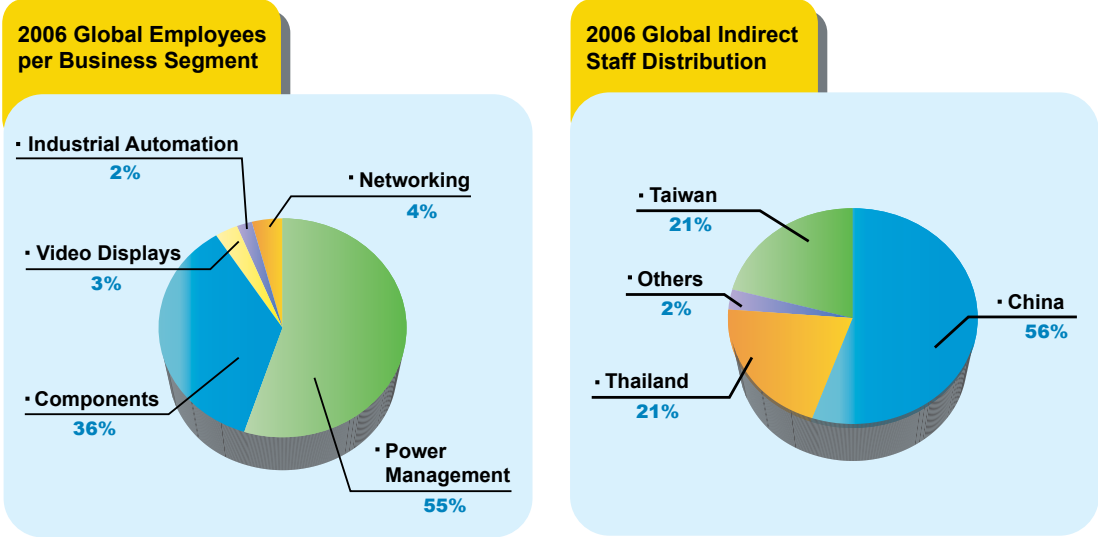


Delta and Stakeholders

As a corporate citizen, stakeholders' rights are a high priority at Delta. This section describes the relationship between Delta and our main stakeholders — our employees, community, shareholders, customers and suppliers.

Delta and Employees

Delta Group has more than 60,000 employees worldwide, who are involved in the following business sectors: power management, components, video displays, industrial automation and Delta Network Inc. (networking products). Geographically, the majority of employees are located in Taiwan, China, and Thailand.



● Employee Policy and Communication Channels

Delta believes that our employees are our most valuable asset. We have a sound employee policy in place and abide by the following:

- 1) Forced labor and child labor is prohibited. Workers are free to leave upon reasonable notice. Workers under the age of 18 shall not perform hazardous work.
- 2) The workforce shall be free of harassment and unlawful discrimination. Any employee or applicant shall not be discriminated against based on race, religion, color, national origin, age, sex, disability or other factors that are unrelated to the legitimate business interests of Delta.
- 3) Compensation paid to workers shall comply with all applicable wage laws and local practices. This includes those relating to minimum wage and legally mandated benefits.

Apart from having a basic employee policy, we value our employees' opinions and wish to give all employees the room to grow and realize their potential. All Delta employees can

send feedback to the company on individual rights, benefits, management and work environment at any time through various channels including their direct superiors and the human resources department.

Additionally, to gain a better understanding of employees' views on their work and management, Delta conducts employee opinion surveys through objective and professional international consulting companies to ensure the validity and confidentiality of the survey results. This allows employees the opportunity to tell the company about their thoughts on management, communication, the environment, and personal issues. The survey report is then provided to unit supervisors and the human resources department as an important reference for future improvement efforts.

● Occupational Health and Safety (OHS)

1. Occupational Health and Safety Management System

"Providing employees with a safe and healthy work environment" is one of Delta's most basic responsibilities as a corporate citizen. For many management issues, environmental protection and occupational health and safety in the workplace are often two sides of the same coin. In other words, accidents can often cause environmental pollution, while incidents with a negative environmental impact can pose a safety threat to personnel or the factory site. Delta has begun to promote the integrated management of occupational health & safety and environmental issues. So far, our plants in Dongguan, Wujiang, Thailand and Delhi (India) have received both ISO 14001 and OHSAS 18001 certificates.

Our key occupational health and safety efforts include:

- Complying with health and safety regulations and promoting health and safety awareness
- Realizing employee involvement and reducing occupational hazard risks
- Standardizing management of hazardous materials and promoting an accident-free work place
- Always keeping the workplace tidy and working together for a safe and healthy environment

2. Regular Inspections by Professional Consultants

Apart from the implementation of health and safety management at each factory, Delta has also retained professional OHS consultants to carry out regular diagnoses to identify and prevent potential risks. The consultants provide recommendations on Delta's existing OHS organization in response to changes in organization and production activities. This helps us make adjustments to ensure that the relevant departments have enough personnel to safeguard factory employees and company assets.

