



Delta Electronics, Inc.
Delta Ethical Corporate Management Best Practice Principles
(Translation)

Passed by the Board of Directors on October 29, 2012
Amended and passed by the Board of Directors on October 27, 2016

- Article 1** To foster a corporate culture of ethical management and sound development and to offer a reference framework for establishing good commercial practices, Delta Electronics, Inc. ("Delta") hereby promulgates the Ethical Corporate Management Best Practice Principles ("Principles").
The Principles apply to Delta and its subsidiaries.
- Article 2** When engaging in commercial activities, directors, managers, and employees of Delta shall not directly or indirectly offer, promise to offer, mandataries or person having substantial control ("Substantial Controllers"), request or accept any improper Benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("Unethical Conducts") for purposes of acquiring or maintaining Benefits.
Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.
- Article 3** "Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article 4** Delta shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article 5** Delta shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.



Article 6 Delta, in accordance with the operational philosophies and policies prescribed in the preceding article, establishes in its Code of Conduct a comprehensive Program to forestall Unethical Conducts ("Prevention Program") which encompasses operational procedures, guidelines, and trainings.

When establishing the Prevention Program, Delta shall comply with relevant laws and regulations of the territory where Delta and its subsidiaries are operating.

Article 7 When establishing the Prevention Program, Delta shall analyze and identify which business activities within their business scope may be at a higher risk of being involved in Unethical Conducts, and strengthen the preventive measures.

The Prevention Program established by Delta shall at least include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper Benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 Delta and its subsidiaries shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.

Article 9 Delta shall engage in commercial activities in a fair and transparent manner. Prior to any commercial transactions, Delta shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of Unethical Conducts, if any. It is advisable not to have any dealings with persons who have any record of Unethical Conducts.

When entering into contracts with other parties, Delta shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in Unethical Conducts, Delta may at any time terminate or cancel the contracts.

Article 10 When conducting business, Delta and its directors, managers, employees, mandataries, and Substantial Controllers, shall comply with the Principles and Code of Conduct, not directly or indirectly offer, promise to offer, request or accept any improper Benefits in whatever from to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, Delta and its directors, managers, employees, mandataries and Substantial Controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship, Delta and its directors, managers, employees, mandataries and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 Delta and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

Article 14 Delta and its directors, managers, employees, mandataries, and Substantial Controllers shall observe applicable laws and regulations, Delta's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 In the course of research and development, procurement, manufacture, provision, or sale of products and services, Delta and its directors, managers, employees, mandataries, and Substantial Controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, Delta's products and services. Delta also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in Delta's operations, with a view to preventing Delta's products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that Delta's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, Delta shall, in Principles, recall those products or suspend the services immediately.

Article 16 The directors, managers, employees, mandataries, and Substantial Controllers of Delta shall exercise its duty of care as a good administrator and urge Delta to prevent Unethical Conducts, and constantly review the results of the preventive measures and continually improvise them so as to ensure thorough implementation of its ethical corporate management policies.



To achieve sound ethical corporate management, HR and Legal Department shall be in charge of establishing the ethical corporate management policies and Prevention Program, and Audit Department shall be in charge of enforcing the ethical corporate management policies and Prevention Program and reporting to the board of directors on a regular basis.

Article 17 Delta and its directors, managers, employees, mandataries and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.

Article 18 Delta has promulgated Code of Conduct to prevent conflicts of interests to identify, monitor, and manage risks possibly resulting from Unethical Conducts, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of Delta.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of Delta, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of Delta, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.

Delta's directors, managers, employees, mandataries, and Substantial Controllers shall not take advantage of their positions or influence in Delta to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

Article 19 Delta shall establish effective accounting systems and internal control systems for business activities which may at a higher risk of being involved in an Unethical Conducts, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

Internal audit unit of Delta shall periodically examine Delta' compliance with the foregoing and prepare audit reports and submit the same to the board of directors.

Article 20 Delta shall establish operational procedures and guidelines in Code of Conduct in accordance with Article 6 hereof to guide directors, managers, employees, mandataries, and Substantial Controllers on how to conduct business. The procedures and guidelines should at least cover the following matters:

1. Standards for determining whether improper Benefits have been offered or accepted.
2. Any political donation or campaign contribution made in the name of Delta to any political party, political organization, or any campaigning candidate shall

comply with Political Donations Act and relevant internal operational procedures and regulations. In addition to compliance with Political Donations Act and relevant internal operational procedures and regulations, caution shall be taken for any political donation or campaign contribution made in the name of an individual of Delta as to whether the donation or contribution is made in exchange for commercial gains or business advantages. If so, such donation or contribution shall be prohibited.

3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conducts.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

Article 21 The chairperson, general manager, or senior management of Delta shall communicate the importance of corporate ethics to its directors, employees, and mandataries on a regular basis.

Delta shall periodically organize training and awareness programs for directors, managers, employees, mandataries and Substantial Controllers and invite Delta' commercial transaction counterparties to attend so that they understand Delta's resolve to implement ethical corporate management rules, the related policies, Prevention Program, and the consequences of committing Unethical Conducts.

For applying the policies of ethical corporate management, Delta has combined its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 22 Delta shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:

1. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow internal and external personnel of Delta to submit reports.
2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the Audit Committee. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.
3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.



5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.

6. Whistle-blowing incentive measures.

When material misconduct or likelihood of material impairment to Delta comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the Audit Committee in written form.

Article 23 Delta shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on Delta's internal website of the title and name of the violator, the date and details of the violation, and the actions taken in response.

Article 24 Delta shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. Delta shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on Delta websites, annual reports and prospectuses, and shall disclose the Principles on the Market Observation Post System.

Article 25 Delta shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, managers and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management.

Article 26 The Principles shall be implemented upon approval by the board of directors of Delta. The same procedure shall apply when the Principles are to be amended.