

The Implementation of Corporate Governance

Appraisal Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
1. Has the Company set up and disclosed the principles for practicing corporate governance according to the "Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies?"	√		The Company has set up the "Corporate Governance Best Practice Principles" which has been disclosed to stakeholders and posted on Company website under the Corporate Governance section.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
2. The Company's ownership structure and shareholders' rights				
(1) Does the Company have internal procedures for handling shareholders' suggestions, queries, disputes and litigation matters and have these procedures been implemented accordingly?	√		(1) The Company has set up spokesperson and acting spokesperson, investor service, investor relations unit and contact information that are fully disclosed to shareholders on Company website so they can express their opinions either by phone or e-mail. The Company in turn handles the issues according to relevant procedures.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
(2) Does the Company have a list of major shareholders and beneficial owners of these major shareholders?	√		(2) The major shareholders of the Company report changes in shareholding to the company every month pursuant to the law. The list of top 10 shareholders is also disclosed in the annual report every year.	
(3) Has the Company established and implemented risk control/management and firewall mechanisms between the company and its affiliated companies?	√		(3) The financial and business dealings of the Company and its affiliated companies are independent as well as bank transactions and credit usages. The receivables and payables among the Company's affiliated companies are settled on time.	
(4) Has the Company established internal rules and regulations prohibiting the company's personnel from taking advantage of information that has not been disclosed to the public to purchase or sell securities?	√		(4) The Company has established its Ethical Corporate Management Best Practice Principles that regulate employees with respect to situations related to their duties that may give rise to the conflicts of interest and prohibit using undisclosed information or divulging in order to prevent insider trading.	
3. The composition and duties of the Board of Directors				
(1) Has the Company established and implemented a diversification policy for the composition of its Board of Directors?	√		(1) According to Article 20.3 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall be determined by taking diversity into consideration, such as having different professional background, working field or gender etc., and shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: <ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. Diversification of the Board of Directors' members has been implemented as shown in Note 1.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies

Appraisal Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, does the Company voluntarily establish other types of functional committees?	√		(2) The Company has set up an Operations Strategy Management Committee led by the chairman of the board which is responsible for analyzing and discussing major issues related to company strategies, operations, organization, etc., and providing advice and suggestions to the Board of Directors and executives with regard to decision-making and implementation.	
(3) Has the Company established methods for performance evaluation of the Board of Directors as well as actual procedures for executing the evaluation? If so, has the Company executed evaluation of the performance of the Board annually?	√		<p>(3) The Company has established Rules of Performance Evaluation of the Board of Directors on October 27, 2016 and this evaluation has been conducted every year. The latest result of the internal performance evaluation of the Board of Directors was completed on March 11, 2018 and reported to the Board of Directors' Meeting for review and improvement on April 29, 2019.</p> <p>The rules and evaluation results mentioned above were disclosed on the Company website. Aside from the overall performance of the Board of Directors the performance of individual directors are also evaluated based on the following assessment indicators:</p> <p>The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the Board of Directors (functional committees), which shall at least include the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Improvement of the quality of the Board of Directors' decision making; 3. Composition and structure of the Board of Directors; 4. Election and continuing education of the directors; and 5. Internal control. <p>The criteria for evaluating the performance of the board members (functional committee) shall at least include the following six aspects:</p> <ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the Company; 2. Awareness of the duties of a director; 3. Participation in the operation of the Company; 4. Management and communication of internal relationship; 5. The director's profession and continuing education; and 6. Internal control. <p>The 2018 results of the performance evaluation of the Board of Directors are listed below:</p> <ol style="list-style-type: none"> 1. The average score of the self performance evaluation of the Board of Directors is 3.83 out of 4. 2. The average score of the performance evaluation of the Board of Directors is 3.66 out of 4. <p>The overall evaluation results of the performance of the Board of Directors are deemed positive.</p>	
(4) Does the company periodically evaluated the independence of its external auditors?	√		(4) The financial department of the Company evaluates its external auditors' independence once a year and the evaluation result is reported to the Audit Committee and the Board of Directors for approval. The evaluation results on March 8, 2018 and March 11, 2019 indicate the external auditors' compliance with the Company's independence standards. The criteria for CPA independence review are detailed in Note 2.	

