

# 2022 Human Rights Due Diligence Report and Modern Slavery Statement

Delta Electronics, Inc.



# About us

## Global Operations

Delta has 156 sales offices, 48 plant sites, and 72 R&D centers, with over 10,000 R&D engineers throughout the world.

	Asia-Pacific	Americas	EMEA	Total
Global Sales Offices	100	25	31	156
Global Plant Sites	40	4	4	48
Global R&D Centers	48	9	15	72

- Main Sales Offices
- Main Plant Sites
- Main R&D Centers



Delta Electronics, Inc., founded in 1971, is a global provider of power supplies and thermal management solutions.



# Delta's Human Rights Commitment

Human rights are fundamental rights, freedoms and standards of treatment to which all people are entitled. Respect for human rights is rooted in our values and applies wherever we do business. The Delta Group Human Rights related policies are established to succinctly express Delta's respect for human rights on a worldwide basis. Wherever Delta operates we shall comply with the international labor practices and standards of human rights including the United Nations (UN) Global Compact, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, the SA8000 Standard of Social Accountability International (SAI), the Code of Conduct of Responsible Business Alliance (RBA), Declaration of Human Rights, International Labour Organization Tripartite Declaration of Principles (ILO MNE Declaration) and any other applicable labor or employment laws and international standards.

Delta is committed to paying attention to human rights issues in upstream suppliers, our own operations (including subsidiaries and joint ventures), business partners, and downstream of value chains. The scope includes but is not limited to suppliers, various types of employees, Delta's operational behavior, and products and services, among others.

Delta is dedicated to complying with applicable labor and employment laws, as well as international standards. Human rights issues include freely chosen employment (forced labor, human trafficking), freedom of association and group agreements, humane treatment, child labor, young workers, prohibition of discrimination, and working hours and wages. In response to trends in ESG development, Delta's human rights management policy has added an article for "diversity and inclusion" in 2022, emphasizing a diverse and inclusive culture that respects gender equality and different groups.

CEO



# Delta's Human Rights Policy

These policies are applicable to people of different genders, ages, races, nationalities, and cultures. Minorities such as migrant workers, indigenous people, and people with disabilities are also included. We are also cautious with respect to our potential impact on local communities.

