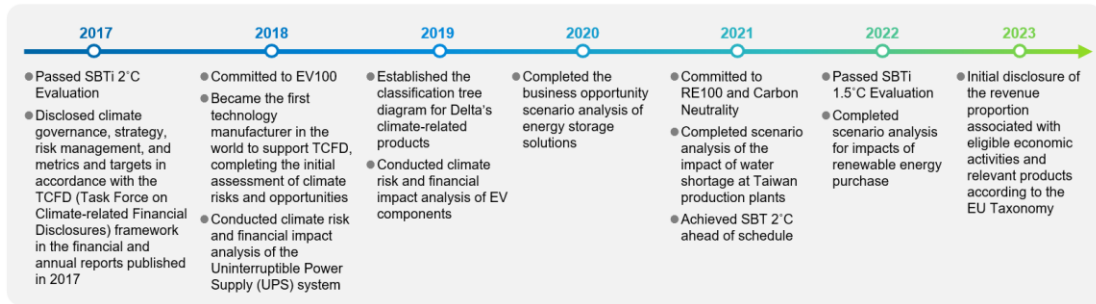
"To provide innovative, clean and energy-efficient solutions for a better tomorrow" is not only Delta's corporate mission but also our long-term goal. In order to provide the objective criteria for determining whether our products and solutions can be considered environmentally sustainable for our stakeholders, Delta has referred to the EU taxonomy framework and conducted a high-level screening based on the sectors and activity items.

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities, to facilitate sustainable investment.

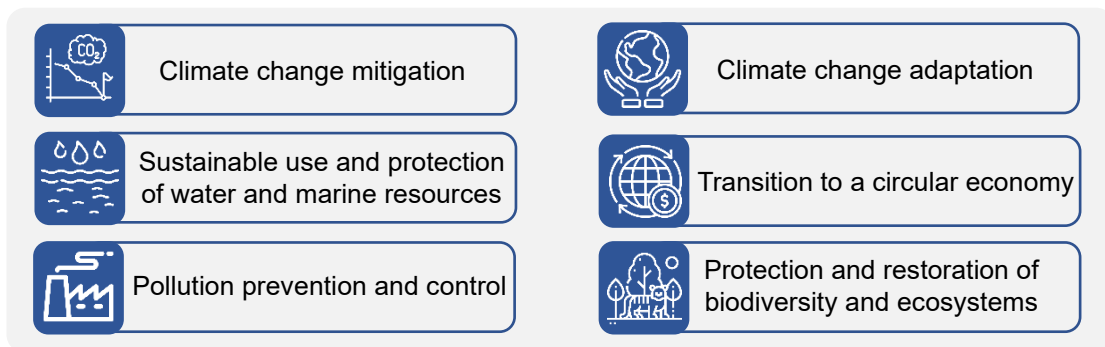
Delta Electronics has consistently demonstrated its commitment to environmental sustainability and climate action through various initiatives and achievements. Notable milestones include passing the SBTi 2°C evaluation in 2017 and subsequently achieving the more ambitious 1.5°C target in 2022. The company has been at the forefront of climate-related financial disclosures, becoming the first technology manufacturer to support TCFD in 2018, completing the initial assessment of climate risks and opportunities, and conducting climate risk and financial impact analysis of the Uninterruptible Power Supply (UPS) system.

In 2019, Delta further expanded its climate risk assessments by conducting financial impact analysis of EV components. In 2021, in line with global sustainability trends, Delta committed to RE100 and carbon neutrality, while also conducting scenario analyses for various climate-related impacts, including the effect of water shortages at Taiwan production plants. Notably, Delta achieved its SBT 2°C target ahead of schedule in the same year.

In 2022, Delta completed scenario analysis for impacts of renewable energy purchase, further strengthening its commitment to sustainable practices. Building on these efforts, Delta began its journey with EU Taxonomy disclosures in 2023, making an initial disclosure of revenue proportion associated with eligible economic activities and relevant products. This commitment to transparency and alignment with global sustainability frameworks continues to evolve.



According to the EU Taxonomy Regulation, Article 9, there are six environmental objectives:



Under the EU Taxonomy Regulation, an economic activity qualifies as environmentally sustainable and is taxonomy-aligned if that activity:

- Contributes substantially to one or more of the above objectives
- Does not significantly harm any of the remaining objectives
- Is carried out in compliance with specified minimum safeguards

Subject to the EU, the first step is to identify taxonomy-eligible economic activities for these objectives and then report on the shares of total revenue and capital/operating expenditure accounted for by these activities. Based on the REGULATION (EU) 2021/2139 and REGULATION (EU) 2023/2486, which amend in Nov. 2023, Delta has preliminarily identified the correlation of our business units' (BU) products and solutions with the substantial contribution criteria and screened out six sectors that might meet the criteria.