Appraisal Items	Implementation Status			Deviations from Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies and Reason(s)
	Yes	No	Summary Description	
4. Does the company set up the dedicated or non-dedicated unit or staff in charge of the corporate governance-related affairs (including but not limited to providing information for the Directors and Supervisors to execute their duties, handling the affairs related to the Board meetings and the Shareholders Meeting as prescribed by law, handling the company's registration or its amendments, preparing the minutes of the Board meetings and the Shareholders Meeting, etc.)?	√		The Company has established a Company Secretary and the Investor Service unit for dealing with the following matters: 1. Handling matters relating to board meetings and shareholders meeting. 2. Producing minutes of board meetings and shareholders meetings. 3. Assisting in onboarding and continuous development of directors and supervisors. 4. Furnishing information required for business execution by directors and supervisors. 5. Assisting directors and supervisors with legal compliance. 6. Other matters described or established in the articles of incorporation or contract.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
5. Has the company established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a dedicated stakeholder area on company website, as well as appropriately responded to important CSR issues that stakeholders are concerned about?	√		(1) The Company values the balance of rights and obligations among stakeholders (including shareholders, employees, suppliers and customers, banks, creditors, etc.). In addition to maintaining good communication, the Company has established "Communication with Stakeholders" section on company website and the contact e-mail address is: 2308@deltaww.com. (2) The Company has established "Corporate Governance" section for investors so they can check and download relevant rules and regulations of corporate governance, important board resolutions and material information. (3) Simultaneously, a webpage of "Corporate Social Responsibility" (CSR) has been set up on the Company's official website. The Company communicate with stakeholders through comprehensive channels including online questionnaire to understand key issues for stakeholders concern. The Company also disclose the practice and the most updated information about the CSR for stakeholders' reference. The CSR hotline for stakeholders' feedback is csr@deltaww.com.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
6. Has the company appointed a professional shareholders service agency to handle affairs related to the shareholders meeting?	√		The Company has appointed CTBC Bank Co., Ltd. to handle matters related to shareholders' meetings.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
7. Information Disclosure (1) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance? (2) Has the company adopted other ways to disclose information (e.g., maintaining an English-language website, appointing responsible people to handle corporate information collection and disclosure, appointing spokespersons, webcasting investor's meetings, etc.)?	√ √		(1) The Company has established a public website to disclose information regarding its financial, business and corporate governance. (2) In addition to setting up an English-language website along with designating a dedicated staff to maintain it, the Company established a spokesperson system and dedicated team to handle shareholder services. Information related to shareholders' meetings or investors' meetings is updated immediately on the company website.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies
8. Has the company disclosed other information to facilitate better understanding of its corporate governance practices (including but not limited to employee rights and interests, employee wellness, investor relations, supplier relations, rights of the stakeholders, training records of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and the purchase of insurance for directors and supervisors, etc.)?	√		(1) Regarding information on employee rights and interests, employee wellness, investor relations, supplier relations and rights of the stakeholders, please refer to Chapter 4 "Corporate Social Responsibility" section in the annual report. (2) Please refer to the additional remarks below for other information.	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX-listed Companies

Note 1: Diversification of the Board of Directors' members has been implemented as shown below

Diversity Items Name of Directors	Gender	Professional Background (Education)	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective.	Ability to lead	Ability to make policy decisions
Yancey Hai	Male	MS Global Management, University of Dallas, U.S.A.	V	V	V	V	V	V	V	V
Mark Ko	Male	Department of Electrical and Control Engineering, National Chiao Tung University	V	V	V	V	V	V	V	V
Bruce CH Cheng	Male	Department of Electrical Engineering, National Cheng Kung University	V	V	V	V	V	V	V	V
Ping Cheng	Male	Department of Business Administration, California State University, Hayward	V	V	V	V	V	V	V	V
Simon Chang	Male	EMBA of Chung Yuan Christian University	V	V	V	V	V	V	V	V
Albert Chang	Male	EMBA, National Central University	V	V	V	V	V	V	V	V
Victor Cheng	Male	MS Electrical Engineering, Santa Clara University	V	V	V	V	V	V	V	V
Yung-Chin Chen	Male	MA Accounting, Soochow University	V	V	V	V	V	V	V	V
George Chao	Male	Department of Banking and Insurance, Tamkang University	V	V	V	V	V	V	V	V
Tosng-Pyng Peng	Male	Ph.D. Materials Science and Engineering, University of Illinois	V	V	V	V	V	V	V	V
Ji-Ren Lee	Male	Ph.D. Strategic Management, University of Illinois at Urbana-Champaign	V	V	V	V	V	V	V	V

Note 2: Items for assessment of the CPA's independence for the last 2 years are shown below.

Evaluation Items	Evaluation Result	Compliant with Independence?
1. Does the CPA have a direct or significant/indirect relations with the Company in financial interests?	No	Yes
2. Does the CPA have any financing or guarantee with the Company or its directors?	No	Yes
3. Does the CPA have a close business relations or potential employment relationship with the Company?	No	Yes
4. Does the CPA or members of the audit team hold the posts in the Company, such as the director, supervisor and officer or occupied a key position with significant influence on the auditing process?	No	Yes
5. Does the CPA offer non-audit service which could impact the auditing process for the Company?	No	Yes
6. Does the CPA act as a broker for the shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the company's defense attorney or represent the Company to negotiate with any third party over any dispute?	No	Yes
8. Does the CPA have kinship with the Company's directors, supervisors, or officers or any post with significantly influences on the auditing work?	No	Yes