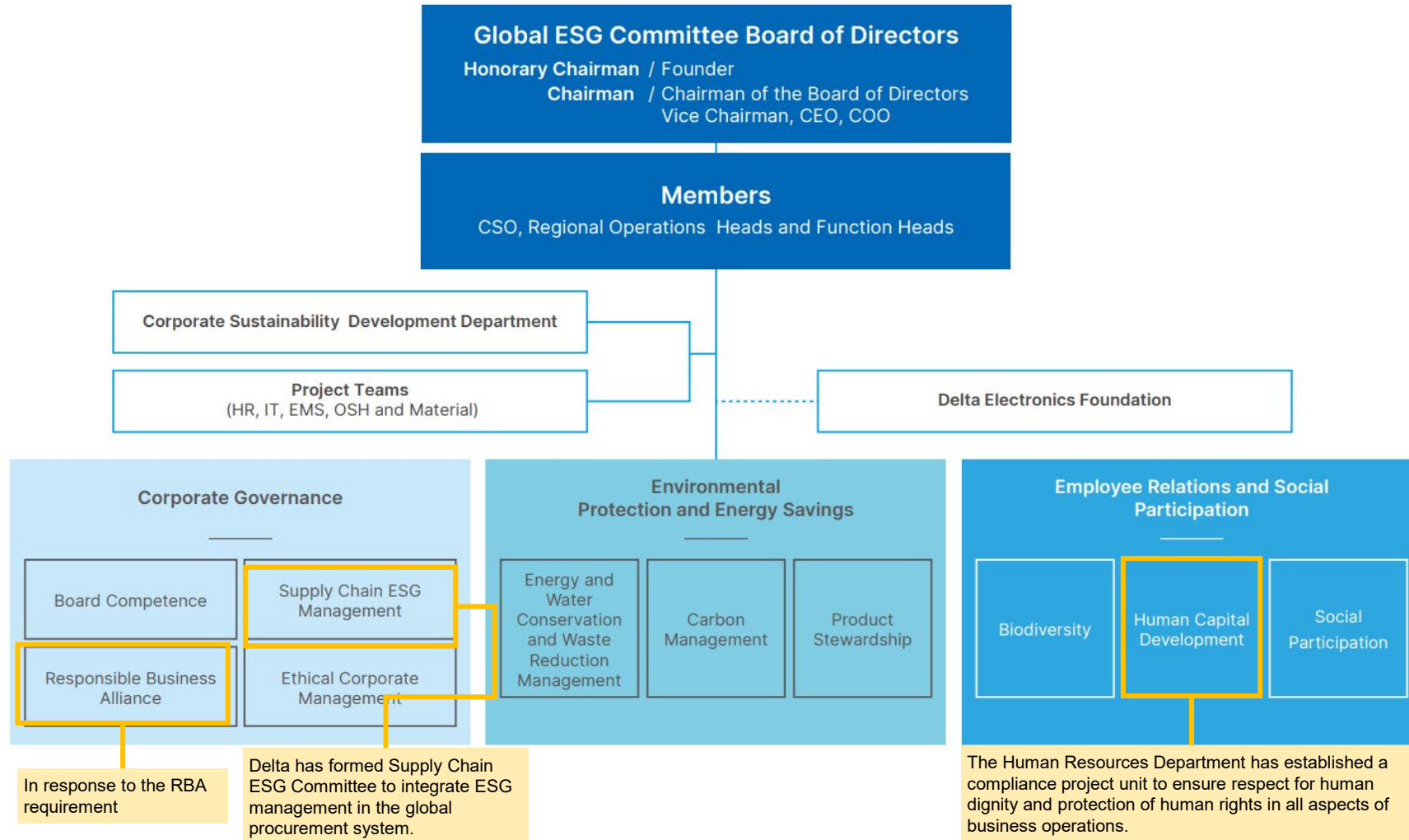
Policy	Content	Link
<b>Delta Group Human Rights and Employment Policy</b>	Human rights are fundamental rights, freedoms and standards of treatment to which all people are entitled. Respect for human rights is rooted in our values and applies wherever we do business. The Delta Group Human Rights and Employment Policy (the "policy") is established to succinctly express Delta's respect for human rights on a worldwide basis. Wherever Delta operates we shall comply with the international labor practices and standards of human rights including the United Nations (UN) Global Compact, the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises, the SA8000 Standard of Social Accountability International (SAI), the Code of Conduct of Responsible Business Alliance (RBA), Declaration of Human Rights, International Labour Organization Tripartite Declaration of Principles (ILO MNE Declaration) and any other applicable labor or employment laws and international standards. Delta promises to comply with all applicable labor and employment laws and international standards in all operating areas.	<a href="#">Policy link</a>
<b>Delta Group Code of Conduct</b>	The Delta Group Code of Conduct (referred to as the "Code" hereunder) is established and promulgated to help Delta Group achieve better work performance, provide better products to customers, and observe laws and code of ethics, as well as uphold the Company's assets, interests, and image and contribute to the sustainable operation and development of Delta Group.	<a href="#">Policy link</a>

# Delta's Human Rights Policy

Policy	Content	Link
<b>Delta Group Personal Data Protection Management Policy</b>	This policy is to ensure that the collection, processing or use of personal data complies with relevant laws and regulations and the requirements of the competent authority. It is formulated as a personal data protection management policy (hereinafter referred to as "this policy") to provide personal data protection guidelines for the whole group.	<a href="#">Policy link</a>
<b>Privacy Policy</b>	Delta will abide by all relevant laws and regulations on privacy data protection and data security. The ultimate goal of collecting information is to improve our services and support for customers.	<a href="#">Policy link</a>
<b>Delta Group Supplier Code of Conduct</b>	Delta has formulated its Supplier Code of Conduct (the "Code") by referring to the Delta Group Code of Conduct, Recommendations of Task Force on Climate-related Disclosures, Responsible Business Alliance Code of Conduct, UN Guiding Principles on Business and Human Rights, ILO Declaration of Fundamental Principles and Rights at Work, and UN Universal Declaration of Human Rights. Through the Code, Delta urges suppliers to provide respectable, decent work, and safe work environments for employees.	<a href="#">Policy link</a>
<b>Others</b>	"RBA Human Rights Management Procedure Review Specifications" and "RBA Human Rights Management Procedure Risk Management Specifications"	

# Management Structure

The "Responsible Business Alliance", "Supply Chain ESG Management", and "Human Capital Development" under the Delta Sustainability Committee promote human rights management according to different stakeholders.