3. Work Environment Quality Testing and Equipment Upgrades

Delta factory production lines are frequently adjusted to meet demand, or spaces are rearranged to optimize utilization. We regularly reassess health & safety risks as well as conduct work environment quality testing to safeguard operators' health by ensuring that concentrations of hazardous substances do not exist beyond statutory limits.



Air-extracting apparatus to a device.



Hermetical device for cleaning steel sheets.

We have installed local air-extracting equipment to remove hazardous substances before they can enter the work environment. Automation is used to keep sources of hazardous substances inside sealed compartments so that they do not come into contact with employees.

4. Emergency Response Drills

For man-made or natural emergencies such as fires, explosions, flooding, typhoons, leaks, poisoning, mechanical injury, infectious diseases, earthquakes, lightning strikes and electric shocks, our factories have defined their own response plans for identification, handling and response to environmental health & safety emergencies, as well as post-incident feedback & review. We regularly conduct fire and emergency drills so if an accident does occur, its impact on employee health and safety as well as company property is minimized.



Fire drill is held at Delta's headquarters.



CPR is practiced in a regular training course.

For serious infectious diseases such as avian influenza and SARS, we have drawn up group and regional level response organizations, which ensure that information transmission, suspected cases handling, safety of employees and mutual production support between factories are covered and managed effectively.

5. Occupational Accident Analysis and Prevention

“Zero Accidents” is Delta’s goal for occupational health and safety. The number of workers injured at factory sites is reported to the government as required by law in Taiwan and Thailand, and internal records are maintained at our main factories in Dongguan and Wujiang. When an occupational accident occurs, OHS and Site Affairs staff request the involved unit to analyze the cause of the accident and propose corrective actions. They also alert the relevant personnel and put the necessary precautions into place. In addition, we regularly analyze our occupational accident statistics and strengthen OHS inspections to prevent recurrences.

6. Employee Health and Leisure

Delta believes that only employees in good mental and physical health can approach their work in a positive manner and deliver optimum performance. In addition to regular employee health examinations, we also require new employees at main manufacturing sites to undergo a health check when they first report to Delta. Special operators who work in areas such as chemical operations, soldering operations, milling and shredding, magnifying glass visual inspections or in noisy environments, must also undergo checks each year to ensure that they are in good health. Catering contractors must also take health checks when entering factory facilities.



Chairman Bruce Cheng is leading stretching exercises at Delta's 35th Anniversary celebration.



On "Family Day", employees brought their families to visit the ecological pool on the roof of Delta's headquarters.

Besides our employees' physical health, we are also concerned with their mental health. Delta has provided a variety of facilities and methods to help relieve employee stress. At our main factories in Dongguan and Wujiang, for example, employees have access to permanently-staffed medical clinics as well as libraries, movie theaters, billiards rooms, canteens, employee service centers, and also a “Heart-to-Heart Station” for psychological counseling. These facilities are intended to offer employees places to relax outside of work or to further enrich themselves.



Professional psychological counseling is available at Delta's "Heart-to-Heart Station".



The bright and spacious library offers a supply of knowledge.

● Employee Training and Development

Our employees are Delta's most valuable asset, and we pay much attention to employee training and development. We offer a variety of programs, ranging from improving individual skills to fostering future leaders, to meet the needs of employees in different countries and regions. These programs include:

- 1) Orientation: Newcomer Orientation, New Manager Orientation
- 2) Professional/Functional Training: Marketing/Sales, Development & Engineering, Finance/Administration, Logistics/Purchasing, IT etc.
- 3) Management Development: Middle Level Management and Senior Level Management Programs
- 4) General Training: Company Values, Customer Satisfaction, Quality, Safety & Health
- 5) Shop Floor Training: Workstation Skills Set Training
- 6) Issue-oriented Training: Business Issue Workshop/Seminar
- 7) Self Development: Language Programs, E-learning

To provide employees with a more integrated education & training system, Delta has established a new learning & development community on the Human Resources website for Taiwan. The website offers learner-centric training information such as course announcements, external courses, online learning materials and answers to frequently asked questions. We have also set up a "Learning Evaluation Area" so learners can measure their performance online at any time and have it recorded in the system.

Delta recognizes that an executive's management ability, knowledge and logical thinking are critical to the company's operations and the organization's future development. Apart from the internal training scheme mentioned above, we have contracted with National Taiwan University (NTU) to tailor an NTU-Delta Electronics EMBA Program, taught in person by NTU's distinguished EMBA professors. The program covers six management related courses including marketing, finance, strategy, accounting, technology and business, as well as international business administration, providing the basics of business



Delta's top executives are giving lessons to managers.

administration and further enhancing the company's global competitiveness. The Delta EMBA Program also pioneered the use of online courses and real-world teaching to make classes more accessible. By allowing the instructors and students to discuss real business cases in detail, the effectiveness of the program is enhanced.

