



Delphi

2020 | ESG REPORT

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About the Delpha Construction ESG Report

This report is the first corporate social responsibility report issued by Delpha Construction Co. Ltd. (“Delpha Construction”, “the Company”). Through this report, hopefully all stakeholders can better understand the Delpha Construction’s commitments and efforts towards sustainable development.

Scope and Categorization

The reporting period is from January 1, 2020 to December 31, 2020. The scope is focused on Delpha Construction, and specific chapters will cover subsidiaries Huachien Development Co., Ltd. and newly acquired entity Huajian Construction Co., Ltd. in Feb, 2021. In the future, the ESG Report will work towards complete disclosure and gradually incorporate important information from related companies and other subsidiaries.

Reporting Standards

The content structure of this report is compiled in accordance with the core options of GRI Standards issued by the Global Reporting Initiative (GRI) and its reporting principles. The statistical data disclosed in the report are derived from self-assessments and survey results, and the financial data is CPA-certified public information.

Review and Preparation Processes

The information disclosed in this report are internal statistics and surveys conducted by a dedicated Corporate Social Responsibility Team. The head of the relevant unit ensures the integrity of information disclosed, after which the relevant unit and consultants will compile and compose the report, and relevant team members and supervisors will check the report. The complete content of the report will then be submitted to the chairman of the board for review and approval. The metrics within this report has been verified by the highest governance unit and conforms to reporting standards.

ESG Report Publication

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Letter From Management

From our inception in Taipei City nearly six decades ago, Delpha Construction has continued its commitment to propagate the essence of quality Taipei architecture to all cities across Taiwan. Going forward, we will strive towards establishing Delpha Construction as a nationwide brand, maintaining our philosophy of “mutual positivity”. We believe well-planned residences should encompass elements of sun, air, water, lighting, and ventilation; spaciousness; practicality; and generous storage. Quality homes crafted with these values emphasize the care and health of our residents, ensuring their positive experiences translate to word of mouth, and in-turn the growth of Delpha Construction.

In response to modern trends, our initiative “Natural Architecture” harkens a return-to-nature; creating comfortable homes accommodating a symbiosis of the natural world and abodes, transcending shelter to embody the joyous essence of home living.

For the year prior, Delpha Construction strove for change and expansion. In addition to priming suitable locations for new projects, we have also actively participated in public construction and urban renewal; with the aim of solidifying business performance and shareholder returns. In addition, responding to the tides of the market, Delpha Construction has successively purchased several sites (3,000m² plus) in the Taoyuan area this year. For these sites, we aim to leverage three competitive advantages: brand and reputation as a listed company; prime locations; and experienced architectural planning. We have set out to craft homes to exceed expectations of young consumers and homeowners changing residences for the first time; and together, embark on the journey to achieve their aspirations of the quintessential dream lifestyle.

The Company has also continued its diversified urban renewal commitments. Greater Taipei City initiatives elevate the city’s aesthetics and environment; inviting nature with beautification for neglected sites, and advocating for urban transformation to improve the lifestyle and convenience of residents. Delpha Construction is dedicated to the needs of all stakeholders to provide beautiful, quality, and smart homes; to do our part in improving urban aesthetics and living spaces.

Aside from steady day-to-day operations, Delpha Construction has also welcomed global environmental protection trends and societal needs. We pledge to adopt environmentally friendly materials, and introduce green building certification for new projects; to reduce wasted resources and minimize the environmental burden of buildings’ lifecycles. We will also strive towards symbiosis with nature and care for the environment. Sustainable management is Delpha Construction’s primary goal.

The prosperity of a company needs to be built on a foundation of a society with harmony and happiness, and societal care and contributions are core principles of sustainable operations. Delpha Construction has always been understated sponsors of various contributions and cared for many people in need.

We will stay true to our founding aspirations and the responsibility entrusted unto us by countless families; maintaining the persevering spirit of “Cultivating Space, and Caring for the Earth”. Delpha Construction will focus on every minute detail, and continue to provide the houses of unforgettable memories for Taiwanese families.