# Human Rights Due Diligence Management System, Processes, and Tools

Delta systematically reviews human rights policies, procedures, and plans, and identifies potential human rights issues at each operational site and proposes improvement measures.

## 1. Inclusion of human rights due diligence

Activation process::

- (1) Employees: All employees and all workplaces are included
- (2) Suppliers: Annual survey of new suppliers and key suppliers
- (3) Due diligence of M&A and joint ventures

## 6. Continuous risk management and public disclosure

- Delta produces annual human rights due diligence reports to continuously manage and improve its performance on human rights issues.

## 5. Auditing and counseling for corrective actions

Delta implements continuous tracking of high risks, requests for corrective action plans, recommendations for improvement, education and training, and ongoing audit management. Failure to comply with requirements and unqualified suppliers are warned or suspended from the cooperation.

## 2. Identification of human rights issues and risk ranking

Delta has designed questionnaires and tools on human rights based on Delta's human rights-related policies, with a particular focus on issues such as modern slavery, child labor, underage workers, migrant workers, working overtime, and violations of local labor laws and regulations.

## 3. Human rights risk due diligence in written forms

The risk levels of all human rights issues are evaluated by employing risk assessment tools and comparing them with publicly available information to verify their authenticity.

## 4. Human rights risk identification

The human rights risk assessment matrix for the Company's own operations identifies risk priorities and potential risks based on their severity and frequency of occurrence, while the human rights risk assessment matrix for the suppliers identifies high-risk items based on the combination of the risk management levels of RBA and the capability levels of ESG.



# Human Rights Risk Items

Human rights issues	Description	Employees*	Joint Ventures*	Supply Chain
<b>Freely chosen employment</b>	All employment relationships are voluntary. Delta prohibits any form of forced labor, charging fees during recruitment, and requiring deposit payments or withholding identity documents as employment requirements.	V	V	V
<b>Young workers</b>	Delta enforces a policy that prohibits the use of child labor and has established measures to handle the misuse of child labor. Delta checks and retains proof of age documents for all new employees.	V	V	V
<b>Working hours</b>	Working hours shall comply with the regulations, and the working hours control and improvement measures shall be implemented. Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. All overtime must be voluntary. Workers shall be allowed at least one day off every seven days.	V	V	V
<b>Salary</b>	Working hours shall comply with the regulations, and the working hours control and improvement measures shall be implemented. Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.	V	V	V
<b>Benefits</b>	Comply with local welfare regulations.	V	V	V
<b>Humane treatment</b>	There is to be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers; nor is there to be the threat of any such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.	V	V	V
<b>Non-Harassment</b>	Participants should be committed to a workplace free of harassment.	V	V	V
<b>Prohibit discrimination</b>	Whether or not there are policies and procedures in place to prohibit discriminatory behavior.	V	V	V

