

Corporate Governance and Ethics

“Maintain sound corporate governance and strictly abide by commercial and ethical standards” is a core commitment at Delta. We view this as a fundamental requirement for a responsible company, and we are dedicated to realizing this ideal in our everyday operations through comprehensive organizational planning and employee ethics education.

Corporate Governance

Corporate governance is our top priority. Delta believes that high quality corporate governance is the best way to ensure that the company always delivers excellent performance and provides an optimum balance for all stakeholders’ interests.

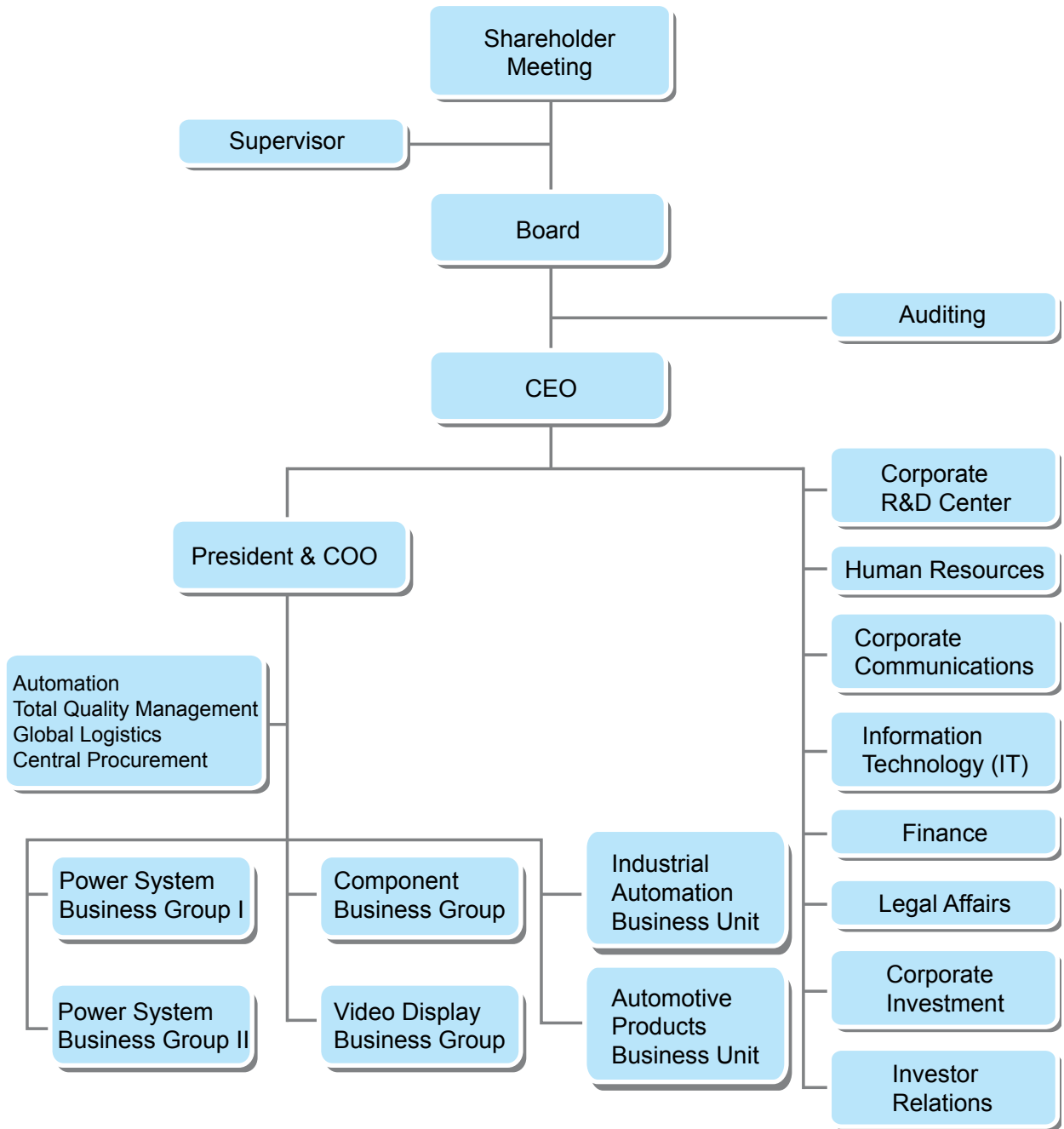
The organizational chart for parent company, Delta Electronics, is shown below. The Board of Directors currently consists of nine directors and two supervisors, including one independent director. To enhance the Board’s responsibility and trust, a board meeting is convened at least once a quarter to review the company’s performance and to discuss important strategic issues. Key resolutions passed by the Board are published in a timely manner on the Market Observation Post System of Taiwan’s securities markets and on the Delta website’s Corporate Governance area². The company charter, board meeting regulations and election rules for the directors/supervisors are provided for reference. Our internal audit team reports directly to the Board of Directors to ensure that the company operates in accordance with the Board’s resolutions.

Delta’s efforts towards high quality corporate governance are well recognized. In 2006 parent company Delta Electronics received the CSR award from Global Views Magazine for the 2nd successive year. It was named as one of the best corporate citizens and awarded as a benchmark company in the electronics industry for the 5th year in a row by Commonwealth Magazine. In addition, Delta Electronics was graded A for “Information Transparency and Disclosure” by the Securities & Futures Institute. Standard & Poor’s also ranked Delta as one of Taiwan’s top 50 companies with best credit ratings. We do not intend to rest on our laurels however and will continue to improve the quality of our corporate governance to fulfill our commitment to all stakeholders.



2. See http://www.delta.com.tw/ir/ir_govern.asp

Delta Electronics' Organization



Ethical Standards

The Delta Code of Conduct describes Delta's expectations for all employees around the world, defines the standards expected of all employees and asks all employees to protect Delta's assets, rights and image by committing to legal and ethical behavior.

Key provisions in the Delta Code of Conduct include the following:

- The integrity of records shall be maintained:
Generally accepted accounting principles must be complied with in Taiwan and in every country in which Delta business is conducted, and all transactions involving Delta must be executed in accordance with Delta policies and procedures. It is strictly prohibited to establish any undisclosed or unrecorded Delta fund or asset for any purpose.
- Misuse or illegal use of Delta assets is strictly prohibited.
- Business gifts and entertainment shall be appropriate:
All employees must exercise care in providing gifts and entertainment to customers or suppliers in consistence with generally accepted ethical standards and business practices. All employees are forbidden to request or accept any gift, payment, special treatment or entertainment from suppliers or customers.
- All employees are prohibited to attend any activity that conflicts with Delta's interests:
All employees are prohibited to attend any activity that conflicts with the company's interests and are also not allowed to engage or participate in any outside activities that interfere with his/her employment duties at Delta. Employees shall not receive any personal profit or advantage other than his/her compensation from Delta in connection with any transaction involving Delta.
- All employees have the obligation to comply with copyright laws.
- All employees shall keep the company's proprietary information confidential:
Every employee has the responsibility to keep the company's proprietary information confidential and employees are not allowed to disclose this information, whether for profit or not.
- All employees shall protect the company's intellectual property rights:
Every employee has the obligation to protect the company's intellectual property rights (including but not limited to inventions, technical information, product design) and any other Delta proprietary rights.
- Insider trading is prohibited:
Every employee shall not take advantage of inside information to profit third parties or to obtain personal benefits. Financial results and business transaction information shall not be released without prior authorization in order to protect shareholders' interests.

Each employee has an important responsibility to help maintain Delta's reputation for the highest standards of integrity. Violation of these standards is regarded as misconduct. We require all employees to follow the contents of the Delta Code of Conduct to safeguard the rights of Delta and all stakeholders.