Chairman: Cheng, Ssu-Tsung



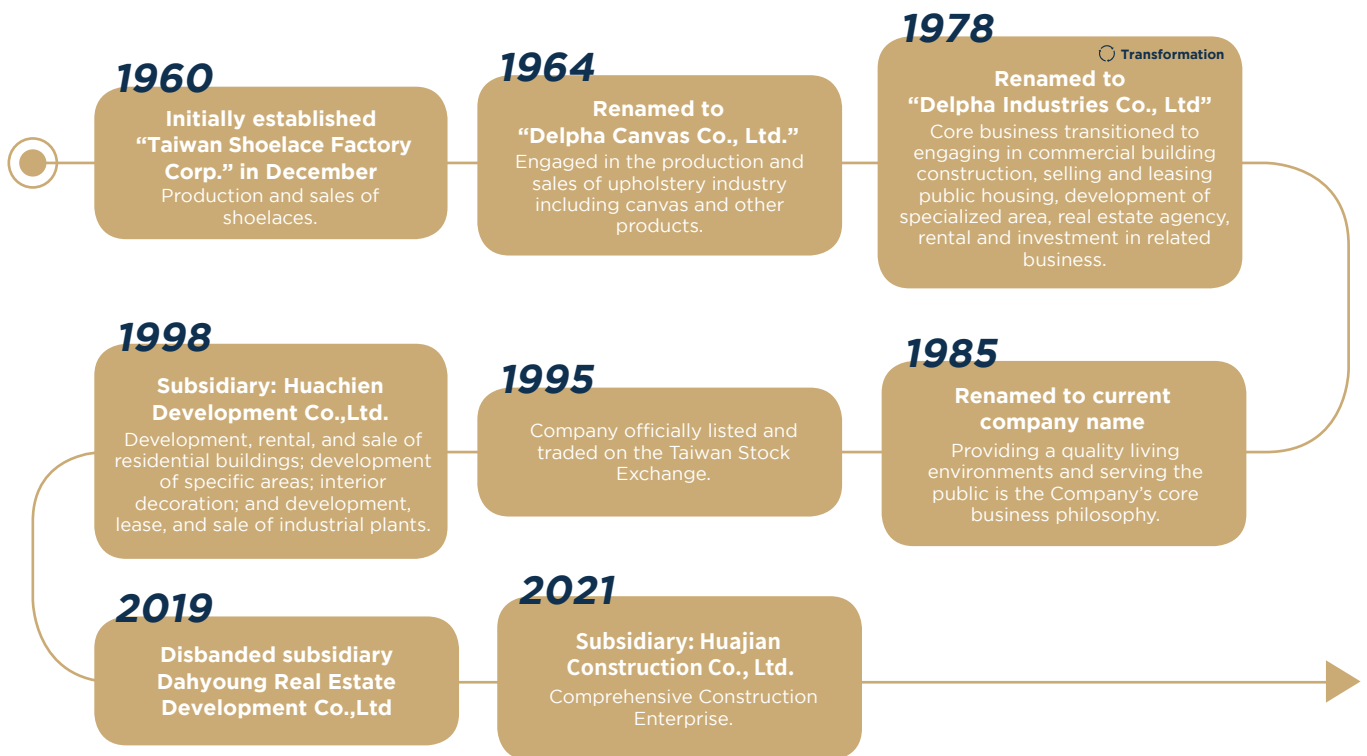


1. Overview of Delpha Construction

1.1 Business Philosophy

“Cultivation Space, and Caring for the Earth” is the business philosophy of Delpha Construction. “Providing high-quality, diversified construction, caring for the social environment, and helping to create a gorgeously neat dwelling and urban life landscape” is our mission and core value.

1.2 History and Development



1.3 Scale of Delpha Construction

Company Name	Delpha Construction Company
Headquarters	16F, No. 460, Section 5 Chenggong Rd., Neihu Dist., Taipei City.
Employees	32 (As of December 31, 2020)
Chairman	Cheng, Ssu-Tsung
President	Wu, Yu-Guo
Capital	NT\$ 5,207,524,660

Main business scope



1. Real estate investment and development
2. Construction
3. Lease
4. Sale

Product sales areas



1. Taipei City
2. New Taipei City
3. Taoyuan City
4. Taichung City
5. Various prime development locations..

Product types



1. Smart office
2. Residential buildings.

Main customers and beneficiaries



1. Homes suitable for demand of young first-time homeowners .
2. First-time moving families.

1.4 Membership of Associations

Delpha Construction collaborates closely with related industries, and actively participates in domestic industry associations, to ensure a close-knit integration with the industry through exchanges and cooperation and to acquire relevant information. The participating associations include The Real Estate Development Association of Taipei, Taoyuan Real Estate Development Association, and Taichung Real Estate Development Association.



2. Corporate Social Responsibility Management

To encourage the active practice of Delpha Construction's corporate social responsibility while engaging in business operations, Delpha Construction has set out to comply with the international standards of balancing the development of environment, society and corporate governance, and to shoulder the responsibilities of corporate citizenship, enhance its contribution to the national economy, and improve employees' treatment conditions; cultivating competitive advantage based on corporate responsibility. The "Corporate Governance Code of Conduct" is formulated, and environmental protection, corporate social responsibility or other committees can be set up based on the concept of corporate social responsibility and sustainable operations.

Delpha Construction is deeply committed towards respect for social ethics and paying attention to the rights and interests of all stakeholders, while practicing sustainable operation and corporate profitability. Furthermore, attaching importance to environmental, social and corporate governance facets, and incorporating corporate social responsibility into company management and operations.

2.1 CSR Team

Delpha Construction's Corporate Governance Office is the dedicated corporate social responsibility unit. Through meetings, the communication mechanism between various departments is strengthened, internal and external resources are mobilized as appropriate, and project planning and management are carried out when necessary; to achieve the principle of sustainable development of the enterprise, fully demonstrate the company's commitment to social responsibility. Grasping the overall social responsibility development trends at home and abroad paramount to Delpha Construction's efforts, and also provides opportunities for colleagues to participate in internal and external education, training and seminars, to continuously improve Delpha Construction's sustainability management concepts. The unit reports to the board of directors from time to time, and reviews the effectiveness of operations, and hope to achieve the goal of co-prosperity with all stakeholders, the environment, and society.

Corporate social responsibility related businesses includes corporate social responsibility policies, systems and management guidelines. The formulation of various specific promotion plans, evaluations, planning, execution, communication, and relevant processes is promoted by senior executives to relevant departments to delegate and improve the sustainable positioning of corporate social responsibility within the Company and bring about the benefits to the stakeholders inside and outside the enterprise.



