

Corporate governance implementation status and deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Corporate governance and code of ethics

Evaluation Items	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No	Abstract Illustration	
1. Does the Company set up and disclose 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/TPEX Listed Companies
2. The Company's shareholding structure and shareholders' rights				Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(1) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations and implement based on the procedures?	√		The Company has assigned a spokesman and acting spokesman, investor service unit, 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.	
(2) Does the Company have a list of its major shareholders and the beneficial owners of those shares?	√		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) Does the Company establish and implement risk management and firewall system within its conglomerate structure?	√		The Company has built relevant controls in the internal control system and "Related Party Transaction Management" in accordance with regulations.	
(4) Does the Company establish internal rules 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. Please refer to "Labor Relations" in this annual report for the number of participants in the cours and completion rate.	
3. Composition and responsibilities of the Board of Directors				Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
(1) Does the company develop and implement a diversified policy for the composition of its members?	√		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: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration.	

Evaluation Items	Implementation Status		Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No	
		<p>4. Ability to conduct crisis management.</p> <p>5. Knowledge of the industry.</p> <p>6. An international market perspective.</p> <p>7. Ability to lead.</p> <p>8. Ability to make policy decisions.</p> <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 5 years, and the other three have served for 9 years. Besides, there are 5 directors who are also employees of the Company constituting 45% of the Board. 6 directors are between 55 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 of the Company leads the Board in implementing a good Board governance mechanism to improve supervision and strengthen 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. The goal for the members of the Board of Directors is at least one female director and at least one director having accounting or finance background.</p> <p>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; 9% of all directors have international business management background and 18% of all directors have business management background; and 18% of all directors have both business management and (electrical) engineering background. The Board of Directors of the Company nominated a female candidate for the next term of members of the Board of Directors.</p>	

Evaluation Items	Implementation Status		Abstract Illustration	Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No		
			<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 2020, the directors of the Company invites directors to participate in the internal training sessions on Corporate Strategy and the Opportunities and Challenges of 5G in the aspect of the Development of Telecommunications.</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 2020, the Board meetings were held six times, with an average attendance rate of 97.73%.</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 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 : In 2020, the Company invited an external independent professional institution to evaluate the 2019 performance of the Board of Directors. The Self-Evaluation of Board Performance for the year of 2020 was completed by the end of the first quarter of 2021 and the results are: (1) 4.97 scores out of 5 scores as weighted average scores for the performance of the board of directors; and (2) 4.82 scores out of 5 scores as weighted average scores for the performance of the board members. The overall performance of the Board of Directors is working effectively.</p>	

Evaluation Items	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No	Abstract Illustration	
(2) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	√		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.	
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for election?	√		<p>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. The Company's internal board performance evaluation in most recent year was conducted by the Company Secretary and the Investor Services Unit using internal questionnaires. Please refer to "Board of Directors" subsection for evaluation cycles, evaluation periods, evaluation scopes, evaluation methods and evaluation procedures, etc. for evaluating the performance of the Company's board of directors and board members.</p> <p>The Self-Evaluation of Board Performance completed on February 24, 2021 and reported to the Board of Directors on April 28, 2021 for review and improvement. The assessing results of 2020 self-evaluation of Board performance are as follows:</p> <p>Weighted average scores for the performance of the board of directors: 4.97 scores out of 5 scores. Weighted average scores for the performance of the board members: 4.82 scores out of 5 scores. Six major dimensions are improved compared with last year. Two indexes have significant improvement: 1) Directors spend sufficient time on matters relating to the board of directors; and 2) Directors take actions to understand and supervise the Company's accounting system, financial position and financial reports, audit reports and their follow-up.</p> <p>2021 plan:</p> <p>1) the implementation of risk management will be reported to the Board of Directors once a year; and</p> <p>2) a training session related to the latest laws and regulations will be arranged in the second half of the year.</p> <p>The overall average score of the Audit Committee self-evaluation is 4.93 (out of 5 points). Members of the Audit Committee affirmed colleagues' hard work at the Finance and Audit department and positive response to the opinions from the Audit Committee.</p> <p>The overall performance evaluation of the Board of directors is working effectively.</p> <p>The overall average score of the Compensation Committee self-evaluation is 4.87 (out of 5 points). Members of the Compensation Committee affirmed colleagues' hard work at the HR department and positive response to the opinions from the Compensation Committee.</p>	

