

The state of the Company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

1 Corporate governance and code of ethics

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies and Reason(s)
	Yes	No	Abstract Illustration	
1. Has the Company set up and disclosed the Corporate Governance based on 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 on the Company's official website under the Corporate Governance section.	Compliance with the Corporate Governance Best-Practice Principles for TWSE Listed TPEX-listed Companies
2. The Company's shareholding structure and shareholders' rights				
(1) Does the Company have internal procedures for handling shareholders' suggestions, doubts, disputes and litigations and have these procedures been implemented accordingly?	√		The Company has assigned spokesperson and acting spokesperson, investor service, investor relations unit and their contact information are disclosed on the Company's official website so shareholders can express their opinions by phone or email. 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?	√		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 fire-wall mechanisms between the Company and its affiliates?	√		The Company has built relevant controls in the internal control system and "Related Party Transaction Management" in accordance with regulations.	
(4) Has the Company established internal rules and regulations against insiders trading with undisclosed information?	√		The Company has established its Ethical Corporate Management Best Practice Principles, Code of Conduct and Procedures for Handling Material Inside Information that regulate the Company's personnel 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. The Company courses, including confidentiality of material information and regulations of insider trading for all directors and employees at least once a year.	
3. The Composition and duties of the Board of Directors				
(1) Has the company established and implemented a diversified policy for the composition of its Board of Directors?	√		<p>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:</p> <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. <p>The implementation of diversity of the Board of Directors' members is showed in Note. 1.</p> <p>The Board of Directors of the Company is made up of 11 directors including 4 independent directors and the proportion of the independent directors constitutes 36% of the Board. One independent director has served for 4 to 6 years, and the other three have served for 7 to 9 years. Besides, there are 5 directors who are also employees of the Company constituting 45% of the Board. 6 directors are between 55</p>	Compliance with the Corporate Governance Best-Practice Principles for TWSE-TPEX Listed Companies

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			<p>and 65 years old constituting 55% of all directors. 4 directors are between 66 and 75 years old constituting 36% of the Board. One director is between 76 and 85 years old constituting 9% of the Board. The chairman is Mr. Yancey Hai, who leads the Board in implementing a good Board governance mechanism, improving supervision and strengthening its management function.</p> <p>1. In order to implement a good Board governance mechanism, the diversity and professionalism of the Board members need to be considered:</p> <p>(1) Diversity of Board members</p> <p>Goal : As stated in the "Director Election Regulations" and "Corporate Governance Best Practice Principles", the appointment of directors should consider the overall composition of the Board of Directors. The composition of Board members should be diversified, such as having different professional backgrounds, fields of work or genders; as well as different knowledge, skills and attainment in order to exert the strategic guidance function. Achievement: All general directors have work experiences required for Company's business. As for professional fields, 9% of all directors have control engineering background; 18% of all directors have engineering (including electronic engineering) background; 9% of all directors have electronic background; 9% of all directors have materials science and engineering background; 9% of all directors have accounting background; and 27% of all directors have business management background; and 18% of all directors have both business management and (electrical) engineering background.</p> <p>(2) Professionalism of Board members</p> <p>Goal : The overall consideration for the election of the Board of Directors of the Company includes operational judgment and management capabilities, accounting and financial analytical capabilities, crisis management capabilities, industry knowledge, international market outlook, leadership, and decision-making capabilities. In order to enhance the overall knowledge of the Company's highest management unit on economic, environmental and social issues, the Company invites external lecturers to hold internal training sessions annually, or arranges external training sessions for directors.</p> <p>Achievement : In 2019, the Company invites directors to participate in the internal training sessions on Corporate Strategy and the Balance between Technology and Humanities-Which Side AI Stand On.</p> <p>2. In order to improve the supervision function of the Board of Directors, increasing frequency of Board meetings is necessary to be considered:</p> <p>Goal : The Company's Board of Directors meets at least once a quarter to review business performance and discuss key strategic issues.</p> <p>Achievement : In 2019, the Board meetings were held six times, with an average attendance rate of 97%.</p> <p>3. In order to strengthen management functions of the Board of Directors, increasing the efficiency of the Board of Directors is necessary to be considered:</p> <p>Goal : In 2016, the Board of Directors passed a resolution to establish the "Rules of Performance Evaluation of the Board of Directors", which assesses an internal board performance evaluation at least once a year. The amendment to the "Rules of Performance Evaluation of the Board of Directors" also passed by the Board of Directors of Company on April 29, 2019 regarding the Company's board performance</p>