Corporate Governance Office						
Committee	Supply Chain Management	Environmental Sustainability	Customer Service	Employee Care	Community Prosperity	Corporate Governance
Responsible Unit	Engineering Management Dept.	Engineering Management Dept.	Business Dept.	Human Resources Team	Corporate Governance Office	Corporate Governance Office
Corresponding Material Topic	<ul style="list-style-type: none"> Procurement Implementation Supplier Societal Assessments Occupational Health and Safety 	<ul style="list-style-type: none"> Environmental Regulations Compliance GHG Emissions Supplier Environmental Assessment Effluents and Waste Water Resource Management Other Energies Green Buildings 	<ul style="list-style-type: none"> Market Positioning Customer Health and Safety Customer Privacy 	<ul style="list-style-type: none"> Employee Relations Training and Education Employee Diversity and Equality 	<ul style="list-style-type: none"> Local Community and Philanthropy Activities 	<ul style="list-style-type: none"> Operational Results Legal Compliance Operational Risk Management Whistleblowing Mechanism Gifting or Improper Interest Related Procedures Social and Economic Legal Compliance
Corresponding Stakeholder	<ul style="list-style-type: none"> Partners Suppliers Construction Companies Sales Agencies 	<ul style="list-style-type: none"> Partners Suppliers Construction Companies Sales Agencies 	<ul style="list-style-type: none"> Customers Consumers 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Media General Public Employees 	<ul style="list-style-type: none"> Shareholders Investors Financial Institutions Government Agencies

2.2 Material Topics

Delpha Construction collects and references topics based on international standards, industry norms, peers, and group annual goals; converges to 23 topics after internal discussion. Starting from the economic, environmental, and social aspects, and have conducted in-depth investigations of all stakeholders, and the stakeholders’ degree of importance to each topic.

- 01 Procurement implementation
- 02 Social supplier assessment
- 03 Occupational health and safety
- 04 Environmental regulations compliance
- 05 Greenhouse gas emissions
- 06 Supplier environmental assessment
- 07 Effluents and waste
- 08 Water Resources
- 09 Other energy
- 10 Green buildings
- 11 Market positioning
- 12 Customer health and safety
- 13 Customer privacy
- 14 Local community and philanthropy activities
- 15 Employee relations
- 16 Training and education
- 17 Diversity and equality of employees
- 18 Operational results
- 19 Legal compliance
- 20 Operational risk management
- 21 Whistleblowing mechanism
- 22 Gifts or improper interest related procedures
- 23 Social and economic legal compliance



2.2.1 Flow of Analysis

Identify

- Identify 5 major stakeholders
- Summarize 23 material topics

The identification process is internally discussed by Delpha Construction's corporate social responsibility unit, with reference to international trends, industry topics and related GRI indicators. 23 key sustainability material topics are summarized, and through the identification of entities or individuals that are significantly affected by company activities, products and services, or those whose actions will affect the company's ability to implement strategies and achieve goals. 5 major stakeholders were identified, including: customers, shareholders/investors, suppliers, governments, employees, etc.

Prioritize

- 50 stakeholder responses
- 50 significant impact evaluation
- 9 significant material topics

With the above 5 major stakeholders as the target, the online electronic questionnaire is used to conduct a survey of the degree of concern of each topic. A total of 50 copies will be collected in 2021; at the same time, a total of 23 directors and colleagues responsible for operational decision-making and sustainable promotion are directed to the topic to measure the economic, environmental, and social impacts. Based on the above analysis results, the top 23 material topics were identified and Delpha Construction's management team selected below significant material topics as Delpha Construction's priority for communication and improvement:

- | | | |
|------------------------|--|-----------------------------------|
| 1. Customer privacy | 4. Operational risk management | 7. Occupational health and safety |
| 2. Legal compliance | 5. Market positioning | 8. Customer health and safety |
| 3. Operational results | 6. Diversity and equality of employees | 9. Green buildings |

Confirm

- Coverage disclosure
- Data collection per GRI standards

The management team of Delpha Construction has evaluated the above-mentioned 9 significant material topics and defined the scope of information disclosure. Following the relevant indicators and specific theme standards provided by the GRI, information is collected, and complete disclosure of key information is ensured. Issues outside other major topics will be presented in the report.

Review

- ESG Report quality review

After the report is compiled, all the procedures and identification results of the report is reviewed to confirm completion, to see whether it meets the required quality of the report in the GRI standards and ensure that there is no improper or false expression of information and performance. Finally, the identification results of various topics and the opinions of stakeholders are used as an important basis for continuous review and improvement in the future.

2.2.2 Report Boundaries

Category	Significant Material Topics	Reporting Boundaries				
		Within Company			Outside of Enterprise	
		Delpha Construction	Huachien Development	Huajian Construction	Customers	Societal
Corporate Governance	Customer Privacy	●	●	●	●	●
	Legal compliance	●	●	●	●	●
	Operational results	●	●	●		
	Operational risk management	●	●	●		
	Market Positioning	●	●	●		
Employee Relations	Diversity and equality of employees	●	●	●		
	Occupational health and safety	●	●		●	
Suppliers, Product, and Customers	Customer health and safety	●	●	●		
Environmental Sustainability	Green buildings	●	●	●		



2.3 Stakeholder Communication

2.3.1 Identification of Stakeholders

In order to identify key stakeholders who have a relatively close relationship with Delpha Construction, the assessment is carried out in accordance with the five principles (responsibility, influence, tension, diverse perspectives, and dependency) of the AA1000 SES Stakeholder Engagement Standard. After statistical analysis, 5 types of important stakeholder groups are obtained, including:



Delpha Construction values the opinions and opinions of stakeholders, and uses Delpha Construction’s website for a transparent and effective information disclosure mechanism as the main communication channel for corporate social responsibility information disclosure.

2.3.2 Survey and Topic Summary

In 2021, Delpha Construction has issued a questionnaire survey and collect a total of 50 questionnaires for the 5 major stakeholders of Delpha Construction, to understand the degree of concern of each stakeholder on each topic. The results are summarized by consolidating of external and internal responses, the top 9 most important issues are: Customer Privacy, Legal compliance, Operational results, Operational risk management, Market Positioning, Diversity and equality of employees, Occupational health and safety, Customer health and safety, Green buildings.