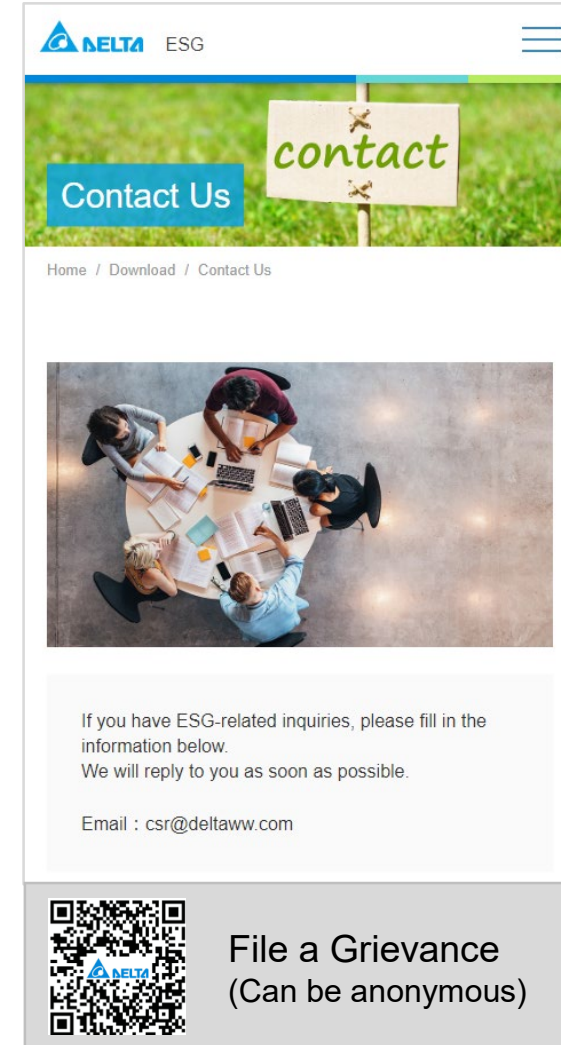


# Human Rights Risk Items

Human rights issues	Description	Employees	Joint ventures	Supply Chain
<b>Freedom of association</b>	In conformance with local law, participants shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.	V	V	V
<b>Health and Occupational Safety</b>	Worker potential for exposure to health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) are to be identified and assessed, mitigated using the Hierarchy of Controls, which includes eliminating the hazard, substituting processes or materials, controlling through proper design, implementing engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and providing ongoing occupational health and safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment, and educational materials about risks to them associated with these hazards. Workers shall be encouraged to raise any health and safety concerns, and assured that they won't be retaliated against.	V	V	V
<b>Sanitation, Food, and Housing</b>	Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Participant or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.	V	V	V
<b>Code of ethics</b>	All business interactions should adhere to the highest ethical standards, and there should be policies in place to ensure ethical business practices.	V	V	V
<b>Management system</b>	Develop a set of procedures to identify labor and ethical practice risks. Establish internal review procedures to regularly review relevant indicators and implementation plans.	V	V	V

# Grievance Channels and Mechanisms

Grievance Channels	Mechanisms
<b>Union and Labor-Management Meetings</b>	<ul style="list-style-type: none"> <li>Organized quarterly to promote harmonious labor-management relations</li> <li>Assisted troubled workers with applying for holiday and condolence subsidies from unions</li> </ul>
<b>Welfare Related Meetings</b>	<ul style="list-style-type: none"> <li>Organized quarterly to promote an exchange of ideas for welfare activities</li> <li>Improved dining environment (replaced tables and chairs) and added foreign cuisines</li> <li>Revised procedures for reviewing and managing clubs, added supplementary content, and encouraged clubs to engage in cross-plant competitions</li> </ul>
<b>Seminars</b>	<ul style="list-style-type: none"> <li>Executive manager seminars conveyed the organization's vision, principles, and listened to employee demands</li> <li>Dormitory seminars, face-to-face discussions clarified employee demands, and improved dormitory environments (repaired air conditioning, hot water supply facilities)</li> </ul>
<b>Mailbox for Employee Complaints and Suggestions</b>	<ul style="list-style-type: none"> <li>Implemented an online and physical mailbox and provided a channel for anonymous suggestions</li> <li>A suggestion platform was implemented in the public areas of each plant (scan QRcode for messenger service)</li> <li>Provided mechanisms for reports and complaints, and management of unlawful infringement in the workplace</li> </ul>
<b>Supplier Reporting Channels</b>	<ul style="list-style-type: none"> <li>Delta provides channels for stakeholders and suppliers to report incidents anonymously.</li> <li>For any illegal or human rights violations, incidents involving ethical management, or others, whistleblowers can report online anonymously or with their real names through the website or QR code.</li> </ul>

