



## **Modern Slavery and Human Trafficking Statement 2019**

The U.K. Modern Slavery Act of 2015 (the “Act”) requires commercial organizations that supply goods or services in the U.K. and which have a total annual turnover above a certain threshold to publish a slavery and human trafficking statement each financial year. This statement describes the actions taken by Delta Electronics, Inc. and its subsidiaries (“Delta”) during the fiscal year 2019 to prevent modern slavery and human trafficking in our business and supply chain.

### **STRUCTURE, BUSINESS AND OPERATIONS**

Delta Electronics, Inc., founded in 1971, is a global provider of power supplies and thermal management solutions headquartered in Taipei, Taiwan. We operate with 80,545 employees, 176 sales offices, 38 plant sites, and 75 R&D centers throughout EMEA, Asia, the Americas, and Australia. Delta's business categories include Power Electronics, Automation, and Infrastructure. Delta's suppliers provide production-related direct materials, non-production-related indirect materials, and labor.

### **POLICY AND CODE OF CONDUCT**

Delta Electronics Code of Conduct (the “Code”) and the Delta Group Employment Policy (the “Policy”) apply to our own operations, covering all of Delta Electronics, Inc. globally. The Code and Policy provide specific standards on human rights as well as customer expectations. Our Policy references generally accept international principles such as the Universal Declaration of Human Rights, the International Labor Office Tripartite Declaration of Principles, and the OECD Guidelines for Multinational Enterprises, to reflect Delta's compliance with international labor and human rights standards.

The main commitments of Delta are:

- To comply with applicable labor or employment laws and international standards
- To prohibit hiring forced labor or child labor—all jobs shall be taken voluntarily
- To ensure that employees can voluntarily leave the company within a reasonable period after giving notice
- To prohibit any form of harassment and inhumane treatment
- To hire employees based on their capabilities, with non-discrimination
- To establish a management mechanism for working hours in line with labor laws and regulations
- To provide employee compensation and benefits to meet the applicable laws, including minimum wages, holidays with pay, and welfare provided in the law



## RISK MANAGEMENT and DUE DILIGENCE PROCESSES

As part of initiatives to identify and mitigate the risk of modern slavery, Delta carries out appropriate due diligence to assert Delta's respect for human rights and opposition to human trafficking. In 2019:

### 1. Our own operations:

- 74% of employees are covered by collective bargaining agreements or labor unions.
- An annual review is conducted through internal auditing processes according to the guidance of the Responsible Business Alliance (RBA).
- Delta conducted 13 internal evaluations and accepted 114 external audits to implement internal review mechanisms for labor ethics.
- The major risk issue identified is overtime work (factories workers and RD engineers are the high-risk area). Vulnerable groups include 576 employees with disabilities and 2,109 employees who are minorities.
- 61 sub-items over 1,683 assessed risks were identified as items of concern
- 12 sites delivered their mitigation plans. Corrective actions have been implemented on 100% of the items of concern to mitigate risks.
- Measures to mitigate risks were taken according to the root cause.

Risk Item	Mitigation Measures
Retribution Prevention	<ul style="list-style-type: none"> <li>• Revised the Management Measures of the Whistle-blowing System and provided methods for anonymous reports</li> </ul>
Non-discrimination	<ul style="list-style-type: none"> <li>• Changed the gender/date of birth/military service fields in a candidates' personal information table to optional fields</li> <li>• Prohibited discriminatory inspections in the recruitment and interview process</li> </ul>
Work Hours	<ul style="list-style-type: none"> <li>• Required advanced applications for overtime work and set reminder functions in the system</li> <li>• Trained versatile employees to balance overtime work hours and rest</li> <li>• Established planned production with customers to avoid overtime work</li> </ul>
Salary and Benefits	<ul style="list-style-type: none"> <li>• Zero payment required for foreign migrant workers in Taiwan starting in 2020. Foreign migrant workers are not required to pay fees, such as fees incurred for agents, passports, visas, or transportation.</li> <li>• New recruit physical examination fee for Mainland China is to be paid by the Company</li> <li>• Calculated the overtime pay for night shift personnel in Mainland China for public holidays</li> <li>• Adjusted the salary payment calculation for employees leaving their jobs in Mainland China</li> </ul>

### 2. Suppliers

- All suppliers are requested to sign an RBA commitment statement.
- In 2019, Delta conducted ESG survey investigations of 630 Tier 1 and 264 non-Tier 1 critical suppliers, and identified 60 suppliers and 29 suppliers in each category that exhibited high human rights risks. The ratio is 9.5% and 11%, respectively. We completed document audits for 60 suppliers and 29 suppliers and the audit completion rate was 83% and 79%, respectively.



## TRAINING

It is important to us that our employees are aware of modern slavery issues and support Delta's values. During new hire orientation, every employee are requested to receive Delta Electronics Code of Conduct training to ensure awareness of his/her rights and interests. Such training helps raise the awareness of employees and improves their understanding of human rights issues. In 2019, Delta used its Academy learning platform to promote education and training with human rights courses to make sure all employees understand their rights and the Companys Human Rights Policy. We have accumulated 70,435 hours of human rights-related education and training courses across the world and provided training to 110,403 individuals (headcount).

## FUTURE PLANS

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 review training every year.
3. 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.

A handwritten signature in black ink, appearing to read 'Ping Cheng'.

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Ping Cheng  
Chief Executive Officer