<p>Stakeholder: Customers</p> <hr/> <p>Communication Channel</p> <ol style="list-style-type: none"> 1. Inform of after-sales service matters 2. Delpha Construction’s Official Website 3. Print or web advertisement statements 4. Delpha Construction’s e-mail <p>Frequency</p> <ul style="list-style-type: none"> • When necessary • Real-time, when necessary 	<p>Topic: Operational results</p> <hr/> <p>Importance to Delpha Construction</p> <p>Customers are the main source of Delpha Construction’s revenue, therefore professional technology should be used to build projects of the highest quality.</p> <p>Communication Results</p> <p>Through visiting, communicating with customers, to understand customer needs and opinions.</p> <p>Delpha Construction’s Response</p> <p>Delpha Construction places great importance to customer health and safety; constantly improving research and development technology, ensuring construction quality, improving customer satisfaction, quality of services; and extending the concept of nature-based architecture and smart construction in accordance with laws and regulations.</p>
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Stakeholder: Shareholders / Investors **Topic: Operational Risk Management, Customer Privacy**

Communication Channel

1. Shareholders' Meeting
2. Investor Conference
3. Annual Reports, ESG Reports
4. Market Observation Post System (MOPS)
5. Delpha Construction's Official Website

Frequency

- At least annually
- Real-time, when necessary

Importance to Delpha Construction

Investors and shareholders are the Company's most important operational supporters, therefore should share operational results and related information.

Communication Results

Regarding business situation through regular shareholder meetings, investor conference, etc., and set up a dedicated mailbox on Delpha Construction's website for investors for real time feedback, and improve Delpha Construction's governance accordingly. Investors can also submit suggestions and expectations at the shareholders' meeting.

Delpha Construction's Response

In response to stock exchange issues that Delpha Construction has increased its efforts towards implementation and improvements.



Stakeholder: Business Owners/ Suppliers/ Contractors/ Cooperative Parties **Topic: Operating performance, Market positioning**

Communication Channel

1. Business contact person
2. Discuss at a meeting when necessary or at any time
3. Agreements and contracts
4. Reporting mailbox for stakeholders

Frequency

- When necessary
- Real-time, when necessary

Importance to Delpha Construction

Ensure that the products and services provided by the supplier comply with Delpha Construction's specifications and meet the needs of customers.

Communication Results

Implement the "Project Procurement Regulations" for project procurement, and continue to communicate with suppliers to convey and implement Delpha Construction's business philosophy and the practice of social responsibility. Through promotion of relevant government regulations and active communication to promote social responsibility issues, and facilitate the creation of a friendly working environment, and positive societal, environmental, economic impact.

Delpha Construction's Response

Continue to conduct supplier evaluations to implement supplier management procedures; aiming to practice corporate social responsibility collaboratively with suppliers.



Stakeholder: Government Agencies **Topic: No government agency personnel expressed opinions when filling in this questionnaire**

Communication Channel

1. Regulatory review from time to time
2. Cooperate with government agencies to formulate internal operation measures or publicize relevant regulations
3. Participate in meetings and training courses organized by government agencies

Frequency

- When necessary

Importance to Delpha Construction

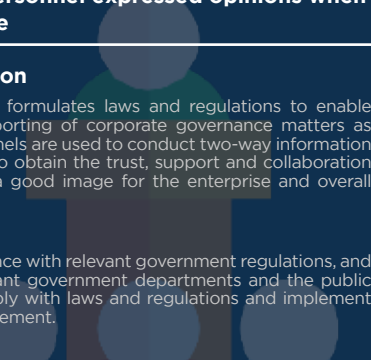
The government supervises corporations, formulates laws and regulations to enable them to comply, and requires regular reporting of corporate governance matters as operating norms. Various information channels are used to conduct two-way information exchanges with the government in order to obtain the trust, support and collaboration of the government, thereby establishing a good image for the enterprise and overall development.

Communication Results

Formulate operational direction in accordance with relevant government regulations, and provide information concerned with relevant government departments and the public through online declarations, so as to comply with laws and regulations and implement the principles of corporate integrity management.

Delpha Construction's Response

According to laws and regulations, adhere to monthly reporting requirements and issue relevant declarations to support the government policies, provide the government with required information, and establish healthy relationships with relevant parties.



Stakeholder: Employees **Topic: Operating performance**

Communication Channel

1. Communicate between employers and employees at any time
2. Announce the latest policy of Delpha Construction from time to time
3. Weekly supervisor meeting
4. Engineering Management Dept.'s Monthly Meetings
5. Reporting mailbox for employees

Frequency

- At least weekly
- Real-time, when necessary

Importance to Delpha Construction


Employees are the core of the operation of Delpha Construction, and a friendly employment environment must be provided so that employees can be fully respected and cared for to grow and thrive along with Delpha Construction. Delpha Construction also provides a complete reward and welfare system, consolidates existing talents, and attracting outstanding external talent to join, which is the direction of Delpha Construction's continuous efforts.

Communication Results

Through weekly supervisor meetings, monthly meetings of various departments, labor-management meetings, etc., Delpha Construction communicates work intensity, salary and benefits, education, training, and openly welcomes employees' opinions. Based on this, policies are formulated or revised, and corresponding rules and regulations are implemented to facilitate a friendly working environment.