Evaluation Items	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No	Abstract Illustration	
(4) Does the Company regularly evaluate the independence of CPAs?	√		The financial department of the Company evaluates its external auditors' independence once a year and the evaluation results are reported to the Audit Committee and the Board of Directors for approval. The evaluation results on March 10, 2020 and February 24, 2021 indicate the external auditors' compliance with the Company's independence standards. The criteria for CPA independence review are detailed in Note 2	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors, assisting directors and supervisors to perform their functions assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and shareholders' meetings, 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 has served in a managerial position for over 3 years in a public company in a unit handling shareholder affairs and corporate governance affairs.</p> <p>The Company Secretary and the Investor Services 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; and 6. Other matters described or established in the articles of incorporation or contract. <p>The Company Secretary performed the assigned tasks in 2020 and participated 30 hours training sessions from taking up the position to the end of 2020, and the detail of training sessions are shown in note3.</p>	Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
5. Does the Company establish a communication channel and build a designated section on its web for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), as well as handle all issues they care for in terms of corporate social responsibilities?	√		<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 ESG 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 ESG for stakeholders' reference. The hotline for stakeholders' feedback is csr@deltaww.com. 	Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	√		The Company has appointed CTBC Bank Co., Ltd. to deal with shareholder affairs.	Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation Status			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reason(s)
	Yes	No	Abstract Illustration	
<p>7. Information Disclosure</p> <p>(1) Does the Company establish a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, web-casting investor conferences, etc.)?</p> <p>(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2 and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?</p>	√		<p>The Company has established a public website to disclose both financial standings and the status of corporate governance.</p> <p>In addition to building an English website along with designating a dedicated staff to maintain it, the Company created a spokesman system, Investor Relations Unit and Investor Services Unit Information related to shareholders' meetings or investors' conferences is updated immediately on the Company website.</p> <p>The Company has announced and reported the annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2 and Q3 financial statements as well as monthly operation results before the prescribed time limit in accordance with the law and regulations</p>	Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
<p>8. Is there any other information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, training records of directors and supervisors, implementation of risk management policies and risk evaluation measures, implementation of customer relations policies and the purchase of insurance for directors and supervisors, etc.)?</p>	√		<p>Regarding information on employee rights, employee wellness, investor relations, supplier relations and rights of stakeholders, please refer to Chapter 4 "EGS" in the annual report. The rest of information is listed below.</p>	Compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

9. With respect to the results of the annual Corporate Governance Evaluation most recently issued by the Corporate Governance Center of Taiwan Stock Exchange, please describe the improvements and provide priority and measures to enhance those matters that have not yet been improved.

The Company ranked among top 5% in the 7th term (2020) of Corporate Governance Evaluation, and the implementation for losing scored items are listed below:

- (1) The Board of Directors of the Company nominated a female candidate for the next term of members of the Board of Directors.
- (2) The Company announced its annual financial report within two months after the end of the fiscal year.
- (3) The Company is constantly evaluating feasible schemes to improve those losing items.

10. If the Company has established Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", please describe its actual operations and deviations from the company principles:

The Company has established the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance best Practice Principles for TWSE/TPEX Listed Companies" and the principles were approved by the Board of Directors for the implementation of corporate governance and the further pursuit of maximization of shareholders' equity and the Company's sustainable operations. For corporate governance, please refer to the "Corporate Governance Report" section in the annual report. The actual operation has so significant difference from 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

Diversity Items	Name of Directors Gender	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			International Business Management	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
	Mark Ko M	Vice-Chairman/ Vice-Chairman in Strategic Steering Committee	0	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/Senior Vice-President and General Manager of Information Communication Technology Infrastructure Business Group	0	V			Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
	Yung-Chin Chen M	Independent Director	9			V	Accounting	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent	Excellent
	George Chao M	Independent Director	9			V	Business Management	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
	Tsong-Pyng Peing M	Independent Director	9	V			Materials Science and Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
	Ji-Ren Lee M	Independent Director	5	V			Business Management	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 from taking up the position to the end of 2020 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
Accounting Research and Development Foundation	Corporate Governance Practice: Improvement of Business Effectiveness by Importing Artificial Intelligence and Blockchain	2020/06/11	2020/06/11	3
Accounting Research and Development Foundation	Key Amendments to the Relevant Regulations and Common Mistakes for the Preparation of IFRS Financial Report	2020/10/07	2020/10/07	3
Accounting Research and Development Foundation	Most Frequent Missing in Corporate Governance and Analysis of Relevant Regulations	2020/10/13	2020/10/13	3
Taiwan Stock Exchange Corporation and Taipei Exchange	Year 2020 Seminar for Directors and Supervisors Regarding Corporate Governance and Corporate Integrity	2020/10/23	2020/10/23	3
Total training hours				30