

3.4.3 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

3.4.3.1. Corporate governance and code of ethics

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons
	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?	√		There is no shareholder as an actual controller to the Company. The Company report the changes in major shareholders of 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 Board of Directors of the Company approved the amendments to the "Corporate Governance Best Practice Principles" on April 28, 2022 that indicates when insiders of the Company have been informed the financial position and performance of the financial statements, the insiders shall not trade their own shares from 30 days before the announcement of the annual financial statements and 15 days before the announcement of the quarterly financial statements.	

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	Yes	No	Abstract Illustration	
			<p>The Company holds related training courses for current directors, officers and employees at least once a year, and new comers are required to receive orientation training by the HR department during the pre-employment training. Online courses were conducted in internal system from January 1 to December 31 2021 for current directors, officers and employees. All Delta members can take online courses at any time and return for annual training without specific start date. In 2021, 8,364 personnel received trainings for the 0.13 hour/per person online course and 1,187 personnel received trainings for the 0.63 hour/per person online course covering insider trading prevention and Procedures for Handling Material Inside Information, etc.</p>	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the Board of Directors of the Company establish a diversity policy, set a specific management goal and implement for the composition of its members?</p>	√		<p>The Board of Directors of the Company has established its Corporate Governance Best Practice Principles and Directors Elections Regulations, and the specific management goal and implementation are as follows: Goal: 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. The Company actively cooperate with Financial Supervisory Commission R.O.C. to promote Corporate Governance 3.0 - Sustainable Development Roadmap. In 2021, the Company added one female director (including independent director) with different professional background. In 2022, the Company expected to add two female directors (including independent directors) and add one director (including independent director) who having accounting profession background. The composition of the Board of Directors should take following abilities into consideration including 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</p>	<p>Compliance with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies</p>

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
			<p>industry, an international market perspective, ability to lead and ability to make policy decisions. In order to enhance the overall knowledge of the Company's highest management unit on economic, environmental and social issues, the target of the Company is to invite internal or external lecturers to hold at least 6 hours internal training sessions annually.</p> <p>Achievement: The Board of Directors of the Company is made up of 10 directors. The proposition of the directors who are not employees of the Company is accounted for 60% (2020: 55%), the proposition of independent directors is accounted for 40% (2020: 36%) and the proposition of female directors (including directors) is accounted for 10% (2020: 0%). The professional background of the Board of Directors of the Company extends to control engineering, engineering, management, legal and mass media, etc. All directors have work experiences required for Company's business for exerting the strategic guidance function. The Board of Directors of the Company have nominated a female director and a female independent director who is specializing in accounting for election of directors (including independent directors) in 2022. (The implementation of diversity of the Board of Directors' members is shown in Note 1)</p> <p>In 2021, the Company invites directors to participate in the internal training sessions on "From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan -US-China Trilateral Relations" and "Duties and Responsibilities of Directors."</p>	
(2) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?	√		<p>The Company set up the 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. The Company also set up the Delta ESG Committee, please refer to the section of Promotion of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" in the annual report for its function.</p>	

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	Yes	No	Abstract Illustration	
(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>The Company established the “Rules of Performance Evaluation of the Board of Directors” which includes the internal evaluation of the Board, self-evaluation by each Board members, each audit committee members and each compensation committee members at least once a year and also the external evaluation of the Board by appointed external independent professional institutions or a panel of external experts and scholars at least once every three years. The Company submit the report containing the criteria for evaluating and scoring, record the evaluation results to the Board of Directors for discussion and improvement.</p> <p>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 2021 was completed on February 24, 2022 and the results have been submitted to the Board of Directors for discussion on April 28, 2022.</p> <p>The assessing results of the self-evaluation of 2021 Board performance are: 4.97 scores out of 5 scores as weighted average scores for the performance of the board of directors; 4.78 scores out of 5 scores as weighted average scores for the performance of the board members; 4.77 scores out of 5 scores as weighted average scores for the performance of the Audit Committee; and 4.77 scores out of 5 scores as weighted average scores for the performance of the Compensation Committee. The assessing results of the self-evaluation indicators which were lower scored including “Participation in the operation of the Company”, “Management and communication of internal relationship” and “The director’s profession and continuing education.”</p> <p>The overall performance of the Board of Directors, the Audit Committee and the Compensation Committee is working effectively.</p>	

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	Yes	No	Abstract Illustration	
(4) Does the Company regularly evaluate the independence of CPAs?	√		<p>The Company from time to time hold a number of meetings and invite directors to participate, such as, Strategy Reports, Technology Strategy Meeting (TSM) and so on to focus on major issues for the Company's further development and also discuss the Company's growth strategy together thereby increasing the communication opportunities between directors and participation in the Company's operations. The Company held internal training sessions for directors on February 24, 2022 on the changes in international tax laws and impact on the Delta Group. The assessing results above have been disclosed on the Company's website and it will be considered for reference in the individual directors' compensation and nomination for following terms.</p> <p>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 February 24, 2021 and February 24, 2022 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 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 Corporate Governance Officer through a meeting of Board of Directors on April 29, 2019. The Corporate Governance Officer has served in a managerial position for over 3 years in a public company in a unit handling corporate governance affairs. The Corporate Governance Officer 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 on Boarding 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 Corporate Governance Officer has performed the assigned tasks and participated 12 hours training sessions in 2021, and the detail of training sessions are shown in Note 3.</p>	Compliance with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
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?	√		Delta values communication with stakeholders. We regularly implement the process of materiality analysis, confirms and adjusts key sustainable issues, demonstrates ESG influence and responds to stakeholder expectations and suggestions. Delta defined 6 major stakeholders including employees, customers, suppliers, investors and shareholders, media, and communities. Delta adopts diverse channels (e.g. annual ESG report, online questionnaire and E-mail managed by dedicated people csr@deltaww.com, etc.) and sets up a webpage of ESG (https://esg.deltaww.com) to communicate with stakeholders and also identify key issues of concern to stakeholders through materiality analysis and take the necessary actions to enhance the content of our information disclosures. The status of communication with stakeholders for the fiscal year of 2021 were reported to the Board of Directors on February 24, 2022. For stakeholder concerns and communication, please also refer to Chapter 3 Stakeholder Communication in the ESG Report.	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
7. Information Disclosure (1) Does the Company establish a corporate website to disclose both financial standings and the status of corporate governance? (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, webcasting investor conferences, etc.)?	√ √		The Company has established a public website to disclose both financial standings and the status of corporate governance. In addition to building an English website along with designating a dedicated staff to maintain it, the Company created a spokesman system and dedicated a team to handle shareholder services. Information related to shareholders' meetings or investors' conferences is updated immediately on the Company website.	Compliance with the Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies

Evaluation Items	Implementation Status			Variance from Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration	
(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?	√		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.	
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.)?	√		Regarding information on employee rights, employee wellness, investor relations, supplier relations and rights of stakeholders, please refer to Chapter 4 "ESG" in the annual report.	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 8th term (2021) of Corporate Governance Evaluation, and the implementation for losing scored items are listed below: (1) Disclosure of the link between performance assessment and remuneration of directors and managers in the Company's annual report. (2) 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

Name	Diversity Items	Employee	Years as an independent director	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
Yancey Hai	N	N	0	International Business Management	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Mark Ko	Y	Y	0	Control Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Bruce CH Cheng	N	N	0	Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ping Cheng	Y	Y	0	Business Management	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Simon Chang	Y	Y	0	Business Management and Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Victor Cheng	Y	Y	0	Electrical Engineering	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent	Excellent
Ji-Ren Lee	N	N	6	Business Management and Industrial Engineering	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Shyue-Ching Lu	N	N	1	Electrical Engineering and Communication	Excellent	Good	Excellent	Excellent	Good	Good	Excellent	Excellent
Jack J.T. Huang	N	N	1	Law	Excellent	Good	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Rose Tsou	N	N	1	Business Management and Mass Communication	Excellent	Excellent	Excellent	Excellent	Good	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 relation 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 of Corporate Governance Officer in 2021 are shown below:

Institution of Training	Name of the Training Session	Period of Training		Hours of Training
		Start	End	
Taiwan Corporate Governance Association	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	2021/02/24	2021/02/24	3
Accounting Research and Development Foundation	Analysis of New/Revised (2020) Contents of New IFRS	2021/05/27	2021/05/27	3
Accounting Research and Development Foundation	Financial Risks and Cases Analysis of Disposal of Real Estate Equity in China for Taiwanese Enterprises	2021/06/25	2021/06/25	3
Taiwan Corporate Governance Association	Duties and Responsibilities of Directors	2021/07/29	2021/07/29	3
Accounting Research and Development Foundation	Discussion on Corporate Governance from the Practical Cases of Competition for the Right of Management	2021/11/17	2021/11/17	3
Accounting Research and Development Foundation	How to Effectively Execute the Function of Corporate Governance Officer and Discuss the Legal Liabilities of Managers	2021/11/24	2021/11/24	3

3.4.3.2. Continuing education/training of directors

Title	Name	Date of training	Name of the training session	Hours of training
Chairman	Yancey Hai	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Vice-Chairman	Mark Ko	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Director	Bruce CH Cheng	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Director	Ping Cheng	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Director	Simon Chang	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Director	Victor Cheng	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Independent Director	Ji-Ren Le	2021/02/24	From the Fragmentation and Reconstruction of the American Dream-The Future of Taiwan-US-China Trilateral Relations	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
Independent Director	Shyue-Ching Lu	2021/03/02	Corporate Sustainability Training Course	3.0
		2021/07/29	Directors' Functions and Responsibilities	3.0
		2021/08/03	Fully activate the digital resilience of enterprises - from ransomware to talk about emergency response and response to incidents	3.0
		2021/10/19	Trends and Challenges of Information Security Governance (Part 1)	3.0
		2021/10/19	Trends and Challenges of Information Security Governance (Part2)	3.0
Independent Director	Jack J. T. Huang	2021/05/05	ESG/CSR and Sustainable Governance in 2021	3.0
		2021/05/11	【Enterprise Innovation - Subscription Economy Strategic Thinking】	3.0
Independent Director	Rose Tsou	2021/07/29	Directors' Functions and Responsibilities	3.0
		2021/10/19	Trends and Challenges of Information Security Governance (Part 1)	3.0
		2021/10/19	Trends and Challenges of Information Security Governance (Part2)	3.0

3.4.3.3. Continuing education/training of management

Vice-Chairman Mark Ko, Directors Ping Cheng, Simon Chang and Corporate Governance Officer, Shalin Chen are the managers of the Company. The training courses that the managers participated for the better management of the Company are disclosed in the table listed above, titled “Continuing education/training of directors” and “Training sessions of Corporate Governance Officers in 2021”.

The training sessions attended by the Finance and Accounting Manager are listed below:

Title	Name	Date of training	Name of training session	Hour of training
Corporate CFO	Beau Yu	2021/10/26	Aspects of "Sustainable Development" New Policy, Climate Governance and Low-Carbon Management	6.0
		2021/11/10	Analysis of the latest corporate governance policy and setting up "corporate governance personnel" to audit legal compliance practice	6.0

The training sessions attended by the Chief Internal Auditor are listed below:

Title	Name	Date of training	Name of training session	Hour of training
Chief Internal Auditor	Louis Lin	2021/11/03	Interpretation of financial analysis indicators and management risk prevention	6.0
		2021/11/10	Policy Analysis for "Enterprise's Self-Preparation of Financial Statements" and Key Discussion on Internal Audit and Internal Control Practice	6.0

3.4.3.4. The implementation status of risk management policy and risk assessment

The Company always adopts preventive measures for enterprise risk management in the aspects of building rigid internal control system with internal audit regularly or irregularly and there are various functional committees and crisis management teams to conduct with risk management. The Board of Directors of the Company approved the establishment of the Delta Group Risk Management Policy on July 29, 2020. Regarding the implementation status, please refer to the chapter 8.6, the section on risks during the most recent fiscal year and as they stood on the date of publication of the annual report.

3.4.3.5. The implementation status of consumer protection or customer policy

Per a policy of Customer First, it is implemented according to Consumer Protection Act and internal rules.

3.4.3.6. Insurance purchased for directors and supervisors of the Company

Starting January 1, 2005, the Company has been providing all directors and supervisors with liability insurance.

The summary of the insurance policies purchased in 2021 are listed below:

Insured Individuals	Insurance Company	Insured amount	Insured Period
Directors, Supervisors and Managers	(1) Chubb Insurance Company of North America, Taiwan Branch (2) Fubon Insurance Co., Ltd., (3) Shinkong Insurance Co., Ltd. (4) Mingtai Fire & Marine Insurance Co., Ltd	USD 20,000,000 (Equivalent to NTD570,160,000)	From: January 1, 2021 To: June 30, 2022