Delpha Construction's Response

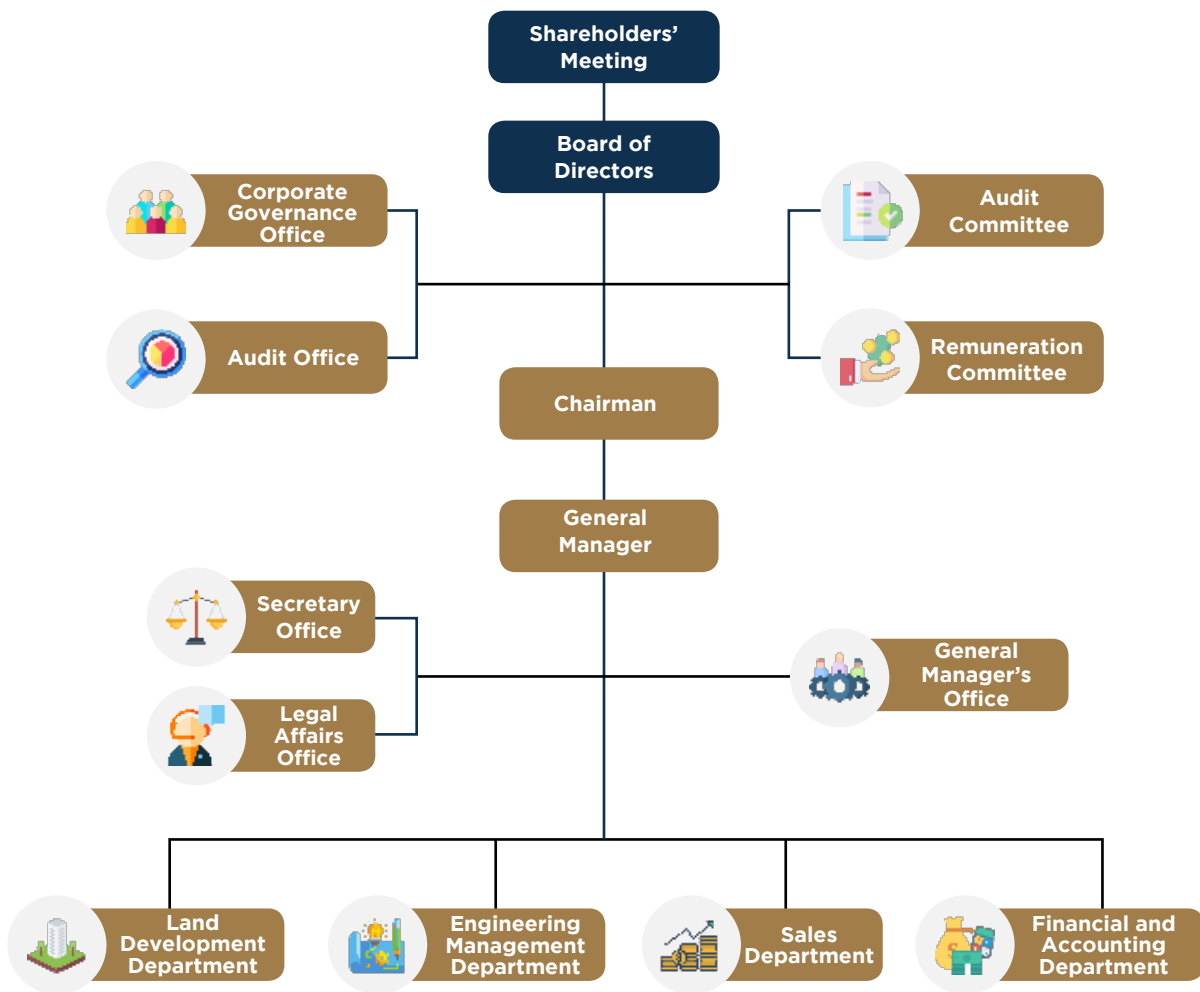
Continue to actively improve the quality of education and training, so that colleagues at all levels can systematically improve professionally; in addition, through periodic mid-level and high-level supervisors' studies, the goal of lifelong learning is implemented.






3. Corporate Governance

3.1 Organizational Chart



3.1.1 Board of Directors

The main responsibilities of the Board of Directors are to appoint and supervise Delpha Construction's management team to ensure the rights and interests of stakeholders and to maximize shareholder rights. The operation of the Board of Directors shall exercise its powers in accordance with the relevant laws and regulations, Delpha Construction's Articles of Incorporation, and rely on the directors' expertise in various fields and industry experience to communicate and collaborate to fulfill their supervisory and management responsibilities.

The Board of Directors consists of 7 directors, including 3 independent directors, with a term of three years. In accordance with Article 20 of the "Corporate Governance Code of Conduct", the composition of the Board of Directors should be diversified, and directors who are concurrently the Company's managers should not exceed one third representation. The company has established the "Procedures for Election of Directors" which specifies the procedures and standards for the qualification, nomination, and evaluation of director candidates. The election adopts the nomination system in Article 192 of the Company Act and is conducted in accordance with the relevant rules and regulations.

Delpha Construction fully re-elected directors at the shareholders meeting on June 23, 2020, which brought about a major change in management rights. In accordance with relevant regulations, shareholders holding more than 1% of the total issued shares of Delpha Construction may submit a list of candidates so that shareholders may also participate in the nomination process of director candidates. In this re-election, the Board of Directors and shareholders put forward a list of 21 directors and independent director candidates (including 12 directors and 9 independent directors), each with different professional and extensive experience. The list was reviewed and approved by the Board of Directors on May 8, 2020, and proposed at the shareholders' meeting for shareholders to re-elect.

