

CSR practices and deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies with reasons

Evaluation Items	State of Operation *1			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons
	Yes	No	Summary *2	
1.Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? *3	√		Delta's CSR Committee, pursuant to the AA1000 Stakeholder Engagement Standard (AA1000 SES), defined stakeholders based on local and international trends in sustainable development as well as the needs of business operations. Delta adopts diverse channels to communicate with stakeholders. We identify key issues for concern to stakeholders through materiality analysis and take the necessary actions to enhance the content of our information disclosures and report to the Board of Directors annually. The fiscal year of 2019 communication with stakeholders was reported to the Board of Directors on March 10, 2020. The Board of Directors has clearly defined four main "Corporate Social Responsibility Principles": implement corporate governance, develop a sustainable environment, maintain social welfare, and enhance information disclosure of corporate social responsibility programs. Environment: The Delta Group always strives to promote environmental protection and energy conservation based on its business mission of "To provide innovative, clean, and energy-efficient solutions for a better tomorrow". The Company's sustainability office has identified possible risks and impacts of climate change on business operations, and developed adoption and mitigation strategies as well as an execution plan, which include reducing greenhouse gas emissions, saving energy, conserving water, and reducing waste with the help of all functional committees. Social: Delta values the balanced development of employees and commits to providing a safe and healthy work environment. It identified possible risks in daily operating activities of all departments and continuously enhances prevention mechanisms such as engineering control and operation management. Delta conducts risk control by regularly identifying hazards and performing risk assessments to ensure safe operating procedures. In addition, the Company is committed to developing and manufacturing products that comply with international environmental protection regulations. It has established a product-related substance management system and management regulations. Delta also holds discussions with employees from different departments regarding material, quality, and purchasing, and regularly conducts evaluation of its supply chain management (environment, social, governance) as well as ESG sustainability assessment to identify suppliers with high risk, while performing audits and providing guidance. Corporate governance: The Company has set up related regulations and procedures for risk management and execution. The Company has also established a company secretary to assist directors with regu-	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

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			latory compliance and more. Please refer to chapter 4 of this annual report for more details.	
2. Has the Company established an exclusively (or concurrently) designated unit to promote CSR, and has the Board of Directors authorized senior management to deal with and then to report to the Board pertaining to relevant execution?	√		<p>The CSR Committee is the highest-level sustainability management unit within Delta. Since its establishment in 2007, it has continuously transformed in response to sustainability trends. Delta created the position of Chief Sustainability Office (CSO) in 2019 for the promotion and in-depth sustainable development of the Company. The implementation results are reported to the Board of Directors on a quarterly basis.</p> <p>The CSR Committee has Mr. Bruce Cheng, founder and honorary chairman of Delta, serving as honorary chairman of the committee, while Delta Chairman Mr. Yancey Hai acts as the chairman. The committee is composed of board members including the vice chairman, CEO and COO as well as CSO and top executives from regional and functional management. It has assisting and execution subordinate units, including various task forces and a Corporate Sustainability Development Office. In addition, the Delta Electronics Foundation is invited to attend the meetings.</p>	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
<p>3. Environmental issues</p> <p>(1) Has the Company established environmental management systems based on its industrial characteristics?</p>	√		<p>The Company's main factories have the ISO14001 environmental management system, along with ISO14064-1 greenhouse gas emission certifications. There are several main factories which have the energy conservation system certifications listed below. The Company adopts these systems (i.e., energy conservation and carbon reduction, reduction of greenhouse gas emissions, water conservation and waste reduction) in its policy.</p> <p>Main factories which have environmental management system certifications:</p> <p>Dongguan factory ISO14001: 2015 (Issue date: July 13, 2017; Expiry date: July 12, 2020)</p> <p>Taoyuan Plant 2 ISO14001: 2015 (Issue date: January 8, 2018; Expiry date: January 8, 2021)</p> <p>Cyntec Hsinchu Plant ISO14001: 2015 (Issue date: June 21, 2017; Expiry date: June 20, 2020)</p> <p>Main factories which have energy management system certifications:</p> <p>Cyntec Hsinchu Plant ISO 50001 (Issue date: December 28, 2018; Expiry date: August 19, 2021)</p>	In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

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<p>(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low environmental impacts?</p> <p>(3) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?</p> <p>(4) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?</p>	√		<p>Dongguan Plant GB/ T23331-2012/ ISO 50001: 2011 (Issue date: January 16, 2017; Expiry date: January 15, 2020)</p> <p>Wujiang Plant GB/ T23331-2012/ ISO 50001: 2011 (Issue date: October 23, 2019 ; Expiry date: August 30, 2021)</p> <p>The Company continues to promote energy management and renewable energy applications as well as the recycling of electricity, heat, water, and packaging materials. It also improves the utilization efficiency of energy resources through energy conservation, water saving, and green design. At the same time, it adopts green packaging materials, including corrugated fi cardboard, paper boxes and wooden boxes, for transportation, and recycles and reuses discarded packaging materials.</p> <p>The Company assesses the risks and opportunities of climate change in accordance with the TCFD framework announced by the Financial Stability Board, and highlights 11 major risks where 5 of them are focused on due to the degree of relevance with countermeasures taken. Risks and opportunities are reviewed and updated annually, and introduced to business units for the latter to respond accordingly. Key results are summarized in Chapter IV “Corporate Social Responsibility” of this Annual Report and the Group’s CSR report.</p> <p>The Company has long practiced its mission of “To provide innovative, clean, and energy-efficient solutions for a better tomorrow.” It continuously promotes energy conservation and carbon reduction within the enterprise, and improves the performance of energy and resource efficiency, waste reduction, and pollution prevention. Details are disclosed in the annual CSR report.</p>	
<p>4. Improvement of information disclosure</p> <p>(1) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	√		<p>The Company complies with relevant labor laws and regulations. It formulates employee policies and relevant management rules based on international labor and human rights standards, including the RBA Code of Conduct, Universal Declaration of Human Rights, International Labor Office Tripartite Declaration of Principles, and OECD Guidelines for Multinational Enterprises; and practices systems such as fair employment. Policies have been released in the corporate governance section of the Company’s official website, and the management</p>	<p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</p>