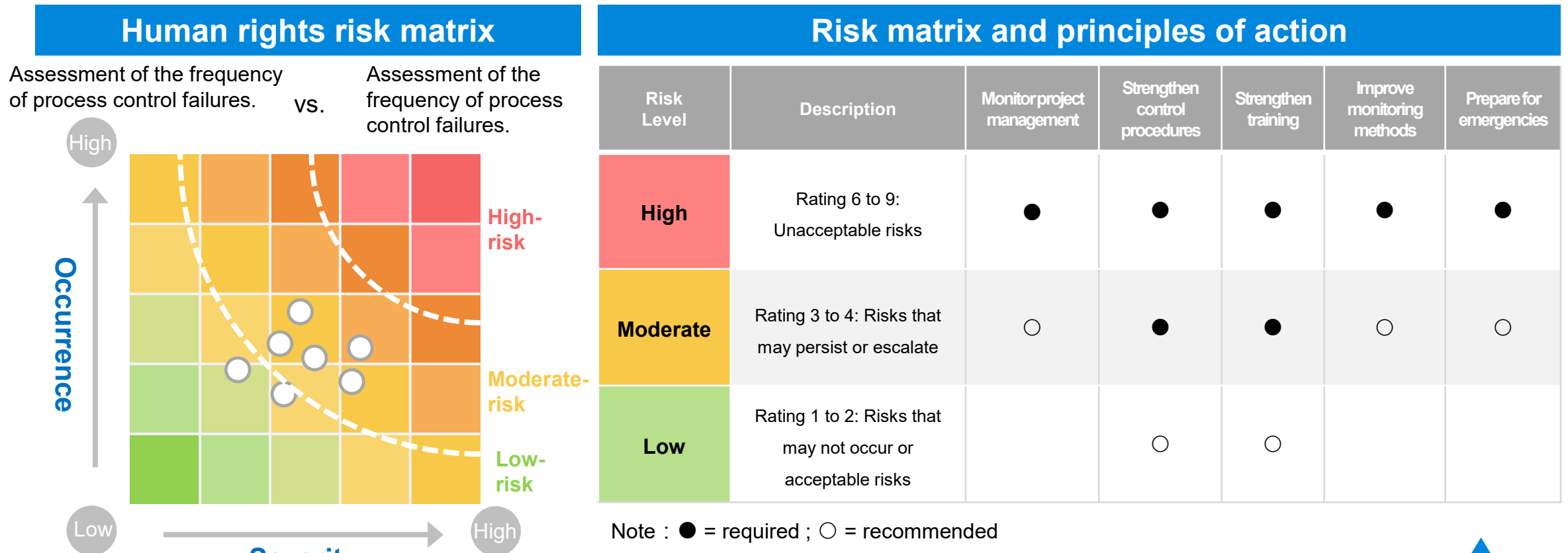


The screenshot shows the Delta ESG 'Contact Us' page. At the top, there is a navigation bar with the Delta logo and 'ESG' text. Below this is a large green banner with a sign that says 'contact' and a 'Contact Us' button. The page content includes a breadcrumb trail: 'Home / Download / Contact Us'. A central image shows a group of people in a meeting. Below the image, there is a text box that reads: 'If you have ESG-related inquiries, please fill in the information below. We will reply to you as soon as possible. Email : csr@deltaww.com'. At the bottom left, there is a QR code, and at the bottom right, there is a button that says 'File a Grievance (Can be anonymous)'.

# Human Rights Risk Assessment and Mitigation Principle - Own Operations

According to the results of Delta's global human rights questionnaire, Delta produced a human rights risk matrix classifying the risk level for each issue based on severity and occurrence. There are 9 human rights risk issues with 47 review points.

( 9 human rights risk issues: freely chosen employment, young labor, working hours and salary, humane treatment, prohibition of discrimination, freedom of association, health and safety, code of ethics, and management system)



# Human Rights Risk Assessment and Mitigation Principle - Supply Chain

By using the ESG questionnaires, we continuously track the corporate management practices of all tier-1 suppliers that have continuous transactions with us on human rights. According to the scoring criteria, a risk matrix is drawn to identify high-risk suppliers, and further, their improvement measures and deadlines are tracked with written documents.

Based on the Responsible Business Alliance Code of Conduct (RBA) 7.0 and Delta Supplier Code of Conduct, Delta plans to establish a Supply Chain Social Responsibility Standard and Audit System, which includes a Delta suppliers SAQ, a developed audit protocol, and counselor training, to ensure high-risk suppliers improve human rights issues and comply with Delta's supply chain human rights policy.