The newly appointed directors all have more than five years of business, legal, financial and corporate business experience, and have met independence requirements for the first two years of their appointment and during their tenure. For details, please refer to page 21 of Delpha Construction's 2020 Annual Report. The new management team has been deeply involved in related industries for many years, has profound professional qualifications, and is actively engaged in business development. The transition has already led Delpha Construction to develop effective targets in Taoyuan and Taichung; increased resource allocation efficiency; and brought about a positive effect on the operation of Delpha Construction and its subsidiaries.

***For 2020, the Board convened a total of 8 times,
with an average participation of 100%.***

Title	Name	Gender	Expertise and Skills	Age	Tenure as Independent Director	Managerial Role	Concurrent Positions in Other Companies
Chairman	Cheng, Ssu-Tsung	M	Management / Finance	<60	-	Chairman	<ul style="list-style-type: none"> • Director, China Bills Finance Corporation • Representative, Hung Yi Investment Co., Ltd. • Chairman, Yuan Tung Investment Co., Ltd. • Chairman, Jui Cheng Hao Investment Co., Ltd.
Director	Lee, Chin-Yi	M	Management / Operations	60+	-	President (Note1)	-
Director	Yan, Ming-Hung	M	Management / Finance	<60	-	-	<ul style="list-style-type: none"> • Chairman, Taiwan Calsonic Co.,Ltd.
Director	Dajie Investment Co., Ltd. Representative: Tseng, Ping-Joung	M	Management / Hotels	60+	-	-	-
Independent Director	Wang, Mu-Fan	M	Accounting	<60	<3Y	-	<ul style="list-style-type: none"> • CPA, BDO Taiwan
Independent Director	Yeh, Chien-Wei	M	Law	<60	<3Y	-	<ul style="list-style-type: none"> • Lawyer, Galaxy Attorneys-at-Law
Independent Director	Huang, Chih-Chen	M	Management / Construction	<60	<3Y	-	<ul style="list-style-type: none"> • Director, Hong-Cheng Construction Co., Ltd.

Note1: Lee, Chin-Yi was the former president, and Wu,Yu-Guo has been the president since 2020/06/29.

Conflict of Interest Avoidance Mechanism

Delpha Construction strictly requires directors to thoroughly explain their own interests to the current Board of Directors, avoid them during the discussion. The “Corporate Governance Code of Conduct” clearly stipulate directors or managers shall not acquire improper benefits for oneself, spouse, or second-degree relatives based on the position held in Delpha Construction. Related party transactions will be disclosed in accordance with the requirements of the relevant domestic securities laws and regulations.

Note2: The details of the implementation of the avoidance of conflict of interests can be found in the 2020 annual report: the implementation of the directors' avoidance conflict of interest (page 35), the shareholding ratio of the top ten shareholders, and the relationship (spouse, second-degree relative, etc.) information (page 72).



Continuing Education of Directors

Measures taken to develop and improve the highest governance unit on economic, environmental and social topics:

Delphi Construction arranges directors to participate in refresher courses in a timely manner to continuously improve governance functions and professional capabilities so that directors can obtain the latest corporate governance, board operation practices, business management strategies and financial-related information, and maintain their professional management advantages and capabilities.

Name	Title	Class	Hours
Cheng, Ssu-Tsung	Chairman/Director	Development Trends of Corporate Governance	3
		Latest Trends in Anti-Money Laundering and Countering the Financing of Terrorism	3
Lee, Chin-Yi	Director	Development Trends of Corporate Governance	3
		Educational seminar for insiders	3
Yan, Ming-Hung	Director	Corporate Governance 3.0 organized by Taiwan Stock Exchange Corporation	3
		Corporate Governance Development Trends	3
		Case Studies on Fraud in Corporate Financial Statements	3
		Case Studies of Recent Contests for Corporate Control: Strategies for Equity, Board of Directors, and Shareholders' Meetings	3
Tseng, Ping-Joung	Director	Development Trends of Corporate Governance	3
		Establishment and Case Analyses of Breach of Trust or Special Breach of Trust Offenses of Directors and Supervisors	3
Wang, Mu-Fan	Independent Director	Corporate Governance Development Trends	3
		Audit Committee Advanced Case Studies - The Road to 3.0	3
Huang, Chih-Chen	Independent Director	Development Trends of Corporate Governance	3
		Educational seminar for insiders	3
		Regulations and Operations of the Audit Committee	3
		Non-Arm's Length Transactions	3
Yeh, Chien-Wei	Independent Director	Development Trends of Corporate Governance	3
		Educational seminar for insiders	3
		Regulations and Operations of the Audit Committee	3
		Red Flags: Fraudulent Financial Reporting	3



Board Performance Evaluation

To strengthen the operational efficiency of the Board of Directors and implement corporate governance, Delpha Construction has formulated the “Board Performance Evaluation Procedures”. The evaluation is conducted at the end of each year. The process includes internal self-evaluation by the Board of Directors, self-evaluation by board members, and performance evaluation by experts or other appropriate methods.

In the self-evaluation method, the executive unit collects relevant information on board activities, and distributes the “Self-Evaluation Questionnaire on the Performance of the Board of Directors”, “Self-Evaluation Questionnaire on the Performance of the Director”, “Self-Evaluation Questionnaire on the Performance of the Audit Committee”, and “Self-Evaluation Questionnaire on the Performance of the Remuneration Committee”. After the data is collected, the evaluation result report will be recorded and indexed to be sent to the Board of Directors for review and improvement.