Upon preliminary comparing REGULATION (EU) 2023/2485 Annex III (pollution prevention and control), and Annex IV (the protection and restoration of biodiversity and ecosystems), no activities of Delta were meted these two environmental objectives. Since the REGULATION (EU) 2023/2485 shall apply from 1 January 2024. Delta will identify the activity list on REGULATION (EU) 2023/2485 Annex I (sustainable use and protection of water and marine resources) and Annex II (transition to a circular economy) for further confirm if there are any products and solutions meet the substantial contribution criteria the near future.

Based on the REGULATION (EU) 2021/2139, Corresponding sectors are as below:



Manufacturing



Energy



Transport



Construction and real estate activities



Information and communication



Professional, scientific and technical activities

Next, we will list all the descriptions regulate on REGULATION (EU) 2021/2139, and hand it over to each responsible business group (BG) for further confirmation of whether our products or solutions meet the specific economic activities criteria. Delta has identified 13 taxonomy-eligible economic activities as listed in Table 1.

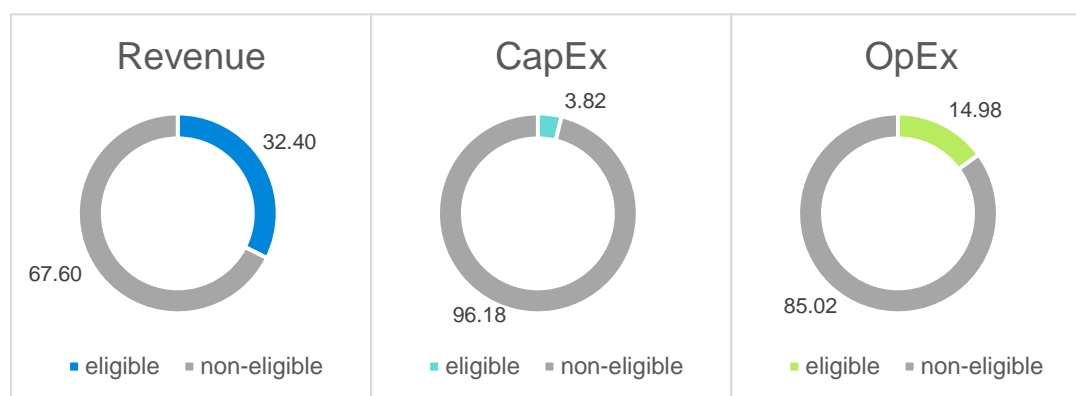
The disclosures of Delta's taxonomy are limited to:

- The proportion of taxonomy-eligible and taxonomy non-eligible revenue, CapEx and OpEx.
- Based on the taxonomy-eligible activities that have been identified, Delta calculates the revenue under current best practices. All the results will be reviewed annually and then adjusted on a rolling basis. All the financial information was calculated based on conservatism, avoiding double counting and has consistency with Delta's 2023 Financial Reports and 2023 Annual Report.
- Since Delta has many products and solutions, the financial information cannot be precisely subdivided into each product or solution, so most of the financial information was calculated at the BG-level and Delta's internal financial system. The results might contain specific errors in the calculation of revenue.
- This disclosure of Delta's taxonomy has not been assured by third parties.

Results of Delta Assessment of Eligibility

Our share of revenue associated with taxonomy-eligible activities in 2023 was 32.40%, CapEx was 3.82%, OpEx was 14.98%. This proportion mainly contribute by the economic activities classified as Information and communication.

Delta included the revenue of the products, which have been calculated to 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. The products is classified based on the REGULATION (EU) 2021/2139 and REGULATION (EU) 2023/2486, and efforts have been made to avoid any double counting. This is the reason the proportion of the revenue related to Taxonomy Eligible Activities increased in 2023 compared to 2022.



1. Assessment of DNSH

Delta's ESG Committee is its highest-ranking sustainable management organization. The ESG Committee oversees 10 project teams that focus on three major aspects of ESG goals including corporate governance, environmental protection and energy conservation, as well as employee relations and social participation. The project teams that are highly correlated with the DNSH are Carbon Management, Energy and Water Conservation and Waste Reduction Management, Biodiversity respectively.

All of the Delta activities were under ESG Committee oversight. The preliminary assessment of economic activities conforms to DNSH criteria.

(1). Water and Marine Resources

In the face of extreme climate events caused by global climate change, such as droughts or flash downpours and their impact on water resources. Delta published the Water Resource Policy in 2023, in order to fulfilling our

social responsibility by taking the initiative to respond to global water shortage issues, and aim to enhance our climate change water resource management resiliency.

(2). Circular Economy

Delta actively promotes the circular economy and formulated four major circular economy strategies, which include: design for circularity, circular sourcing and manufacturing, shifting from products to services, and product value recovery in 2022. Delta also formulate sustainable waste management and circular economy implementation and strategic directions for the value chain to achieve effective utilization of resources and promote circular economy business opportunities in upstream and downstream industries.