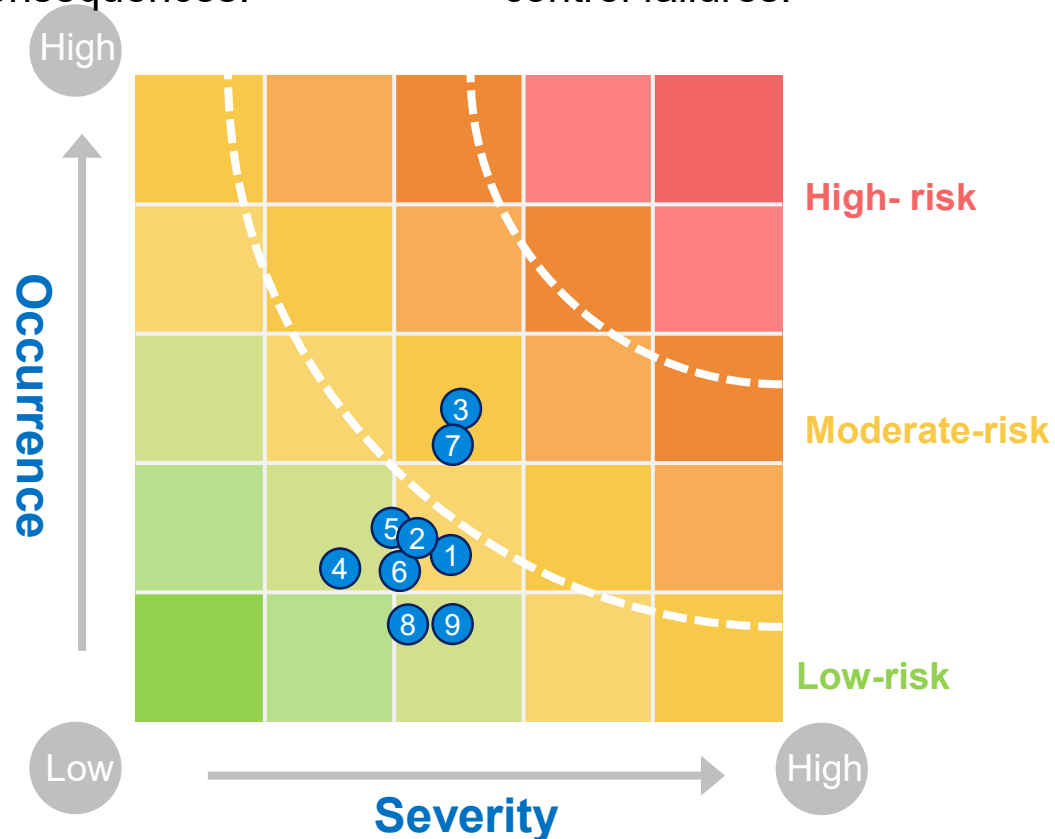
# Human Rights Risk Assessment Results- Own Operations

## Human rights risk matrix in 2022

Assessment of the severity of the consequences.

vs.

Assessment of the frequency of process control failures.



2022 assessment results of our employees and joint ventures:

- Zero high-risk issues
- Two moderate-risk issues:
  - Working Hours and Salary, and Safety and Health
  - Mitigated by strengthening management mechanisms and training.
- The remaining topics were classified as low-risk

Moderate-risk	Low-risk
3. Working Hours and Salary 7. Safety and Health	1. Freely chosen employment 2. Young workers 4. Humane treatment 5. Prohibit discrimination 6. Freedom of association 8. Code of ethics 9. Management system

Joint ventures: the human rights due diligence of 9 affiliated enterprises and 5 joint ventures has been completed, 20% of the total assessed where risks have been identified. The findings identified human rights risks as low risk.



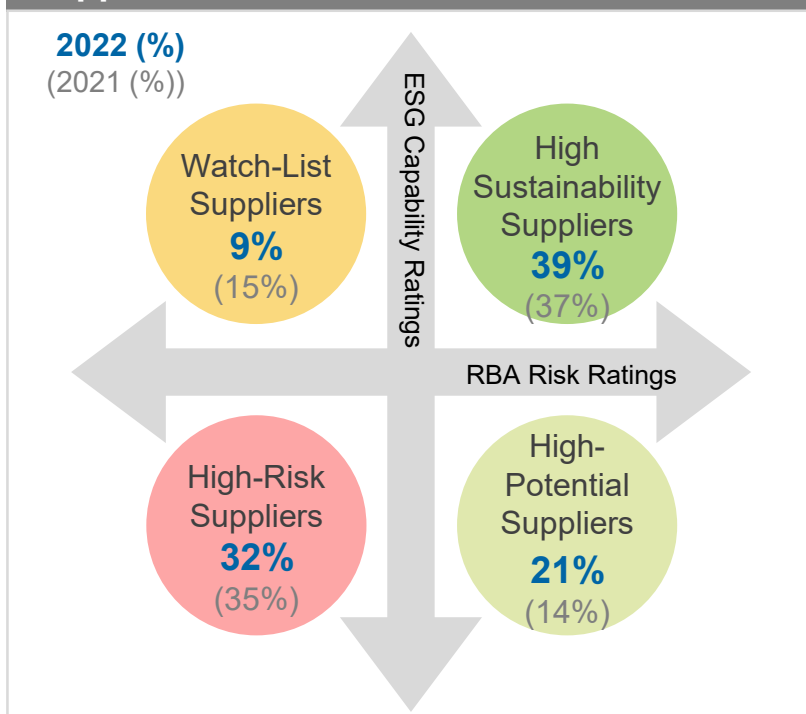
# Human Rights Risk Assessment Results - Supplier