Board performance evaluation	Self-evaluation of the performance of Directors	Performance evaluation of functional committees	
		Audit Committee	Remuneration Committee
<ul style="list-style-type: none"> • Level of participation in the Company's operations • Improvement of the quality of the Board of Directors' decision making • Board composition and structure • Election and continuing education of Directors • Internal control 	<ul style="list-style-type: none"> • Familiarity with the goals and missions of the Company • Awareness of the duties of Directors • Level of participation in the Company's operations • Management of internal relations and communication • Directors' professional and continuing education and training • Internal control 	<ul style="list-style-type: none"> • Level of participation in the Company's operations • Understanding of duties of the Audit Committee • Improvement of the quality of the Audit Committee' decision making • Composition of the Audit Committee and selection of committee members • Internal control 	<ul style="list-style-type: none"> • Level of participation in the Company's operations • Understanding of duties of the Remuneration Committee • Improvement of the quality of the Remuneration Committee' decision making • Composition of the Remuneration Committee and selection of Remuneration Committee • Internal control
25 Evaluation indicators	20 Evaluation indicators	20 Evaluation indicators	25 Evaluation indicators

3.1.2 Audit Committee

Delpha Construction established an Audit Committee on May 31, 2017. It consists of all three independent directors, and term of office is the same as that of the current directors and are subject to re-election. The Audit Committee holds at least one meeting every quarter. In order to perform its duties, it has the right to conduct any appropriate audits and investigations in accordance with its organizational rules, and has direct communication channels with internal audit supervisors, certified accountants and all employees. The audit committee aims to assist the Board of Directors in supervising the quality and integrity of Delpha Construction's implementation of accounting, auditing, financial reporting processes and financial control. The Audit Committee's considerations include: financial statements, internal control systems, major assets or derivatives commodity transactions, major asset transactions, related party transactions, raising or issuing securities, assessing the independence of certified public accountants, and appointing and dismissing financial, accounting or internal audit supervisors, among others.

3.1.3 Remuneration Committee

Delpha Construction set up the Remuneration Committee in December, 2011. And the Committee should exercise the duty of care of a good faith manager to faithfully perform the following power and duties, and submit proposals to the Board meeting for discussion:

1. Establish and regularly review the policy, system, standards and structure of the salaries and remuneration for the Company's directors and managerial officers.
2. Evaluate on a regular basis the remuneration of the Company's directors and managerial officers.

The Remuneration Committee is composed of three independent directors, with sufficient investment planning and evaluation, operation and management practices, industry experience, financial and legal expertise, and are expected to uphold objectivity and professionalism.

Remuneration Committee	Term	2020 Remuneration Committee Meetings	Title	Name	Number of Attendance	Attendance (%)
Former	2017/5/31 to 2020/6/22	2	Independent Director	Tseng, Ping-Joung	2	100%
				Chang, Chang-Ter	2	100%
				Jhan, Zong-Ren	1	50%
Current	2020/6/23 to 2023/6/22	3	Independent Director	Wang, Mu-Fan	3	100%
				Yeh, Chien-Wei	3	100%
				Huang, Chih-Chen	3	100%

For the remuneration status of the highest governance unit and senior management, please refer to the 2020 annual report (pages 51-52): the remuneration of directors and independent directors; the remuneration of the general manager and deputy general managers; the remuneration of Delpha Construction's top five top executives; analysis of the remuneration of the directors, general manager and deputy general managers.

3.1.4 Corporate Governance Office

The Corporate Governance Office was established by the resolution of the Board of Directors on March 30, 2021. Core responsibilities include coordinating corporate governance affairs and the implementation of corporate social responsibility related businesses (please refer to 2.1 Corporate Social Responsibility Implementation Chapter of this report (page 5)). The office should effectively collect and track corporate governance related indicators, and oversee the corporate governance progress. Handle meetings related to the Audit Committee, Remuneration Committee, Board of Directors and Shareholders Meeting related matters to assist the Board of Directors in compliance with laws and regulations, appointment, and continuous education.

Through communication with stakeholders, project promotion, implementation of management systems and management policies, meetings are held when necessary to strengthen the communication mechanism between various departments, and mobilize internal and external resources, carry out project planning and management when necessary, and continuously review the implementation results, revise and improve, report to the Board of Directors from time to time, review the effectiveness of operations, and hope to achieve the goal of co-prosperity with all stakeholders, the environment, and society.

3.2 Business Operations

Unit: Thousand NTD

Year	Sales Revenue	Rental Income	Total
2018	1,204,953	7,168	1,212,121
2019	2,000	8,170	10,170
2020	78,804	8,573	87,377

Source: Company 2019, 2020 Annual Reports: Sales of the last two years.

2021 Construction site: Central One



Central One



Groundbreaking ceremony

Composition	Detail	2016	2017	2018	2019	2020
Direct Economic Value Generated		2,376,451	88,695	1,224,527	19,394	92,234
Income	Operating Income	2,349,058	61,677	1,204,953	2,000	78,804
	Interest / Dividend / Rental Income	18,728	19,470	12,406	9,224	4,857
	Other Income	8,665	7,548	7,168	8,170	8,573
Direct Economic Value Distributed		1,791,665	188,026	1,195,711	103,384	135,630
Operating Cost	Cost from Operating Activities	1,621,671	57,823	1,014,068	1,905	61,950
Remuneration & Benefits	Salary, Bonus, Allowances and Perks	74,389	71,117	53,217	51,014	54,022
Capital Expenses	Interest Expenses	30,234	38,755	30,803	22,690	18,300
	Dividend Expenses (Note3)	5,564	14,565	81,225	27,075	0
Government Expenses	Taxation (excluding deferred tax)	59,207	5,363	14,598	0	1,008
Community Investment	Donations, Sponsorships, Investments	600	403	1,800	700	350
Economic Value Retained (Direct Economic Value Generated - Direct Economic Value Distributed)		584,786	(99,331)	28,816	(83,990)	(43,396)

Note3: The dividend payment amount listed in this table is paid after being approved by the shareholders' meeting of the next year.

