



## **【DELTA ELECTRONICS Code of Conduct】**

The Code of Conduct (referred to as the “Code” hereunder) below is drawn up for observance by Delta Electronics, Inc. (referred to as the “Company” hereunder) in the hope that Company will produce better work performance, provide better products to customers, and observe laws and code of ethics to help uphold the Company assets, interests and image and contribute to the sustainable operation and development of the Company:

### **1. 【Scope of Application and Ground Rules】**

1-1 The Code applies to all directors, managers, and employees (collectively referred to as “Delta members” hereunder) of Company.

1-2 Delta members shall comply with the employment agreement and all rules and regulations published by the Company.

Delta members shall additionally observe the prevailing government laws and regulations as well as Company policies, and follow the principles of “environmental protection, energy conservation, and love the Earth” and “honesty and integrity.”

It is the obligation of all Delta employees to carefully read, understand and observe the Code and its modifications thereof. If there is any question concerning the application of any law or regulation or the Code, Delta employees should seek explanation from their direct superior, head of audit department, head of human resources department or head of legal and intellectual property department.

### **2. 【Dealings with Partners and Third Parties】**

Delta members shall observe the Code when conducting business dealing with Company’s customers, suppliers, partners or other business-related third parties (collectively referred to “business-related third parties”).

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Delta members shall observe laws/regulations, customary business practice and business etiquette when communicating with business-related third parties.

2-2 The “Interest”, as mentioned in the Code, means anything of value, including monetary compensation, gifts, commission, position, services, discounts and kickbacks, in

whatever form or name. However, the Interest does not include those within reasonable normal social practices, on an occasional basis, and without the possibilities to affect specific rights.

2-3 Delta members shall not, actively or passively, directly or indirectly, during the course of performance of their duties, receive, commit or solicit any inappropriate interests, in their names or others', or behave in any way that is in the breach of good faith, illegal or in breach of fiduciary duties (referred to as the "dishonest behaviors" hereunder).

2-4 Delta members shall observe the following practices, in the occasion of receiving, outside of the course of the performance of duties, interests or other gifts of value, provided by business-related third parties:

- (1) Delta members are not allowed to do so if it may affect the performance of their duties or if it is in the conflicts of the interest with the Company.
- (2) It shall comply with the laws and regulations of the place of operation.
- (3) It shall be made under local courtesy, customary business practices and during the course of domestic or overseas visits, receiving guests or visitors, business promotion and communication and coordination, as part of the business etiquette.
- (4) It shall be on the basis of normal social practices, business purpose or relationship promotion to attend or invite others to attend normal social activities.
- (5) It shall be required as part of the business operation to invite customers to or attend certain specific business activities, factory visits etc., of which the expenses allocation, number of participants, level of accommodation and duration have been specified in advance.
- (6) It shall be the attendance of folk festivals which are publicly held and open to general public.
- (7) Delta members shall not receive cash. In the event of gifts, in principle, such gifts shall not exceed one thousand New Taiwan Dollars (or the equivalent in other currencies) and shall not be received by installments to avoid such limitation.
- (8) Such limitation to the amount specified above may be adjusted when necessary after reporting to Chief Executive Officer.

2-5 Delta members shall report to their direct supervisors in the event of receiving gifts in accordance with the above rule (Section 2.4). Such gifts shall be returned if their superiors determine that such receipt is inappropriate or is not in compliance with

customary business practice.

- 2-6 When a Delta member recommends somebody to the Company, the act shall not contradict the interests or the recruitment procedure of the Company, nor should it be made for illicit personal gain.

Delta members in the same unit preferably do not have the relationship of spouse or parent/child. The preceding provision does not apply if members having such a relationship with each other do not have the superior- subordinate relationship under which performance review will be carried out and if it does not contradict the interests or the recruitment procedure of the Company.

- 2-7 Delta members shall not bribe the competent authorities or other government officials by offering, for example, cash, gift coupons, check, stock, present or kickback, gratuity or special treatment of value.

Delta members who violate the provisions in the preceding paragraph will be disciplined in accordance with relevant Company rules, and subject to the local law.

- 2-8 Making political donations in the name of the Company to any political parties, political organizations or prospective candidates shall be in compliance with the Political Donations Act and relevant internal operation procedures. Making political donations in the name of an individual shall be in compliance with the Political Donations Act and relevant internal operation procedures; additionally, Delta members shall be aware of the possibilities of obtaining business interests or transactional advantages. If so, then it is prohibited.

- 2-9 Delta members shall comply with Company's Rules Governing Charitable Donations and Sponsorship in making legitimate charitable donations or sponsorships in the name of the Company.