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(2) In addition to establishing a Compensation Committee and an Audit Committee, which are required by law, does the company voluntarily establish other functional committees?	√		<p>evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>Achievement : the Self-Evaluation of Board Performance for the year of 2019 are: (1) 4.98 scores out of 5 scores as weighted average scores for the performance of the board of directors; and (2) 4.71 scores out of 5 scores as weighted average scores for the performance of the board members. The Company also invites external professional independent institutes to evaluate the 2019 Board performance evaluation in 2020. The overall performance of the Board of Directors is working effectively.</p> <p>The Company has set up a Strategic Steering Committee led by the chairman of the board which is responsible for analyzing and discussing major issues related to Company strategies, operations, organization, and providing advice and suggestions to the Board of Directors with regard to decision-making.</p>	
(3) Has the Company established methods for performance evaluation of the Board of Directors as well as actual procedures for assessing the evaluation? If so, has the Company assessing evaluation of the performance of the Board annually, and submitted it to the Board for reference of the remuneration and nomination for election?	√		<p>1. On October 27, 2016, the Company established the "Rules of Performance Evaluation of the Board of Directors", which assesses an internal board performance evaluation at least once a year. The amendment to the "Rules of Performance Evaluation of the Board of Directors" approved by the Board of Directors of Company on April 29, 2019 regarding the Company's board performance evaluation being conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>Evaluation Cycles: the Company shall conduct an internal board performance evaluation at least once a year. The Company's board performance evaluation shall be conducted by an external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>Evaluated Scopes: the evaluated parties include the board as a whole, individual directors, audit committee and compensation committee.</p> <p>Evaluation Method: inclusive of the internal evaluation of the board, self-evaluation by each board member, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.</p> <p>Evaluation Criteria:</p> <p>(1) the Company takes the following five aspects into consideration for evaluating the performance of the board of directors:</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>(2) the Company takes the following six aspects into consideration for evaluating the performance of the board members:</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>(3) the criteria for evaluating the performance of the audit committee shall at least include the following five aspects::</p> <ol style="list-style-type: none"> 1.Participation in the operation of the Company; 2.Awareness of the duties of the audit committee; 3.Improvement of quality of decisions made by the audit committee; 4.Makeup of the audit committee and election of its members; and 5.Internal control. 	

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			<p>(4) the criteria for evaluating the performance of the compensation committee shall at least include the following four aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company; 2. Awareness of the duties of the compensation committee; 3. Improvement of quality of decisions made by the compensation committee; 4. Makeup of the compensation committee and election of its members <p>Assessing results: the Self-Evaluation of Board Performance completed on March 10, 2020 and reported to the Board of Directors on April 29, 2020 for review and improvement. The assessing results of 2018 self-evaluation of Board performance are as follows:</p> <p>(1) Weighted average scores for the performance of the board of directors: 4.98 scores out of 5 scores. Weighted average scores for the performance of the board members: 4.71 scores out of 5 scores. Six major dimensions and overall index are improved compared with last year. Among the aspects, "Directors' responsibilities" has significant improvement. The overall performance evaluation of the Board of directors is working effectively.</p> <p>(2) The overall average score of the Audit Committee self-evaluation is 4.99 (out of 5 points). Among all, the score in "The Audit Committee can actually evaluate and supervisor all existing or potential risks" is lower.</p> <p>(3) The overall average score of the Compensation Committee self-evaluation is 4.85 (out of 5 points). Compensation Committee has clear understanding of the remuneration of the top management, and highly concerned about the remuneration of the mid-level management even though it is out of its responsibilities.</p> <p>The Company has appointed the Taiwan Institute of Ethical Business and Forensics to perform the 2019 Board performance evaluation in October 2019 (evaluation period is from January 1, 2019 to December 31, 2019). The institute has assigned 3 executive members: Jian Ran Lee, Xiao Wen Wang, and Chao Sheng Chiang to perform the evaluation. The institute and the executive members are independent and have no business relation with the Company. The evaluation was conducted via acquiring the Company's internal regulations and records, questionnaires, and onsite individual meetings based on these five dimensions (I. Participation in the operation of the Company; II. Improvement of the quality of the Board of Directors decision making; III. Composition and structure of the Board of Directors; IV. Election and continuing education of the directors V. Internal control). The Taiwan Institute of Ethical Business and Forensics has issued the report of the Board performance evaluation on March 10, 2020 and reported to the Board of Directors on the same day.</p> <p>Overall evaluation conclusion:</p> <ol style="list-style-type: none"> (i) The Board members can provide various opinions from different perspectives and thoroughly discuss in the Board meeting. (ii) The Board receive the group's financial and operating information through highly transparent control system in order to strengthen the supervision of internal control. (iii) Know practical implementation of corporate social responsibility through the Corporate Social Responsibility Committee and make connection with daily activity to implement corporate social responsibility for the goal of sustainable operation. <p>Based on the 2019 Board performance evaluation, the advices for optimization are proposed:</p> <ol style="list-style-type: none"> (i) Continue strengthening the depth of communication between the management team and the directors. (ii) Gradually strengthen the connection between the remuneration and performance of the directors and the managers. (iii) Disclose the reason for nomination of independent directors who have served for three consecutive terms. (iv) Investigate directors' needs for continuous education for arranging internal training courses and taking variances courses into consideration.