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(2) Has the Company formulated and executed reasonable employee benefits measures (including remuneration, leaves and other benefits), and had the operating performance or results properly reflected in employee compensation?	√		<p>results are disclosed in the Group's annual CSR report and the modern slavery statement.</p> <p>The Company's compensation packages are above that of the technology industry and talent is retained through a competitive compensation structure. Special attention is paid to the design for relevance and reasonableness between operating performance and employee salaries. As for leaves, the Company offers seven days of commemorative leave every year in addition to national holidays. There are also four days of paid travel leave as well as a travel subsidy of NT\$10,000 annually.</p>	
(3) Has the Company provided employees with a safe and healthy work environment as well as conducted regular classes on safety and health?	√		<p>The Company is committed to the health and well-being of employees. It integrates the concepts of health management and health promotion into its corporate core values and continuously provides employees with comprehensive care. The core values of workplace health center around the 4S level (Say, Stay, Strive, and Social). Key points of the program are modified and adjusted each year through the results of employee health checkups, demand surveys, and feedback and effectiveness analysis of past activities in order to integrate plans concerning health management, health promotion resources, and related measures. The theme of "Live Better, Work Smart" is adopted to promote work-life balance. Moreover, the Employee Assistance Program (EAP) has been launched to encourage employees to develop physical and mental balance through professional consulting services.</p>	
(4) Has the Company established effective career and competence development and training plans?	√		<p>The Company provides education and training to strengthen employee competence and improve human resources. Employees can thus accumulate capabilities to handle future market trends and environmental changes and enhance the core competitiveness of the organization. The Company also links training and development with performance management systems to help employees maximize their talents and uncover their potential. In addition, training and development programs required by talent are provided in line with the Group's transition towards brand and solution businesses in order to satisfy the goals of individuals and the organization.</p>	
(5) Does the Company comply with related regulations and international standards in terms of customer health and safety, customer privacy, and marketing and labeling	√		<p>All Company products are in compliance with international safety or environmental standards. We also label relevant information such as compliance on product or packaging in accordance with environmental regulations concerning products at shipment locations. In addition, we indicate information related to conformity with environmental marks or seals such as the US Energy Star or 80 PLUS on product labels in line with customers' requirements</p>	

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<p>of products and services and formulate relevant consumer protection policies and complaint procedures?</p> <p>(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?</p>	√		<p>for green product marketing. Concurrently, the Company sets up points of contact and a customer service mailbox, as well as establishes product safety and warranty policies to protect the rights of customers and consumers.</p> <p>In response to the development of international supply chain management, customer requirements and local regulations, Delta combines years of CSR promotion experience to formulate its sustainable supply chain management rules. The supply chain is required to comply with local laws, supply chain CSR policy and relevant codes of conduct (e.g. RBA Code of Conduct) in terms of labor and human rights, health and safety, environment, ethics, and management system. Also, pursuant to the due diligence principle, Delta's supply chain is required to comply with relevant regulations in order to build a sustainable supply chain management mechanism.</p>	
<p>5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of CSR or other reports which disclose the Company's non-financial information? Has the aforementioned reports obtained a third-party assurance or verification statement?</p>	√		<p>The Company's CSR report has been verified and assured by a third party. The third-party verification statement and assurance report are expected to be received in June 30, 2020.</p> <p>(1) Verification: The Company contracted SGS Taiwan to verify the report in accordance with the core options of GRI Standards and high-level assurance of AA1000 Type II.</p> <p>(2) Assurance: The Company contracted PwC Taiwan to conduct a limited assurance engagement on specific key performance information in accordance with ISAE3000.</p>	<p>In compliance with Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</p>
<p>6. Where the Company has stipulated its own CSR principles according to the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, please describe actual activities taken by the Company and deviations from the prescribed best practices:</p> <p>The Company has established the "Delta Corporate Social Responsibility Best Practice Principles," which is implemented in day-to-day operations in terms of corporate governance, sustainable environment, social welfare, and CSR information disclosure. For corporate governance, please see Chapter III "Corporate Governance Report" of this Annual Report. As for sustainable environment, social welfare and CSR information disclosure, please see Chapter IV "Corporate Social Responsibility" of this Annual Report.</p>				
<p>7. Other material information that can help to understand how CSR is carried out in the Company: Please see Chapter IV "Corporate Social Responsibility" of this Annual Report for further explanations.</p>				

*1: If "Yes" is ticked under the State of Operation, please state the important policies, strategies, and measures adopted and the implementation status. If "No" is ticked, please explain the reasons and state the plans for adopting relevant policies, strategies and measures in the future:

*2: Companies with CSR reports may specify the ways to access the reports and the page numbers of the cited content instead under the Summary.

*3: The materiality principle refers to environmental, social and corporate governance issues which have significant influence on the Company's investors and other stakeholders.