- 2-10 Except under emergency situations, Delta member should obtain the prior written consent of their superior before offering gifts (e.g. Company products) or entertainment to business-related third parties while complying with the customary business practice, the local laws and relevant rules of the Company.

If a Delta member is unable to obtain the prior written consent of his/her superior due to an emergency situation, said employee should still obtain the written consent of his/her superior after providing a business-related third party with gift or entertainment.

- 2-11 Delta members shall not take advantage of their position inside the Company to

engage in illicit relationship, sexual harassment, any form of discrimination (including discrimination based on race, sex, disability, or religion), theft, intimidation, coercion, or other illegal conduct.

2-12 If a Delta member has any question over the acceptance of a gift or anything of value (including meals, travel and entertainments), he/she should first consult the opinion of his/her superior to avoid controversy.

### **3. [Conflict of Interest]**

3-1 Delta members should stay alert to avoid potential conflict of interest and shall not engage in any business, investment or activity that could impact the interests or interfere with the business of the Company. Conflict of interest includes but is not limited to ① using Company property or abusing own position inside the Company for personal gain; ② transferring the resources or interests of the Company to oneself or friends/families; ③ negotiating or engaging in transaction for oneself or friends/families that is adverse to the interests of the Company; and ④ investing in other companies or plants that compete with the Company.

3-2 If a Delta member has any question over whether the business, investment or activity he/she engages or plans to engage in constitutes a conflict of interest, or if the Company deems that the business, investment or activity that a Delta member engages in constitutes a conflict of interest, such Delta member should forthwith disclose the specifics to the head of his/her unit or related unit and request permission so Company interests will not be harmed.

3-3 Unless with the prior approval of the unit head and the head of human resources, Delta members are prohibited from operating, undertaking or investing in enterprises that engage in the same or similar businesses as those of the Company under their own or other's name, nor shall any Delta member act concurrently as an employee, nominee, advisor, consultant, or work in other capacities at another company.

3-4 Delta members are prohibited from circumventing the Code or other relevant rules of the Company by engaging in any of the activities described above through a third person, including his/her families, agents, partners, or other representatives.

3-5 Delta members shall not take advantage of their position inside the Company to recommend, sell, or act as an intermediary to introduce products or services not

provided by the Company for personal gain.

#### **4. 【Use of Company Resources】**

##### **4-1 【Maintenance of Company Resources】**

All Delta members have an obligation to maintain the safety and security of Company resources and are strictly prohibited to use Company resources illegally or improperly. “Resources” include the tangible and intangible assets of the Company, including the Company’s operations facilities, intellectual properties and trade secrets.

##### **4-2 【Use of Company Resources】**

Delta members should make the most of Company resources to create the greatest benefits for the Company.

Unless with the Company permission, Delta members may not use the Company resources to engage in activities unrelated to their work or contradicting the interests of the Company.

4-3 All Delta members have an obligation to ensure all data and records they keep, collect, use or manage in connection with their job, including account books, invoices, records, journal entries, cash and assets, are accurate and complete that could properly and accurately reflect the transactions and business processes of the Company, and comply with applicable accounting standards and code of conduct.

4-4 All funds and assets of the Company have to be disclosed or documented. The Company prohibits the entry of false or misleading statement or record in ledger, journal entries, financial statements or other documents, or any deliberate concealment or cover-up of Company transactions.

4-5 All business-related transactions must be accompanied with proper supporting documents.

#### **5. 【Protection and Use of Trade Secret and Confidential Information】**

##### **5-1 【Principles for Company Information Disclosure】**

Unless with authorized approval, Delta members shall not disclose Company assets, including information, business, technical data and any other tangible or intangible trade secrets of the Company to any third parties.

5-2 All Delta members should adopt proper protective measures, including those described

below, for trade secrets and confidential information known by them or under their charge through their employment with the Company:

- (1) Have a confidentiality agreement signed before disclosing with authorization any trade secret or confidential information to a third party.
- (2) Faithfully observe the clauses in the employment agreement and other rules relating to confidentiality management.
- (3) Adopt necessary and reasonable protective measures to prevent access to such trade secret or confidential information by unauthorized persons.

5-3 The aforesaid confidentiality obligation does not end when a Delta member leaves his/her job.

5-4 Delta members shall not disclose the trade secrets or confidential information of their former employer to the Company without the express consent of the former employer or before the confidentiality period agreed with the former employer expires.

5-5 Delta members are prohibited from obtaining the trade secrets or confidential information of others through spying, theft, coercion, enticement or other illicit means, or in any way stealing, plagiarizing, or taking possession of other's paper, work, research report, patent, proprietary technology, design drawings or other technological findings that result in the infringement of other's intellectual property rights.