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(4) Does the Company periodically evaluated the independence of its external auditors?	√		<p>(v) Continue to make profound connections between corporate social responsibility and daily business activity.</p> <p>The Company implements improvement:</p> <p>(i) The management team will communicate with directors through different methods to provide relevant information.</p> <p>(ii) Related information about the remuneration will be disclosed according to the laws and regulations.</p> <p>(iii) For independent directors who have been appointed for three consecutive terms, it will be considered when nominating for the next directors' election.</p> <p>(iv) Investigate the directors' needs before arranging internal training courses and taking various courses into consideration.</p> <p>2. The "Performance Evaluation of the Board of Directors" and "assessing results of 2019 self-evaluation of board performance" have been disclosed on the Company's website.</p> <p>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 11, 2019 and March 10, 2020 indicate the external auditors' compliance with the Company's independence standards. The criteria for CPA independence review are detailed in Note 2.</p>	
4. Does the Company allocate appropriate persons and number of persons as corporate governance personnel, and assign a corporate secretary to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors with legal compliance, handling matters relating to board meetings and shareholders meetings according to the law, and producing minutes of board meetings and shareholders meetings)?	√		<p>The Company assigned the director of financial department to act concurrently as the Company Secretary through a meeting of board of directors on April 29, 2019. The Company Secretary and the Investor Service unit are responsible for dealing with the following matters:</p> <ol style="list-style-type: none"> 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 . 4. Furnishing information required for business execution by directors. 5. Assisting directors 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
			<p>The Company Secretary performed below the assigned tasks and participated 18 hours training sessions within one year from taking up the position and the detail of training sessions are shown in note3.</p> <ol style="list-style-type: none"> 1. Assist in matters related to compliance of the Board of Directors and the shareholders' meetings. 2. Arrange directors' training sessions. 3. Handle requests from independent directors and other directors. 4. Review and propose the amendments to relevant corporate governance rules. 	
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?	√		<ol style="list-style-type: none"> 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 the 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 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

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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.)? (3) Has the Company announced and reported the annual financial statements within two months after the end of each fiscal year, and announced and reported the Q1, Q2 and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	√ √ √		The Company has established a public website to disclose information regarding its financial, business and corporate governance. 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. The Company has announced and reported the annual financial statements, the Q1, Q2 and Q3 financial statements and monthly operation results before the prescribed time limit in accordance with the law and regulations.	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.)?	√		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.	Compliance with the Corporate Governance Best-Practice Principles for TWSE- TPEX Listed Companies

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

Name of Directors Gender	Diversity Items	Title	Years acting as an independent director	Age			Professional Background	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
				55-65	66-75	76-85									
Yancey Hai M		Chairman/ Chairman in Strategic Steering Committee	0	V	V	V	Global Management	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
Mark Ko M		Vice-Chairman/ Vice-Chairman in Strategic Steering Committee	0	V	V	V	Control Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Bruce CH Cheng M		Director	0			V	Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ping Cheng M		Director/ CEO	0	V			Business Administration	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Simon Chang M		Director/ President and COO	0	V			Business Administration Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Albert Chang M		Director	0	V			Business Administration Electronics	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Victor Cheng M		Director	0	V			Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Yung-Chin Chen M		Independent Director	8		V		Accounting	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
George Chao M		Independent Director	8		V		Business Administration	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Tsong-Pyng Perng M		Independent Director	8	V			Materials Science and Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ji-Ren Lee M		Independent Director	4	V			Business Administration	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent

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

Note 3: Training sessions within one year from taking up the position by the Company secretary are shown below.

Institution of training	Name of the training session	Period of training		Hours of training
		Start	End	
Taiwan Corporate Governance Association	Corporate Strategy	2019/04/29	2019/04/29	3
Accounting Research and Development Foundation	Corporate Governance Practice: Trends and Case Studies of "Cross-functional Management of Corporate Values"	2019/05/23	2019/05/23	3
Accounting Research and Development Foundation	Practical Analysis and Relevant Regulations of Corporate Governance Roadmap (2018-2020) New Version	2019/05/23	2019/05/23	3
Taiwan Corporate Governance Association	Balance Between Technology and Humanities- Which Side AI Stand On	2019/07/31	2019/07/31	3
Accounting Research and Development Foundation	Practical Analysis of Evaluation Report Read and Analyzed by Corporate	2019/08/07	2019/08/07	3
Accounting Research and Development Foundation	Corporate Governance Practice: Analysis of strategy and application to employees awards	2020/03/26	2020/03/26	3
Total training hours				18