(3). Pollution Prevention and Control

Delta has established the Delta Environmental Hazardous Substance Management Policy and Regulations since 2002. Delta's product design to manufacturing process, including the components, process chemicals, jigs, and packaging materials that make up Delta's products, are all included in the management system in order to achieve the most comprehensive management.

(4). Biodiversity and Ecosystems

Delta incorporated biodiversity into its sustainability strategy and passed the Delta Group Biodiversity Policy in 2022 to implement avoidance, minimization, restoration, offset and additional actions within the scope of corporate actions. Delta also works with upstream value chain and partners to achieve No Net Loss (NNL). We aim to achieve the ultimate goal of Net Positive Impact (NPI) by 2050.

2. Assessment of Minimum Safeguards

According to the Article 18 of EU Taxonomy Regulation, the assessment of economic activity to ensure the alignment with minimum safeguards include the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Delta is committed to adhering to international human rights conventions and local regulations and established the "Delta Human Rights and Employment Policy" to communicate Delta's commitment to global human rights. The preliminary assessment of Delta's economic activities conforms to Minimum Safeguards.

Table 1. Proportion of Revenue, CapEx, OpEx Associated with Taxonomy- eligible Economic Activities 2023

Sector	Economic Activities		Climate Change Mitigation	Revenue		CapEx		OpEx	
				MUSD	%	MUSD	%	MUSD	%
Taxonomy Eligible Activities				4,233.88	32.40%	23.48	3.82%	309.46	14.98%
Manufacturing	3.4	Manufacture of batteries	☉	912.77	6.98%	-	-	-	-
	3.5	Manufacture of energy efficiency equipment for buildings	☑						
	3.6	Manufacture of other low carbon technologies	☉						
Energy	4.9	Transmission and distribution of electricity	☉	79.86	0.61%				
	4.10	Storage of electricity	☑						
Transport	6.15	Infrastructure enabling low-carbon road transport and public transport	☉	750.79	5.75%				
Construction and real estate activities	7.3	Installation, maintenance and repair of energy efficiency equipment	☑	453.75	3.47%				

Sector	Economic Activities		Climate Change Mitigation	Revenue		CapEx		OpEx	
				MUSD	%	MUSD	%	MUSD	%
	7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	<input checked="" type="checkbox"/>						
	7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	<input checked="" type="checkbox"/>						
	7.6	Installation, maintenance and repair of renewable energy technologies	<input type="radio"/>						
Information and	8.1	Data processing, hosting and related activities	<input checked="" type="checkbox"/>	2,036.71	15.59				

Sector	Economic Activities		Climate Change Mitigation	Revenue		CapEx		OpEx	
				MUSD	%	MUSD	%	MUSD	%
communication									
Professional, scientific and technical activities	9.1	Close to market research, development and innovation	<input checked="" type="checkbox"/>	-	-				
	9.3	Professional services related to energy performance of buildings	<input checked="" type="checkbox"/>						
Non- Eligible				8,833.26	67.60%	590.28	96.18%	1,756.15	85.02%
Total				13,067.14	100%	613.76	100%	2,065.61	100%

: High confidence in conforming to every Taxonomy- eligible criteria.

: Mostly conformed to Taxonomy-eligible criteria.

Table 2. Preliminary Analysis with Taxonomy- aligned Criteria of Delta Economic Activities

Economic Activities		DNSH Criteria (☑/☒)						Minimum Safeguards
		Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution Prevention and Control	Biodiversity and Ecosystems	
3.4	Manufacture of batteries	-	☑	☑	☑	☑	☒	☑
3.5	Manufacture of energy efficiency equipment for buildings	-	☑	☑	☑	☑	☒	☑
3.6	Manufacture of other low carbon technologies	-	☑	☑	☑	☑	☒	☑
4.9	Transmission and distribution of electricity	-	☑	☑	☑	☑	☒	☑
4.10	Storage of electricity	-	☑	☑	☑	☑	☒	☑
6.15	Infrastructure enabling low-carbon road transport and public transport	-	☑	☑	☑	☑	☒	☑
7.3	Installation, maintenance and repair of energy efficiency equipment	-	☑	☑	☑	☑	☒	☑
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings	-	☑	☑	☑	☑	☒	☑

Economic Activities		DNSH Criteria (☑/☒)					Minimum Safeguards	
		Climate Change Mitigation	Climate Change Adaptation	Water and Marine Resources	Circular Economy	Pollution Prevention and Control		Biodiversity and Ecosystems
	(and parking spaces attached to buildings)							
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	-	☑	☑	☑	☑	☒	☑
7.6	Installation, maintenance and repair of renewable energy technologies	-	☑	☑	☑	☑	☒	☑
8.1	Data processing, hosting and related activities	-	☑	☑	☑	☑	☒	☑
9.1	Close to market research, development and innovation	-	☑	☑	☑	☑	☒	☑
9.3	Professional services related to energy performance of buildings	-	☑	☑	☑	☑	☒	☑

☑: Conformed to the criteria.

☒: Potentially compatible with the criteria.