5-6 All inventions, creations, technological findings, trade secrets and other intellectual properties conceived or generated by Delta members during their employment with the Company using the Company resources belong to the Company.

The Company may, in view of actual needs, apply for relevant intellectual property rights according to the established procedure.

When the Company decides to apply to intellectual property rights, Delta members should render full assistance and cooperation in related procedure, and shall not make application on their own to harm the rights and interests of the Company.

5-7 All Delta members have the responsibility to comply with copyright related regulations and shall refrain from copying, installing or using unlicensed software or work in the performance of Company assignments.

5-8 Delta members shall not use Company resources in the attempt to access other's network, data, other accounts, or computer systems through hacking, password mining, stolen password or by any other means, or use unlicensed software or engage in an

activity described above in work to obtain information or access authority to computer/software.

- 5-9 Unless with the consent or authorization of the copyright holder, Delta members shall not at own discretion reproduce, alter, reprint, adapt, extract, reverse engineer, or engage in other activities that infringe on the copyright of other's work in part or in whole.
- 5-10 When releasing, publishing or making public technology-related news, information, products or documents of the Company, Delta members shall obtain the prior consent of relevant departments and heed that the release, publication or making public of such technology-related news, information, products or documents will not adversely affect the rights and/or interests of the Company or infringe on the trade secrets of the Company.
- 5- 11 Delta members shall not make false statement or disseminate any false information that would tarnish the good name or business reputation of the Company, or make any false statement or disseminate false information that would tarnish other's names, during the course of performance of their duties.
- 5-12 Delta members should observe the provisions of the Fair Trade Act and refrain from offering, enticing, entering agreement with competitors, or engaging in concerted action to jointly determine prices, monopolize the market, agree on resale prices, impede others to compete, or undertake bid rigging, and refrain from lessening competition or impeding fair competition by coercion, enticement, or other improper means.
- 5-13 Delta members shall not disclose the Company's cooperation plan, strategic alliance, or investment relationship with others, or the Company's competition strategy or other pricing or marketing related agreements.
- 5-14 Delta members shall not affix trademark that is not legally authorized by the trademark holder to Company products or documents.
- 5-15 Delta members shall vigorously observe the General Principles for Patent Management issued by the Company as well as other relevant rules and standard operating procedures for patent application, maintenance, analysis, assessment of litigation risk, patent portfolio and maintenance of patent assets.

## **5-16 【Insider Trading】**

Insider information means any information that could affect the trading decisions of prudent investors on certain securities or affect the market price of a certain company's securities.

Delta members shall comply with the laws of securities and exchange and shall not utilize non-public information known to make insider trading, nor to make disclosures of such nonpublic information to anyone in order to prevent others from utilizing such non-public information to make insider trading.

The Company's financial information and business transactional information are the trade secrets of the Company and are also the insider information, which shall not be disclosed without the Company's prior written consent so that the shareholders' interests would not be affected.

## **6. 【Compliance with Environmental Protection Rules】**

6-1 Delta members should understand the Company missions of "environmental protection, energy conservation and love the Earth" and Company's commitments to environment, safety and health (ESH) and related policies (including energy conservation and carbon reduction), and comply with laws/regulations and Company rules, receive related training, and implement the ESH policies in product design or plant operation in coordination with internal management system or the operation of CSR organization.

6-2 When discovering problems during work that constitute violation of environmental, safety or health related regulations or Company ESH rules, or that could be potentially hazardous, Delta members should proactively reflect the problem to superior or relevant personnel through the established procedure and channel. Delta members could also offer good ESH opinions or ideas for the reference of the Company.

6-3 Delta members should promote the aforementioned ESH related commitments and policies of the Company among the stakeholders of Delta (e.g. supply chain) and communicate those matters with the stakeholders periodically to make continuous improvement and achieve maximum effect.

## **7. 【Business Operation with Integrity】**

7-1 Before establishing business relationships with others, the Company shall evaluate the legitimacy, integrity, and operational policy of the agents, suppliers, customers or any other business dealing entities, and whether there are any records of dishonesty, to ensure such entities' business operation is with integrity, transparent, and will not demand, offer or receive bribes.

