

Fulfillment of ethical corporate management and deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Items	Implementation Status (Note)			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reason(s)
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have a Board approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policies?</p> <p>(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scopes of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?”</p> <p>(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>√</p> <p>√</p> <p>√</p>		<p>In order to improve its sound development, Delta has established an “Ethical Corporate Management Best Practice Principles” which combines the business philosophy of honesty, transparency and responsibility rooted in integrity. 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 Investors 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 Corporate Social Responsibility Best Practice Principles”. • In the “Delta Group 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 “Management Procedures for Handling Charitable Donations or Sponsorships”. • The Company adopts various types of propaganda, holds physical courses on risk assessment and case analysis of honest management, and produces online courses for training to enhance the implementation of integrity management policies. • The Company sets up risk assessment mechanisms for unethical behavior, formulates a risk assessment and prevention plan for honest management, regularly analyzes and evaluates business activities with higher risk of dishonest conduct within the scope of business, establishes a risk control mechanism, analyzes business activities with higher risk of unethical behavior within the scope of business, and strengthens relevant preventive measures. • This year, the Company promotes internal self-assessment of internal control and asked business and functional units to fill out 33 risk assessment forms (100% completion rate), and implemented various control measures, and updated the self-assessment documents every year based on relevant internal and external audits. <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"> • “Delta Group Code of Conduct” to set the standard operating procedures and behavioral guidelines for all stakeholders of the Company, as a commitment to implementing its integrity management policy. • “Policy of 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. • “Policy of rewards and punishments” state the punishments for violating the corporate integrity management. • In order to implement the code of conduct to avoid conflict of interest, each new employee is required to make a conflict of interest declaration upon arrival at work, and existing employees are reminded to make the declaration in the annual announcement. 404 employees completed the declaration voluntarily this year (397 employees declared their internal relationships with friends and relatives, and 7 employees reported their own or their relatives’ participation in the Company’s business transactions). • Policies mentioned above can be found in the Human Resources section of the Company’s internal website or the Corporate Governance section under Investors of the Company website. 	<p>Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies</p>

Evaluation Items	Implementation Status (Note)		Abstract Illustration	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reason(s)
	Yes	No		
2. Fulfill operations Integrity Policy				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	√		<p>The Company has implemented integrity record assessment of the business partners.</p> <ul style="list-style-type: none"> • According to the “Delta Group 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, offer or receive bribes. • Set up “Policy of Delta sustainable supply chains” to ensure the supply chains of the Company (and its affiliates) comply with the local regulations requirements, Supply Chain ESG 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 “Delta Supplier Sustainability Commitment” and complete the “Delta’s supply chain ESG risk control audit evaluation chart”. 	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
(2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	√		In order to have a complete understanding of ethical management, the Human Resources Department and 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 Department reported the 2020 implementation of ethical corporate management to the Board of Directors on February 24, 2021.	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	√		<p>“Delta Group 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”</p> <p>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 “Procedures for handling material inside information” that have been set up. The Company has also established internal control operation systems and provided appropriate channels for directors, managers and employees to proactively explain any potential conflicts of interest with the Company.</p>	
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	√		<ul style="list-style-type: none"> • The financial statements of the Company are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 assessed based on the “Regulations Governing Establishment of Internal Control System by Public Companies” with self-monitoring mechanism. • The Company's Audit Department will be taking necessary assessment based on the materiality risk assessment of unethical behavior results. For example: make related audit plans which include audit objects, scope, items, 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. 	

Evaluation Items	Implementation Status (Note)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No	Abstract Illustration	
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	√		<p>The Company's Human Resources Department will arrange relevant training to implement integrity:</p> <ul style="list-style-type: none"> • E-learning materials on the "Delta Group Code of Conduct" (including integrity-related affairs) will be provided to newcomers during their induction. <ul style="list-style-type: none"> ■ Avoiding conflict of interest ■ Receiving gifts and entertainment ■ Business integrity ■ Business activities with integrity ■ Political donations, political participation, and charitable donations ■ Insider trading; Procedures for handling material inside information ■ Fair competition ■ Trade secret, intellectual property rights and confidential information ■ Respect for personal privacy ■ Diversity, equal opportunity for employment and respect ■ Anti-discrimination and harassment ■ Safe and health workplace ■ Usage company resources ■ Compliance with environmental protection policies ■ Educational training, propagation, disciplinary procedures and communication channel • An annual retraining is also conducted for full implementation for all employees. 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 2020, the number of participants of Code of Conduct courses were 9,177, of which the completion rate reached 95.7%. The number of participants of other integrity operation courses held physically or on-line reached 4,452. 	
<p>3. Operation of the integrity channel</p> <p>(1) Does the Company establish both a reward/punishment systems and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>	√	√	<p>The "Delta Group Code of Conduct" and "policy of whistleblowing system" state and set up a reporting channel for employees, suppliers, and other external stakeholders. Managed by designated 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>"Policy of whistle blowing system" states the procedures as follows</p> <ul style="list-style-type: none"> • An informer or deputy may report in writing or verbally, specific information about behavior related matters against human rights, behavior principles or ethical management. 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 fill out a "reporting a case record" to provide new reasons and specific evidence within 10 days of receiving the reply. The CEO will assign an appropriate unit different from the previous one to handle the reopening of the case. Reporting a case can only be carried out once. 	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation Status (Note)			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reason(s)
	Yes	No	Abstract Illustration	
(3) Does the Company provide proper whistleblower protection?	√		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.	
4. Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	√		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 Investors. In addition, relevant and reliable information on ethical management is also disclosed in the annual report and Delta ESG Report.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

5. If the Company has established its ethical corporate management policies in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and their implementation:

Compliance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

6. Other important information to facilitate a better understanding of the Company’s ethical corporate management practices: (i.e., the status of the Company’s efforts to review and amend the ethical corporate management practices): None

3.4.7 If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched

Please refer to the webpage of “Corporate Governance” on the Company’s website (www.deltaww.com) for corporate governance best practice principles, major resolutions of the Board of Directors and material information, etc.

3.4.8 Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance

1. The Company continues to invest resources to strengthen corporate governance initially, the board members were all management team of the Company; gradually, external talents are introduced. Currently, it includes four independent directors and two non-executive directors. All independent directors constitute an Audit Committee and a Compensation Committee.
2. On internal and external websites of the Company, there is also a dedicated section for the implementation of corporate governance, and there are also rules and regulations related to corporate governance for download and references for both insiders and outsiders.
3. In addition, the Company also promptly discloses material information to the public and hold investor meetings periodically. Delta was recognized by the U.S. Environmental Protection Agency (EPA) as an ENERGY STAR® Partner of the Year for a fifth consecutive year in 2020 and received the Sustained Excellence Award for three consecutive years. In 2020, Delta was selected to the Dow Jones Sustainability Indices (DJSI) World Index for the tenth consecutive year and was distinguished from other benchmark companies by being honored as an Industry Leader for the fifth time. In addition, Delta received the top “A” leadership award in the 2020 CDP’s “climate change” and “water security” ratings, making it one of the first companies in Taiwan to receive a double “A”. It is worth mentioning that Delta was selected as the best international brand in Taiwan for the tenth consecutive year in 2020, and its brand value has grown for eight consecutive years, reaching US\$331 million, an 11% increase from 2019.