**Questionnaire response rate**

**Goals: 95% by 2025; Performance: 91% by 2023**

Analyzing risk management performance in various aspects, labor-related issues have a higher average deficiency rate, while environmental, ethical, and supply chain management aspects have a lower average deficiency rate. The majority of high-risk issues are found in labor-related aspects, with 11.9% of companies scoring poorly in this area, of which 8% of the suppliers have human rights related risks. Delta will continue monitoring, conducting audits, and implementing corrective action plans.

**Supplier assessment results matrix in 2022**



**Description of key human rights-related topics**

Topics	Identified as High-Risk Criteria	High-Risk Causes and Improvement Recommendations
If there are student workers or interns, do your company's employment policy and practice comply with local laws and regulations?	<Options> <u>No</u>	All labor measures must comply with hiring policies and practices of local regulatory, as well as meet all requirements under RBA and Delta Supplier Code of Conduct - "2) Young Workers".
Who pays for recruitment, transportation, document preparation, training, physical examination, and other relevant fees for migrant workers?	<Options> <u>Migrant workers</u>	Recruitment, transportation, document preparation, training, medical examinations, and other related expenses for migrant workers should adhere to RBA norms and Delta Supplier Code of Conduct - "1) Freely Chosen Employment".
Who keeps migrant workers' identity documents/passports?	<Options> <u>Company</u>	Migrant workers should personally keep their identification documents/passports, in accordance with RBA and Delta Supplier Code of Conduct - "1) Freely Chosen Employment".
What was the longest consecutive work days of your employees in 2022?	<Fill in> <u>Seven days or more</u>	According to RBA and Delta Supplier Code of Conduct - requirements of "3) Working Hours", employees should have at least one day of rest every seven days.

# Mitigation and Improvement- Own Operations

Human rights issues	Goals and actions	Management and mitigating measures
<b>Freely Chosen Employment and Prohibition of Forced Labor</b>	<ul style="list-style-type: none"> <li>• Formulate the Human Rights Policy, Code of Conduct, and Recruitment and Hiring Management Regulations to allow freely chosen employment and prevent non-voluntary labor services.</li> <li>• Regulate and promote freedom of movement policies in the workplace.</li> <li>• Establish a policy for requiring zero payment from foreign migrant workers.</li> <li>• Policy to ban the use of child labor.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen human rights management, implement the zero-payment policy.</li> <li>• Optimize the hiring process, provide payment for health examination fees of new employees.</li> <li>• Ban the employment of child labor, check the age documentation of new recruits.</li> </ul>
<b>Working Hours and Salary</b>	<ul style="list-style-type: none"> <li>• Salary must meet the legal requirements for minimum wage, overtime, and benefits; salary deductions may not be used as a disciplinary measure.</li> <li>• Cater to the mental and physical health of employees by managing extended work hours and ensuring that overtime pay exceeds the standards of regular pay.</li> <li>• Provide sufficiently detailed payroll information for each payroll period.</li> <li>• Comply with local laws and regulations in the hiring of temporary workers, contractors, and labor outsourcing.</li> <li>• Equal salary regardless of gender, age, or ethnicity.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish effective recruitment plans based on sales and marketing meetings, update daily recruitment conditions, prepare labor reserves in advance.</li> <li>• Reinforce production line labor in phases to maintain operations for 6 out of 7 days of the week, rigorously manage working hours to below 60 hours per week.</li> <li>• Employees in China agree to a social insurance payment base as required by local laws and regulations</li> <li>• Meetings cannot be scheduled before business hours.</li> </ul>
<b>Diverse Recruitment and Staffing and Anti-discrimination</b>	<ul style="list-style-type: none"> <li>• Respect religious freedom and establish application procedures for employees' religious venues.</li> <li>• When executing M&amp;A projects, identify whether the target company contains human rights risks related to gender, ethnicity, or religious discrimination.</li> </ul>	<ul style="list-style-type: none"> <li>• Employ aboriginal people and provide more than the 3 days annual ceremony leave as required by laws and regulations.</li> <li>• Employ personnel with visual and hearing disabilities</li> <li>• Customize forums and events to care for the human rights of migrant workers.</li> </ul>