In making the above evaluation, the Company may conduct appropriate audit procedures to evaluate its business dealing entities on the following subjects to understand its integrity and operation:

- (1) Such entity's nationality, place of operation, structure, operational policy and place of payments.
- (2) Whether or not such entity has established any policy on business integrity, and, if so, its implementation.
- (3) Whether its place of operation is in the countries with high risk of corruption.
- (4) Whether its business operated is the business with high risk of bribes.
- (5) Such entity's long term business operation and its goodwill.
- (6) Peer opinions from its trading partners.
- (7) Whether such entity has any record on bribes, illegal political donations or any other dishonest behaviors.

7-2 Delta members, during the course of conducting business dealing, shall explain to the dealing entities the Company's policy on business integrity and other relevant rules and shall explicitly reject any offering, promise, demands or receipt, directly or indirectly, in whatever form or name, of illegitimate interests, including kickbacks, commission, facilitation payments, nor offer or receive any illegitimate interests through any other means.

7-3 The Company employees shall refrain from conducting any business transactions with any dishonest agents, suppliers, customers or other business dealing entities. Once any dealing entity is found with dishonest behaviors, the Company employees shall immediately stop any business interactions with such an entity and categorize it as dishonored account in order to implement the Company's policy on business integrity.

7-4 To conclude contracts, the Company shall fully understand the counter party's policy on business integrity and make the compliance of business integrity as part of the contractual terms, which shall at least explicitly address the followings:

- (1) Each party shall immediately notify the other party, in the event of being aware of any of its member breaching any contractual terms which prohibit kickbacks,

commission or any other interests, and shall disclose the identity of such member, the method of providing, promising, demanding or receiving of money or other interests and the amount thereof, and shall provide relevant evidence to the other party and cooperate in the investigation of the other party. Such party shall be entitled to indemnification in the event of any damage or loss.

- (2) Each party may terminate or cancel the contract without cause immediately if the other party engages in any dishonest behaviors in the performance of business activities.
- (3) Definite and reasonable payment terms shall be provided, including place of payment, the method thereof, and the compliance of relevant tax laws and regulations.

## **8. [Training, Propagating ,Disciplines and Complaint Channels]**

8-1 The Company shall disclose the Company's policy on business integrity in the internal rules, annual reports, Company website and other marketing materials and when appropriate, in the product announcement, investor relation events and any other activities open to the public to ensure the Company's suppliers, customers or any other business-related third parties may fully understand the Company's policy on business integrity and its rules.

8-2 The Company shall offer education and training for the implementation of the Code. If deemed necessary, the aforementioned training may include testing; employees who fail the test are required to receive training and take test again in three months and repeat the process until they pass the test.  
The test results will be used as reference in performance review.

8-3 The Company shall conduct investigations as to the specifics in the event of discovering or receiving reports about any allegation of Delta members' dishonest behaviors.  
Relevant members shall cooperate in such investigation and provide relevant information.  
In the event that it is proved and confirmed that any Delta member has violated the law, Ethical Corporate Management Best Practice Principles, or the Code, the Company may, in view of the severity of violation, mete out one or multiple disciplinary actions as described below and in accordance with the applicable local work rules, and may hold the violating employee accountable pursuant to the local civil and/or criminal laws:

- (1) Issuing a warning as reprimand and request that such breaching conduct be immediately ceased.
- (2) Requiring the violating employee to receive again training and testing of the Code.
- (3) Recording a warning or demerit against the violating employee.
- (4) Deducting performance bonus or employee bonus, demotion or dismissal from employment.
- (5) If the violation is of significant severity, the Company may terminate the employment agreement in accordance with the Labor Standards Act and the provisions of the employment agreement.
- (6) If the superior of the violating employee is found slack in supervision or was aware of the violation but decided to cover for the violator or not to report the matter, the superior will, in view of the severity of situation, be subject to a warning, demerit or dismissal from employment.

8-4 All Delta members have the obligation to report the matter to any of the following persons/units below when they find that another Delta member could be involved in activities that violate the law or the Code:

- (1) Head of the unit the member belongs to.
- (2) Head of audit department, head of human resources department or head of legal and intellectual property department.
- (3) Local external opinion box.

8-5 **【Anonymity and Confidentiality】**

Delta members may elect to stay anonymous when reporting the act of violation of another member. However the Company encourages Delta members to indicate their identity when making a report to facilitate communication and investigation.

When a Delta member makes a non-anonymous report, the receiving unit should take reasonable preventive and protective measures to ensure the quality of investigation and protect said member from retaliation or unfair treatment.

8-6 **【External Opinion Mechanism】**

To stay true to the missions of the Company and uphold the Company reputation, when a Delta member allegedly violates the Code, the Company should set up an external opinion box to facilitate clarification and communication.

9. **【Effective Date】**

The Code and subsequent modifications thereto will be announced and take effect after

approval by the Chief Executive Officer.