

Ethical Corporate Governance Status and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons for Deviation

Assessment Items	Implementation Status (Note)			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons for Deviation
	Yes	No	Summary	
1. Establishment of integrity policies and solutions (1) Does the Company establish its ethical corporate management policies approved by the Board of Directors and declare them in its internal rules and external documents, as well as the commitment of the Board of Directors and top management to actively implement these policies? (2) Has the Company set up risk assessment mechanisms for unethical behavior and analyze and evaluate other business activities with higher risk of unethical behavior regularly and set up plans to prevent them, including preventive measures listed in Article 7 Item 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”? (3) Has the Company clearly stated relevant operational procedures, behavioral guidelines, disciplinary	√ √ √		<p>In order to improve Delta's sound development of the business philosophy of honesty, transparency and responsibility rooted in integrity, Delta has established an “Ethical Corporate Management Best Practice Principles”. Based on these principles, the Company has passed the Board of Directors' resolution to set up a good operation mode with clear establishment of integrity policies and practices, create a corporate culture through integrity management and require members including the Board of Directors and top management to reliably implement policies. The principles are detailed in the Corporate Governance section under Investor Services on the Company's website.</p> <p>The Company has set up risk assessment mechanisms for unethical behavior.</p> <ul style="list-style-type: none"> • It specifies anti-bribery and anti-corruption practices and the avoidance of engaging in unfair competition in Article 8 of Delta's “Corporate Social Responsibility Best Practice Principles”. • In the “Code of Conduct”, it prohibits offering or accepting bribes, making illegal political donations, providing or receiving any kickbacks, infringing intellectual property rights, having unethical relationship with a third party, violating the Fair Trade Act and disclosing vital internal information without the consent of the Company. Also, charitable donations and sponsorships should follow the “Charitable Donations and Sponsorship Management Regulations of Delta Electronics Inc.”. • Various types of propaganda are adopted to enhance the implementation of integrity management policies. • It also sets up risk assessment mechanisms for unethical behavior and regularly analyzes and evaluates other business activities with higher risk of unethical behavior, and develops plans to prevent them. <p>The Company has stated operation procedures, behavioral guidelines, punishment for violation, and complaint system in the prevent plan for unethical behavior.</p> <ul style="list-style-type: none"> • “Code of Conduct” to set the standard operating 	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

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and grievance systems in plans to prevent unethical behavior? Has it implemented and executed these plans, and regularly reviewed previous plans?			<p>procedures and behavioral guidelines for all stakeholders of the Company, as a commitment to implementing its integrity management policy.</p> <ul style="list-style-type: none"> “Regulations for the whistle-blowing system” for employees and relevant whistleblowers to report any illegal or violation of code of conduct or integrity management behaviors to assure the legal rights of the whistleblowers and relevant persons. “Regulations for rewards and punishments” state the punishments for violating the corporate integrity management. Regulations mentioned above can be found in the Human Resources section of the Company’s internal website or the Corporate Governance section under Investor Services of the Company website. 	
<p>2. Implementation of Integrity Management</p> <p>(1) Does the Company evaluate the integrity record of trading partners as well as explicitly include honest business practices clauses in contracts?</p> <p>(2) Has the Company established a dedicated department under the Board of Directors to ensure ethical management practices, and periodically (at least once a year)</p>	√		<p>The Company has implemented integrity record assessment of the business partners</p> <ul style="list-style-type: none"> According to the “Delta Electronics’ Code of Conduct”, before establishing business relationships with others, the Company shall evaluate the legitimacy, integrity, and operational policy of the agents, suppliers, customers or other business entities, and whether there are any records of dishonesty, to ensure that the business operations of such entities promote integrity as well as transparency, and will not demand, off or receive bribes. Set up “Regulations for Delta sustainable supply chains” to ensure the supply chains of the Company (and its affiliates) comply with the local regulations requirements, Supply Chain Corporate Social Responsibility Policy and related Code of Conduct (such as Code of Conduct for Responsible Business Alliance) in labor human rights, health and safety, environmental, ethical and management system, and perform due diligence to request the supply chains of the Company to comply with related regulations and construct a sustainable supply chain management mechanism. Suppliers have to sign the “Commitment of Delta’s sustainable suppliers” and complete the “Delta’s supply chain ESG risk control audit evaluation chart”. <p>In order to enhance ethical management, the Human Resources Department, Legal and Intellectual Property Department have been tasked to develop the ethical management policy, which is supervised by the Audit Department. The Human Resources Department will promote and report the supervision and implementation status of the ethical management policy and unethical behavior prevention plan to the Board of Directors once a year. The Human Resources De-</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