# Mitigation and Improvement- Own Operations

Human rights issues	Goals and actions	Management and mitigating measures
<p><b>Freedom of Association</b></p>	<ul style="list-style-type: none"> <li>• Create an environment with freedom of expression and communication and provide employees with the legal right to establish, participate in, or refuse to join associations or group agreements.</li> </ul>	<ul style="list-style-type: none"> <li>• All personnel are free to associate with or organize unions; collective bargaining may be conducted between union representatives and the Company.</li> </ul>
<p><b>Sexual Harassment Prevention and Unlawful Infringement in the Workplace</b></p>	<ul style="list-style-type: none"> <li>• Written statements for workplace violence prevention issued in the Taiwan region.</li> <li>• Create a friendly workplace environment and set up sexual harassment grievance hotline, mailbox, and heartwarming delivery services.</li> <li>• Establish a global report management mechanism and execute the handling and investigation procedures for unlawful infringements in the performance of duties.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an online course for sexual harassment prevention and track the training employee completion rate.</li> <li>• Organize training for prevention of unlawful infringement and sexual harassment in the workplace.</li> <li>• Revise Taiwan's management procedures for unlawful infringement in the workplace by adding settlement procedures in cases where grievance committees are not convened.</li> </ul>
<p><b>Safety and Health</b></p>	<ul style="list-style-type: none"> <li>• Establish the ISO 45001 Management System for all global major plants and implement preventive safety and health management.</li> <li>• Pay attention to the safety and health of the work environment of workers and commit to creating a safe and healthy workplace.</li> </ul>	<ul style="list-style-type: none"> <li>• Post GHS chemical labels and exhaust pipeline label.</li> <li>• Place protective equipment in the designated temporary storage area, and publicize wearing and storage regulations.</li> <li>• Check bulletin boards quarterly to ensure that employee policies are up to date.</li> </ul>



# Mitigation and Improvement- Supply Chain

Human rights issues	Goals and actions	Mitigating measures
<b>Freely chosen employment</b>	Fully comply with the RBA and Delta's Supplier Code of Conduct, supplemented by written tracking reports and on-site audits for improvement within a deadline.	In order to ensure the implementation of human rights-related policies of Delta's suppliers, the 2022 ESG management questionnaire was sent out in January 2023, and high-risk items were listed based on the scoring results. The results were sent to high-risk suppliers, and they were required to provide corrective measures to be implemented and a scheduled completion date within a deadline.
<b>Young labor</b>	Fully comply with local laws and regulations, as well as with Delta's Supplier Code of Conduct, supplemented by written tracking reports and on-site audits for improvement within a deadline.	
<b>Working hours</b>	Fully comply with the requirements of "1) Freely chosen employment" stipulated in RBA and the Delta Supplier Code of Conduct. Workers shall be allowed to have at least one day off in every seven day period.	

## Improvements

In May 2023, based on the results of the ESG questionnaire, Delta sent out written correction letters to high-risk suppliers, and their response rate was 100%. The said suppliers all corrected non-compliant human rights-related items within their companies as they referred to Delta's Supplier Code of Conduct and RBA regulations. They have made corrections independently and reported improvement practices and expected completion dates.

# Capacity Building and Future Plan

At Delta, it is important that our employees are aware of modern slavery issues and support Delta's values. During new hire orientation, every employee receives Delta Electronics Ethical, Code of Conduct, and Human Rights training to ensure awareness of his/her rights and interests. Delta uses its Academy learning platform to offer online courses to improve awareness of human rights standards, so that employees would have a clear understanding of their own rights and the Company's human rights policies. In 2022, the total number of trainees worldwide was 82,007, and the training completion rate was 97%.

For the future, Delta plans to:

1. Continue to build management capacity for modern slavery risk assessments, and enhance the depth and breadth of our due diligence practices.
2. Regularly review and update our policies, code of conduct, and training materials related to human rights. Employees shall receive a training review every year.
3. Engage relevant stakeholders in our salient human rights assessment activity.
4. Build an equitable and friendly workplace and provide care and benefits that are superior to legal requirements.
5. Identify high-risk suppliers, strengthen our ESG auditing management mechanism, and implement improvement activities by periodically collecting and analyzing company-wide auditing records as well as conducting immediate mitigation actions.
6. Strengthen the Delta RBA counseling group to provide education training for suppliers who failed to meet Delta COC standards, and strengthen Delta ESG audit and counseling capabilities.

Smarter. Greener. Together.