Delta now has over twenty high-level executives enrolled in the dedicated corporate EMBA

program. Once they complete the program, they will receive their certificates of graduation from NTU's continuing development department. By providing this excellent opportunity for executive training, Delta will improve management quality and build a solid foundation for the company's future.

Delta and the Community

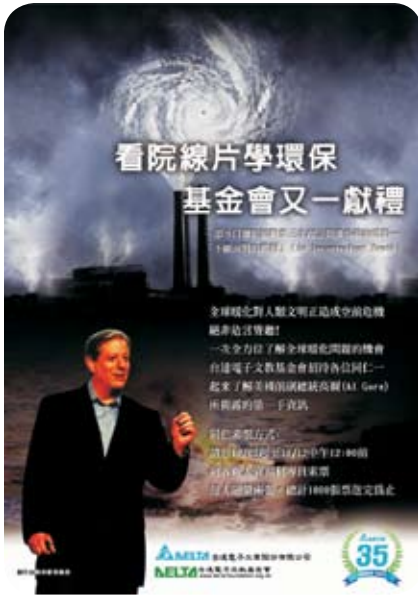
Delta has always been dedicated to energy conservation and environmental protection. With the corporate citizenship movement gaining wide acceptance in recent years, we have increased our community activities as well. As the world's No. 1 ODM power supply maker, improving energy efficiency and quality of life is Delta's core business and our primary mission. Delta has focused our community efforts on environmental education, energy conservation awareness, technology R&D sponsorship and the cultivation of talent. We hope, through the efforts of the Delta Electronics Foundation, we can help society step onto the path of sustainable development.

● Environmental Education

Early in 2006, Delta Electronics and the Foundation jointly invited Dr. Amory B. Lovins, the author of "Natural Capitalism" to Taiwan. Here he spoke about the next industrial revolution and a new business model based on improving the efficiency of using natural resources, and shared his ideas on "Profitable Climate Protection" with Taiwan's business leaders. To further develop this philosophy, Delta sponsored the NTU EMBA and Graduate Institute of Business Administration to offer the "Natural Capitalism and Industrial Development" program in partnership with the Rocky Mountain Institute founded by Dr. Lovins. This serves to encourage future business leaders to begin thinking early about a win-win strategy for both the economy and the environment.



Delta invited Dr. Lovins to Taiwan to share the innovative concept of "Natural Capitalism".



The donation of movie ticket vouchers encourages Delta's employees to learn more about global warming.

Respect for energy and natural resources and their correct usage are concepts that should be instilled early. In 2006, the Delta Electronics Foundation introduced the KEEP (K-12 Energy Education Program) to Taiwan and began combining it with the elementary and junior high schools within the Taiwan Greenschool network via translation and localization. We expect to soon introduce it to all elementary and junior high schools so that the future heirs of Taiwan can learn about environmentally-friendly ways of using our energy and natural resources.

When the documentary “An Inconvenient Truth” produced by former U.S. vice president Al Gore was premiered in Taiwan in 2006, the Delta Electronics Foundation held a special screening. The Foundation donated 6000 movie ticket vouchers to the general public to broaden the awareness of global warming issues and how we must face climate challenges ahead and leave our future generations with a habitable world.

● Promotion of Energy Conservation

Though Delta is dedicated to the pursuit of energy conservation and environmental protection, this ideal must be realized in the everyday life of the general public for it to be truly effective. For this reason, since 2005, Delta Electronics Foundation has held a Lights Out activity on the longest day of each year to encourage the general public to save power. In 2006, over 3000 people participated in the “Lights Out Day” activity while over 20,000 people promised to do their part to save power on the official website. This was a significant effort that translated to around 9 million kilowatt-hours (kwh) of power saved in a month, or a reduction of 5,500 tons in CO₂ emissions.

After our Tainan plant was certified as a Gold-rated Green Building, a survey showed that the employees there were highly satisfied with their work environment (rating over 90 on a 100 point scale). This result has encouraged the Delta Electronics Foundation to be even more active in promoting the green building concept to the world. The “Eco-energy Retrofit Initiative for Residential Buildings”, launched in 2005, has so far sponsored simple home improvements to four private living units in northern Taiwan. The techniques include improving roof insulation and replacing light fixtures to achieve the goal of energy saving by 20%. These practical tips have been reported to the general public through media such as the China Times Weekly, Public Television, and Da-Ai TV.



Besides Delta's offices, numerous famous buildings participated in the Lights Out activity.



Fire shows brought Lights Out Day a visual feast.

● Technology R&D Sponsorship

Mr. Bruce Cheng, the patriarch of the Delta family, had these words of encouragement: “As a responsible corporate citizen, we must not only be aware of the problems, but we must also provide the solutions”. This has led to Delta’s unstinting sponsorship of technology R&D. To promote the development of sustainable energy and strengthen Taiwan’s academic research capability in new energy and energy management, the Delta Electronics Foundation continued its Sustainable Energy Research Grant Program in 2006. The program partnered with top universities in Taiwan in technology research projects for solar power, fuel cells and improving energy efficiency.

● Cultivation of Talent



Winners of Delta/NTIO Joint Environmental Scholarship.

To encourage interest in environmental issues among Taiwanese professionals and to promote environmentalism at work, the Delta Electronics Foundation and Netherlands Trade and Investment Office (NTIO) began jointly offering the Delta/NTIO Joint Environmental Scholarship (the Y.C.Lo Scholarship) in 2004. The scholarship is open to all professions and encourages those passionate about protecting the environment to study in the Netherlands, regardless of profession. Nine students have qualified for the scholarship so far, and are currently pursuing

degrees in the Netherlands. Their majors include architecture, landscape design, journalism, energy technology, civil engineering and tourism. When they complete their studies and return to Taiwan, we are confident that they will inject new ideas into Taiwan’s environmentalist movement.

Apart from actively cultivating talented professionals with an interest in the environment, we also give back to the schools that nurture talent. Delta has so far established scholarships at 16 technical institutes, colleges or universities around Taiwan to encourage students to be dedicated to their studies. The Delta Electronics Foundation is also a strong supporter of local Chinese schools in northern Thailand. Beyond scholarships, every year the Foundation provides support for 200 local overseas compatriot students and 10 studying in colleges or universities in Taiwan. In 2006, the Foundation set up a pilot teachers’ training class in northern Thailand at Chienhua High School and donated computer equipment to three schools, including Chunying Middle School at Huangguoyuan Village. We hope that local teaching resources, in terms of both hardware and software, are supplemented through our donation.



The Foundation provides support for compatriot students from Thailand every year.

Delta and Shareholders



Delta Electronics' annual shareholder meeting.

Delta places great importance on shareholder rights and interests. We have a team dedicated to communicating the company's results and long-term strategic direction to investors. Our goal is to provide outstanding service to investors, analysts, investment organizations and the media.

The most important aspect of Delta's investor services is information disclosure. In recent years we have devoted a great deal of resources to ensuring that information disclosed is complete, in-time, fair, and transparent. With the parent company Delta Electronics for example, not only are all announcements on the Taiwan Stock Exchange issued in a timely manner, but our Chairman's report to shareholders, financial statements, corporate governance regulations, share price and dividend information, as well as the content of analyst meetings are all available for download on Delta's website. Most of these are in both Chinese and English for the benefit of local and foreign investors. For the company's annual report, we continue to improve the content and layout every year. Our efforts were recognized by an "A+ " rating by the Securities and Futures Institute's "Information Transparency and Disclosure" report in 2007, up from an "A" in 2006. Just twelve TSE listed companies received the "A+ " rating in 2007 and Delta Electronics was the only large electronics company among them.

Additionally, Delta hosts analyst meetings on a regular basis where we announce and explain each quarter's consolidated financial data, business performance, and future plans. These meetings are webcast live over the Internet. As foreign investors hold the greater part of all Delta shares, communicating with foreign investors is especially important to us. We participate in a wide range of investment forums each year and visit foreign shareholders directly in Asia, Europe and America. Apart from providing them with updates on the company's operations, we also welcome constructive feedback on our operations, finance and governance. At the same time, Delta welcomes visits from local and foreign investors. We hold more than 300 meetings or conference calls with investors each year, and on occasion we arrange for investors to tour our Dongguan and Wujiang factory sites.

Individual shareholders are just as important to us as institutional investors. In addition to having staff dedicated to answering in detail inquiries from individual shareholders, we also actively

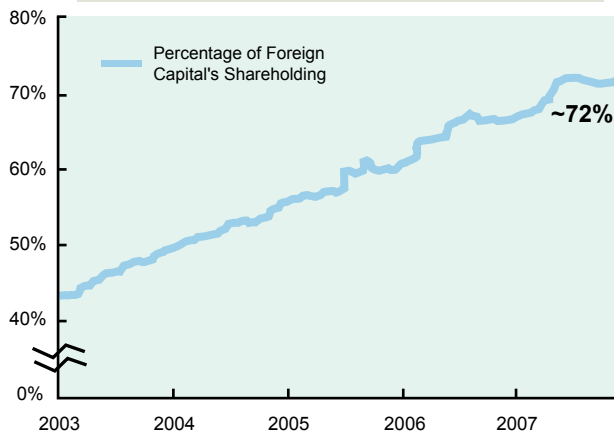
respond to questions and suggestions raised by shareholders at the annual shareholder meeting. These suggestions have included improving the content of the annual report as well as providing bilingual briefings in analyst meetings.

Our efforts have resulted in professional investment institutions increasing their stake in Delta Electronics shares over the past few years, and now the percentage of their shareholding in Delta is one of the highest among Taiwanese companies. Delta Electronics' share price and market value have, as a result, continued to rise. This has not only boosted our competitiveness in the capital market, but has also delivered improved returns for our shareholders' investment (please see the charts). Our goal is to deliver even better performance so that the efforts of everyone at Delta Electronics are combined with the recognition from investors to create maximum value.

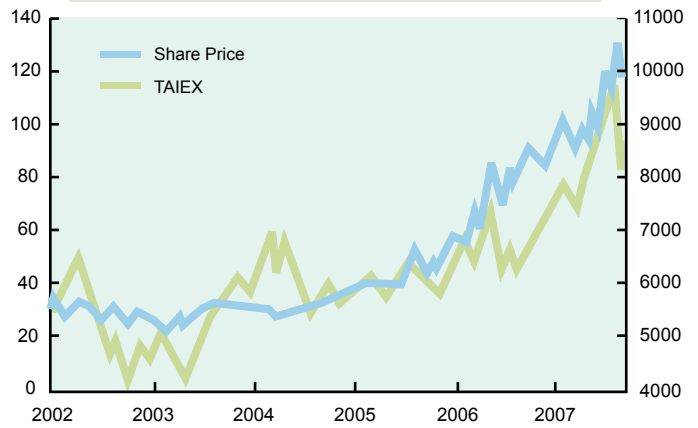


Delta Electronics' analyst meeting.

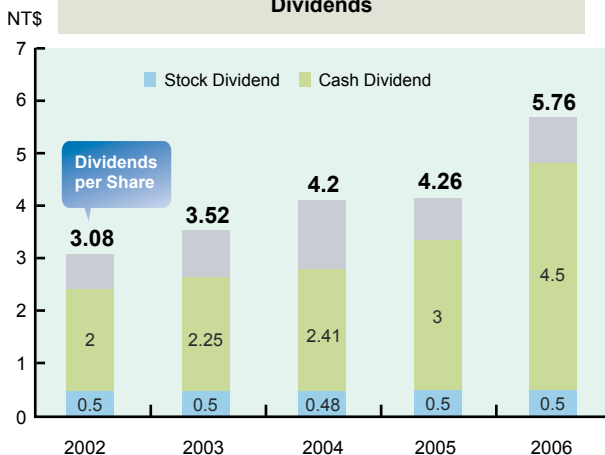
Percentage of Foreign Capital's Shareholding



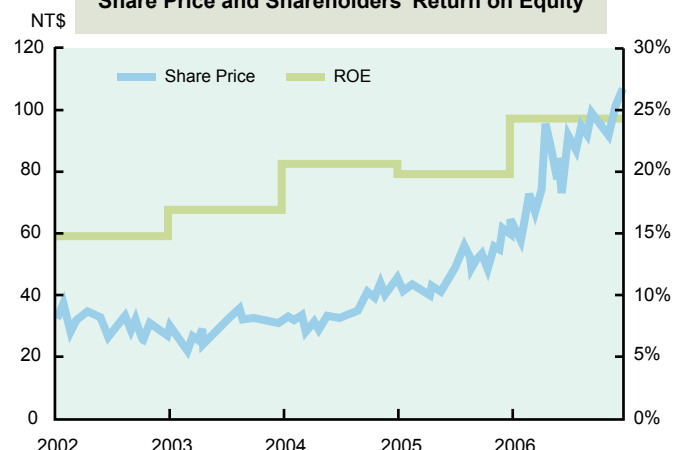
Trends of Share Price and the TSE Capitalization Weighted Stock Index



Dividends



Share Price and Shareholders' Return on Equity



Delta and Customers

● Customer Satisfaction and Quality First

“Customer Satisfaction” and “Quality First” are key elements of Delta’s corporate culture. At Delta our priority is on understanding and meeting customer requirements and doing things right the first time.

Corporate Culture

Dare to change, and pursue sustainability.



Customer Satisfaction

Fully understand and fulfill customer needs.

Quality

Do things right the first time.

Innovation

Anticipate trends and develop competitive products.

Teamwork

Maintain effective communication, delegation, and collaboration.

Agility

Act quickly in a rapidly changing environment.

In recent years, Delta has focused on achieving zero defects in quality. Apart from receiving ISO 9001 certificates at our main factories in Taiwan, China, and Thailand, Delta Electronics' Chief Operations Officer began promoting a quality diagnosis initiative in 2005. By reinforcing the execution of a function-based organization, this will integrate the value chains of Delta's business groups and ultimately complete the strategic link between Delta Group and each business group. To date, four quality diagnosis meetings have been held with the heads of each business group/unit and level-one regional managers' participation. Through the sharing of information and best practices, the meetings identified opportunities for improvement and created synergies from each business division's quality system and activities.

Apart from the above, our business groups have launched initiatives aimed at improving quality and meeting customer requirements. For example, the Power System Business Group I (PSBG I) and the Component Business Group (CPBG) have run a Six Sigma Program since 2005. This trains our employees to use systematic Six Sigma methods (such as DMAIC and DMADC) and statistical tools to carry out quality improvement activities. As of the end of 2006, a total of 32 employees in PSBG I had received black belt certification; CPBG has also completed a Six Sigma training program and certification counseling is underway. Business groups have set up a Six Sigma committee and program office in Dongguan. Ten sessions are scheduled between 2007 and 2011 as part of a company drive on Six Sigma black/green belt training and certification.

Thanks to the efforts of all Delta employees, we have achieved significant gains in quality management. Quality costs decreased from 2.7% in 2005 to 1.9% in 2006. We continue to invest in quality diagnosis and quality improvement activities to realize our ideal of "do things right the first time" and thus enhance the capabilities of the organization as a whole.

Delta's business divisions are also reaching out to understand customer needs through a variety of methods, such as customer satisfaction surveys. At the same time, Delta has health & safety emergency response plans at our factory sites to prevent disasters such as the SARS epidemic from affecting Delta's production lines and customer interests, as well as mutual production support plans to minimize any delivery problems.



Six Sigma methods and training programs are carried out at manufacturing sites.



● **The Restriction of the Use of Hazardous Substances (RoHS)**

Even before hazardous substances in products became an international issue, Delta was at the forefront of the trend to reduce the impact of manufacturing on the environment. In 2000, Delta introduced the first lead-free soldering production line and established our own management standards for environment-related substances (10000-0162).

With the EU RoHS directive taking effect in July 2006, Delta revised management standards and gathered our customers' requirements. The information was distributed to RoHS management teams at our business groups, units, and factories to ensure that all Delta products conform to the EU directive and meet our customers' requirements. Legislation on restriction of the use of hazardous substances is a worldwide trend and countries outside of the European Union, including China, are beginning to announce their own regulations. Tracking all relevant legislation has become an important task at Delta.



Restricted hazardous substances are carefully managed and tested.

● **Social and Environmental Responsibility**

Beyond RoHS-like regulations, customers are paying more attention to a company's social and environmental responsibility. The Electronic Industry Code of Conduct (EICC), promoted by major electronics brands such as Dell, IBM and HP, covers labor rights, health and safety, environmental protection and business ethics. The major companies use the EICC to judge supplier performance in these areas and they consider the results when choosing a supplier. Delta has set up task forces drawn from our Sales, Human Resources, Purchasing and Site Affairs departments to carry out self-assessments and gap analyses, and to cooperate with customers' audits. This ensures that Delta continues to improve and to meet our customers' requirements.

Whether it is RoHS or the social and environmental expectations of our customers, the compliance of Delta's organization and operations as a whole depends on the compliance of Delta's suppliers. A description of our supplier management efforts is provided in the following section.

● **Customer Recognition**

In recognition of our efforts, Delta has received best supplier awards from customers that include Nortel, Intel, and Siemens. This is an honor shared among all Delta employees and we continue to refine the quality of our products and services to ensure our customers' satisfaction.



2006
Nortel Supplier of the Year Award



2006
Intel Preferred Quality Supplier Award



2005
SIEMENS Communications Supplier of the Year



2004
Cisco Systems Supplier of the Year



2004
Microsoft MSVP Vendor of the Year



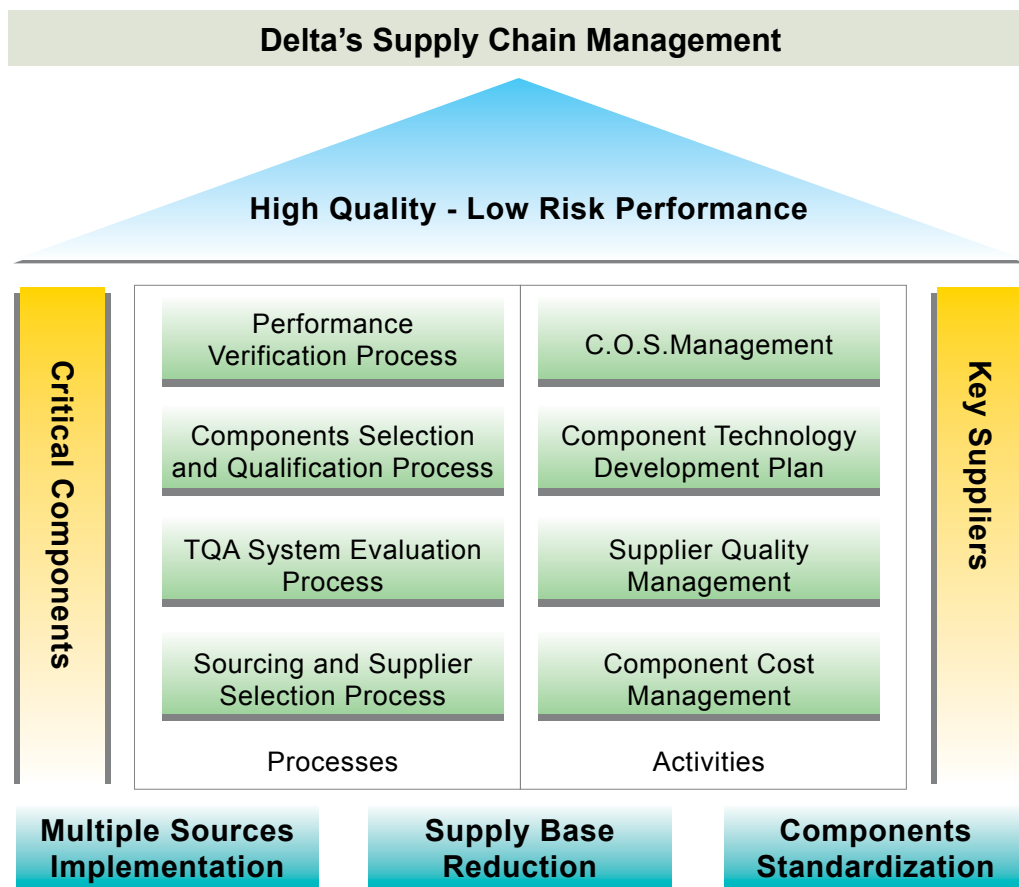
1999
Dell Platinum Supplier Award



Delta and Suppliers

● Supplier Composition

In 2006, Delta had around 3000 suppliers in total. Apart from management through a common platform within the Group, each business group/unit also maintains its own supplier management system to meet requirements unique to their operations. To ensure high quality products from our suppliers and reduce risk, our supplier management framework is based around “Key Suppliers” and “Critical Components” (see graphic). Apart from regularly evaluating our suppliers on key performance indicators such as price, quality, technology, delivery and service, we also emphasize risk management by managing supply and demand for critical components.



● Management of the Use of Restricted Hazardous Substances (RoHS)

Delta has actively implemented RoHS control measures in our production processes and materials management through our management system since 2005. By taking a “Source Management” approach, the purchasing staff at all business divisions require our suppliers and even sub-tier suppliers to conform to standards based on RoHS. All suppliers are asked to carry out self-monitoring and self-testing. They are also required to sign and submit a RoHS compliance declaration and cooperate with Delta’s audits to ensure that all materials used

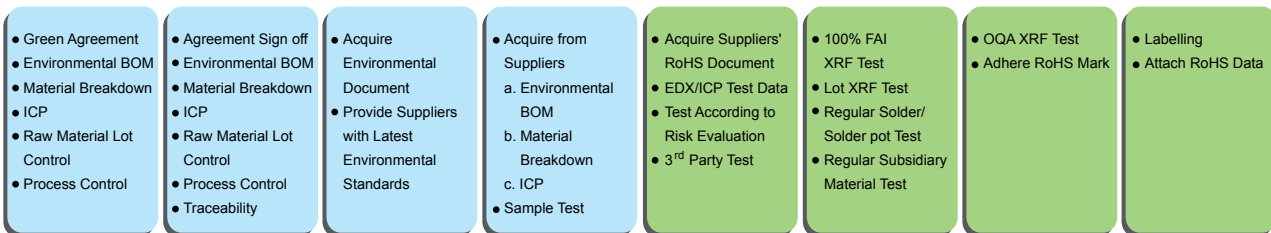
by Delta meet RoHS and customer requirements. The management flow is shown below. If a supplier does not have the necessary equipment or testing capability, testing can be done by an internationally recognized third-party organization. Delta's own heavy metal analytical laboratory is also available for internal and external users. For suppliers interested in purchasing their own instruments, Delta can provide assistance. Worth mentioning is that the heavy metal analytical laboratory set up in 2001 at our Wujiang Factory was the first national level laboratory accredited by the China National Accreditation Board for Laboratories (CNAL). Delta also set up national level laboratories at our factories in Taiwan and Thailand.