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report their status of supervision and implementation on integrity policies as well as prevention of unethical behavior to the Board of Directors?			partment reported the 2019 implementation of ethical corporate management to the Board of Directors on April 29, 2020.	
(3) Has the Company established policies to prevent conflicts of interest, implemented such policies, and provided adequate channels of communication?	√		"Code of Conduct" with relevant provisions specified in Article 15 of the "Rules and Procedures of the Meeting of the Board of Directors" and Article 31 of the "Corporate Governance Best Practice Principles" state the regulations of directors' conflicts of interest. As to the relationship between the Company and its affiliates in terms of corporate governance, the improper channeling of profits between the Company's stakeholders and shareholders is strictly prohibited based on the principles of fairness and reasonableness. The rules are clearly stated in the "Corporate Governance Best Practice Principles". In terms of related transactions between parties as well as insider trading and the mechanisms for handling and disclosure of major internal information, there are regulations pertaining to "internal control procedures for related party transactions", "control procedures for preventing insider trading", and "handling procedures for major internal information" that have been set up. The Company has also established internal control operation systems and provided appropriate channels for directors and managers to proactively explain any potential conflicts of interest with the Company.	
(4) Has the Company established effective accounting systems and internal control systems in order to ensure ethical management practices and does it have its internal audit department to make audit plans and ensure compliance with these plans according to the unethical behavior risk assessment result or does it have its own CPA to conduct audits?	√		The financial statements of the Company are prepared in accordance with the financial issuer's financial reporting standards and the International Financial Reporting Standards, International Accounting Standards, and interpretations approved by the Financial Supervisory Commission. The design and execution of internal control is based on the "Processing Guidelines for the Establishment of an Internal Control System for Listed Companies" with self-monitoring mechanism. The Company's internal audit unit will be taking necessary measures based on the materiality risk assessment of unethical behavior results. For example: make related audit plans which include audit object, scope, item, frequency, etc., and verify compliance with the prevention plan. Accountants or other professionals will be appointed to conduct audits if necessary. Relevant results will be reported to top management and the responsible unit for integrity, and an audit report will be furnished to the Board of Directors.	
(5) Does the Company periodically organize internal and	√		The Company's Human Resources Department will arrange relevant training to implement integrity:	

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external educational trainings on ethical management practices?			<ul style="list-style-type: none"> • E-learning materials on the “Code of Conduct” (including integrity-related affairs) will be provided to newcomers during their induction. • An annual retraining is also conducted for full implementation. The Company also organizes internal and external courses on ethical management for senior executives from time to time to establish and promote the concept of ethical management among the staff. • The quarterly performance appraisal of Delta values ability and includes the aspect of integrity in the assessment. • In 2019, the number of participants and total hours of integrity operation courses were 2,366 and 4,456(hours), respectively. 	
3. Status of the Company's reporting mechanism (1) Has the Company established concrete reporting and reward systems, set up convenient reporting channels and appointed suitable, dedicated staff to deal with the people who are reported?	√		<p>The “Code of Conduct” and reporting mechanism state and set up a reporting channel for employees, suppliers, and other external stakeholders. Managed by special personnel, the reporting system is for disclosing matters or violations against human rights, behavior principles, or ethical management. In addition to reporting to the head of the unit in which the member belongs to, as well as to the head of the audit department, head of the human resources department or head of the legal and intellectual property department, a report can also be sent through the Company's local email address. If the matter reported is found true and highly beneficial to economic performance, the informer will be rewarded appropriately.</p> <p>Reporting via email for employees and other stakeholders: HR.GRIEVANCE@deltaww.com</p> <p>Reporting via email for suppliers: 885@deltaww.com</p> <p>“Management reporting system” and procedure, detailed as follows:</p> <ul style="list-style-type: none"> • An informer or deputy may report in writing or verbally, specific information about behavior or related matters indicated in Article 2. Delta members may choose to remain anonymous when reporting a violation of another member. However, the Company encourages Delta members to provide their identity when making a report to facilitate communication and investigation. • Reporting a case should be concluded within a month and extended for a month when necessary. A “reply for reporting form” shall be sent to the informer if he/she did not provide contact information or did not respond when contacted. If the informer is not satisfied with the result, he/she can file a “reporting a case record” to provide new reasons 	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
(2) Has the Company established standard operating procedures for conducting investigations as well as related classified information mechanism for handling such reports?	√			

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(3) Has the Company adopted any measure to protect informers lest they be inappropriately treated?	√		<p>and specific evidence within 10 days of receiving the reply. The CEO will assign an appropriate unit diff from the previous one to handle the reopening of the case. Reporting a case can only be carried out once.</p> <p>The “Code of Conduct” and reporting mechanism state the informer may choose to remain anonymous and which enjoins the unit handling the case to keep it confidential and to only disclose the information to certain personnel. A reasonable preventive and protective measure will be applied to protect the informer from revenge or mistreatment.</p>	
4. Enhancing Information Disclosure (1) Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles as well as related implementation results on its website and the MOPS?	√		<p>The “Ethical Corporate Management Best Practice Principles”, “Code of Conduct” and “Corporate Social Responsibility Best Practice Principles” are disclosed on the Company’s internal and external websites in the Corporate Governance section under Investor Services. In addition, relevant and reliable information on ethical management is also disclosed in the annual report and corporate social responsibility report.</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies