



## **Delta Electronics, Inc.**

### **The Implementation of External Board Performance Evaluations**

#### **Rules of performance evaluation of the Board of Directors**

The Company aims to implement corporate governance and enhance the Company's board functions, and to set forth performance objectives to improve the operation efficiency of the board of directors, the "Rules of Performance Evaluation of the Board of Directors" was approved by the Board of Directors on October 27, 2016.

#### **Evaluation cycles and periods for the external board performance evaluations**

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. External board performance evaluations shall be completed before the end of the first quarter of the following year, and the evaluation results shall be reported to the Board of Directors.

#### **Qualifications of the external independent professional institution or a panel of external experts and scholars**

When appointing an external evaluation institution or panel of external experts and scholars to conduct evaluations of board performance, the Company shall comply with the following guidelines:

- (i) The external evaluation institution or panel of external experts and scholars shall be professional and independent.
- (ii) The external evaluation institution shall be an institution or management consulting firm mainly engaging in the provision of services for educational and training programs for board of directors and improvement of corporate governance of enterprises.
- (iii) The panel of external experts and scholars shall appoint at least three experts or scholars specialized in the fields of board of directors or corporate governance to conduct evaluations of board performance of the company and prepare external evaluation analysis reports.

### The Implementation of external board performance evaluations

The Company appointed the Taiwan Institute of Ethical Business and Forensics to evaluate the Board performance (The evaluation was conducted in 2023, and the evaluation period was from January 1, 2022 to December 31, 2022). The institute assigned 3 executive members to perform the evaluation. There is no relationship between the institute including the executive members and the Company that might affect independence, and the Company obtained a declaration of independence. The and the executive members are independent and have no business relation with the Company. The institute conducted the evaluation via acquiring the Company's internal regulations and records, questionnaires, and onsite individual meetings based on these four dimensions: I. Board effectiveness of professionals; II. Board effectiveness of decision making; III. The importance and supervision of the Board of Directors on internal controls; V. The attitude of the Board of Directors towards sustainable operation. The Taiwan Institute of Ethical Business has issued the report of the Board performance evaluation on February 1st, 2023 and reported to the Board of Directors on February 22nd, 2023.

Overall evaluation conclusion:

- (i) Board members provide diverse opinions from different perspectives and fully discuss them in meetings of the Board of Directors.
- (ii) The Board of Directors established a risk policy and manages the group operation in a systematic way, so board members can effectively receive the group overall information and strengthen the management and supervision of corporate risks by the Board of Directors.
- (iii) The Board of Directors understand the development of sustainable management through the Sustainability Committee and the Talent Development Committee and continues promoting and supervising.

Advices for optimization are proposed:

- (i) To enhance the communication density between the management and directors.

- (ii) To keep reviewing the appropriateness of the incentive scheme.
- (iii) To adjust the dedicated units handling the whistle-blowing system and consider setting up an external hotline.

The Company deals with the improvement and future enhancement:

- (i) The Company from time to time hold a number of meetings and invite directors to participate in order to increase opportunities for communication between the management and directors.
- (ii) The new incentive scheme of the Company has been approved by the Board of Directors before the end of 2022. Furthermore, the adjustment of part of key performance indicators has been recommended by the Compensation Committee and approved by the Board of Directors in 2023.
- (iii) The Company has implemented the appropriate adjustments to the hierarchy of units handling the whistle-blowing system according to the nature and impacts of the events to increase the independence.