Management Flow

Management Flow



Control Points



**Do Not Design
Do Not Purchase**

**Do Not Accept
Do Not Produce**

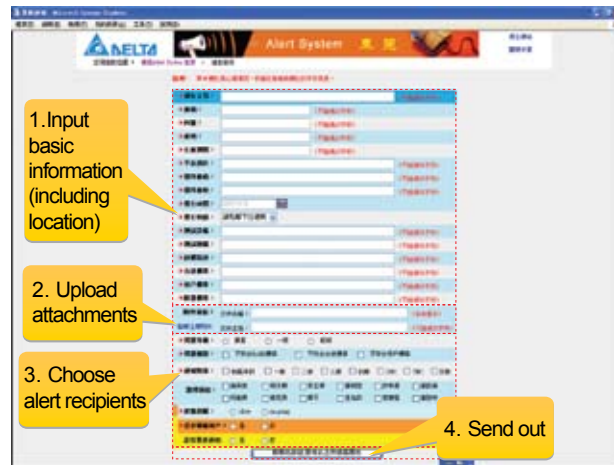
Do Not Release



Delta's CNAL accredited heavy metal analytical laboratory.

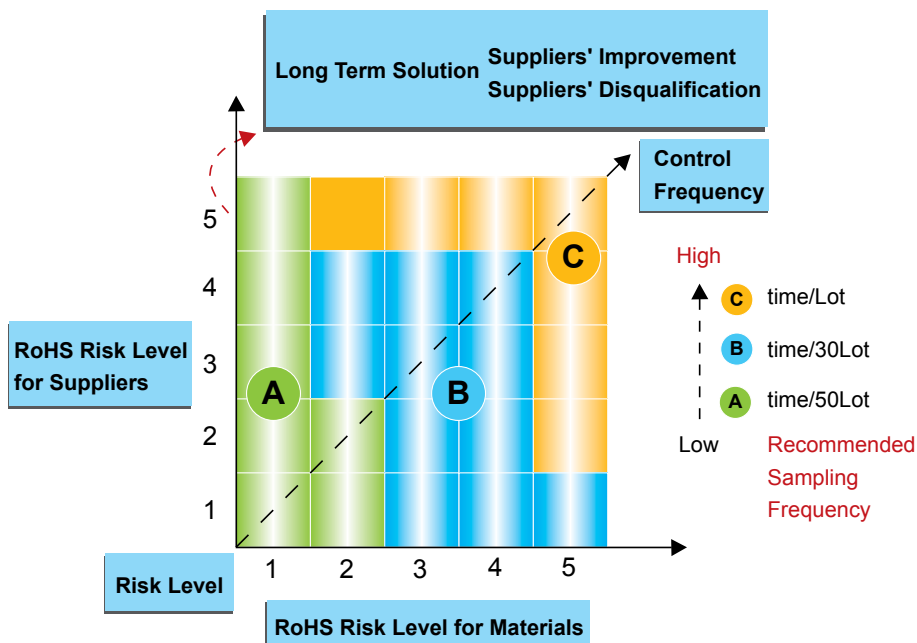


We have designed a global Alert System for use by Delta Group and have trained those authorized to use the system. All factories and subsidiaries have well established access to the system. When an abnormality is detected on the production line, an alert message is sent to the appropriate business divisions or product managers through this system. All alert messages issued are stored in the database for future review and for use in employee training.



Delta established RoHS task forces at all factory sites in 2006. Their primary mission is to:

- Review suppliers' qualifications
- Review the status of suppliers' signing of environmental documents
- Assess suppliers' risk levels as shown below
- Convene supplier meetings and implement audits for high-risk suppliers
- Provide counseling or require improvements according to audit results
- Adjust supplier composition



There is also an audit team composed of members from each business group that is sent to the factories to check compliance on production lines. Delta factory audits focus on the following key items:

- Understanding of RoHS by the person-in-charge
- Condition of the factory's internal audit system
- RoHS planning and timetable
- Process of disqualifying suppliers
- Supplier audit results
- Material sampling plan and capability
- Tracing and alert system

The above procedural and operational areas are divided into 6 categories and 32 items for review. After a review, problems are listed and a deadline is set for corrective action and then followed up. Recommendations from factory personnel are collated for future reference.

● **Social and Environmental Responsibility**

Delta launched a trial social and environmental responsibility program at our Dongguan factory site in March 2007. Surveys, questionnaires, audit schedules and goals based on the Electronic Industry Code of Conduct (EICC) were drawn up for use in understanding and improving suppliers' performance on labor rights, health & safety, and environmental issues.

Delta has shared the Dongguan experience with our main factories in Wujiang and Thailand. The exchange of information between units will help develop an optimal model to assist Delta's supply chain to meet its social and environmental responsibilities.