3.3 Risk Management

Delpha Construction upholds its corporate vision and long-term sustainability responsibilities to the industry and society, establishes related methods such as operating cycle control operations, integrates and manages various strategies, operations, and finances that may affect operations and profitability, in response to potential sustainability risks, and establishes relevant countermeasures.

Delpha Construction has actively promoted and implemented risk management mechanism since 2020. The general manager is responsible for overall risk management work and reports to the Board of Directors once a year. The main operating statuses are as follows:

Established a data collection form in 2020, and each unit will complete the risk assessment and identification of business activities based on their duties, and formulate countermeasures based on various risks to reduce the impact on Delpha Construction.

Delpha Construction established a complete accounting system, internal control system, risk control mechanism, established and strictly implemented standard operating procedures in accordance with relevant laws and regulations such as “Regulations Governing the Establishment of Internal Control Systems by Public Companies” to prevent dishonest behaviour and reduce risks.

To strengthen corporate governance and improve risk management operations to reasonably ensure the sustainable operation and development, Delpha Construction plans to formulate the “Risk Management Code” in the fourth quarter of 2021; through risk assessment and identification, confirmation, and formulation of measures, regular checks, in order to effectively implement risk management.

In the internal management of the organization, the audit unit implements the internal control mechanism as a gatekeeper, which is supervised by independent directors; risks caused by external factors rely on professional departments, director functions or external experts to assist in the evaluation, and plan with relevant departments for strategies and countermeasures.

3.3.1 Internal Control System

In 2020, there were no cases for penalties, violations, major deficiencies, and no reports for violations of the internal control system by Delpha Construction and its internal personnel, and there have no illegal activities.

Board of Directors:

- The highest unit responsible for approving, reviewing, and supervising Delpha Construction's risk management policies, with the goal of complying with laws and regulations, ensuring the effectiveness of risk management, and promoting and implementing overall risk management.

Internal Audit Unit:

- Directly subordinate to the Board of Directors, and the chairman of the board will manage the internal full-time auditors.
- The appointment and removal of the head of internal audit is approved by the Audit Committee and determined by the Board of Directors.
- The appointment, dismissal, evaluation, salary and remuneration of internal auditors are in accordance with the provisions of Article 3, Item 5 of the "Corporate Governance Code of Conduct" of Delpha Construction, and the audit supervisor shall sign submit to the chairman of the board for approval.

Operation of internal audit:

- Annually, the audit unit draws up the audit plan for the following year, and submits it to the Board of Directors for approval and implementation. The audit unit audits the internal control operations and compliance with laws and regulations of various operations. After the audit, the report is submitted to the Board of Directors for approval, and regularly reported to the Board of Directors.
- Conduct audits on all business facets and processes. The Board of Directors and management will review the results of self-inspection of various departments and the audit reports of the audit office from time to time.
- Missing and abnormal events will be tracked quarterly until improvement.

Self-assessment of internal control system:

- Held once a year, covering the design and implementation of various internal control systems. The internal units and subsidiaries will conduct self-assessment, followed by the review of self-assessment reports by the internal audit unit. The improvement of internal control deficiencies and abnormal events is used as the main basis for the Board of Directors and general manager to evaluate the effectiveness of the overall internal control system and to issue an internal control system statement.

(For the internal audit organization and operation method, please refer to the internal audit of the corporate governance section of Delpha Construction website <http://www.delpha.com.tw/tw/doc/p01.aspx?kind=3>)

3.3.2 Risk identification

Risk Type	Potential Risks	Risk Management & Actions
Financial Risks	Foreign Exchange Risks	<ul style="list-style-type: none"> Grasp the foreign exchange market trends, conduct financial operations, and avoid exchange rate risks in a timely manner. Review and adjust the ratio of foreign currency assets in a timely manner. Foreign currency funds required for overseas long-term investment are supported by long-term foreign currency loans of equivalent value and the same currency to achieve the effect of hedging.
	Bad Debt Risks	<ul style="list-style-type: none"> Collect customer and industry information, carefully evaluate customers and negotiate transaction conditions. Pay attention to customers who have overdue accounts and include them in the review meetings of each business department every month for follow-up.
	Tax Risks	<ul style="list-style-type: none"> Adhere to tax-related regulations and be aware of changes in tax laws and regulations.
	Investment Risks	<ul style="list-style-type: none"> Delpha Construction's various investors follow the "Procedures for Acquisition or Disposal of Assets" and implement them after careful evaluation. The relevant funds lending to others and back guarantees follows the "Operation Procedures for Lending Capital to Others", "Procedures for Securities Investment" and "Procedures for Endorsements and Guarantees". Transactions of other derivative financial products will also be handled in accordance with the asset acquisition or disposal procedures established by Delpha Construction.
Operation Strategy Risks	Increased Operating Costs	<ul style="list-style-type: none"> Negotiate with suppliers to reduce procurement costs. There is a "financing operation management method" to properly evaluate each loan and control operating costs.
	Suppliers' Risks	<ul style="list-style-type: none"> Implement supplier control procedures and establish a high-quality, effective supply chain.
	Labor Safety	<ul style="list-style-type: none"> Implement safety training and emergency response drills. Establish pre-emptive risk detection and analysis. Develop equipment warranty and inspection procedures to reduce equipment failures and improper operations by personnel.
	Litigations and non-litigation Events	<ul style="list-style-type: none"> Employ professional lawyers as the Delpha Construction's legal office manager and corporate governance supervisor, while hiring external lawyers as legal advisers to conduct a complete analysis and evaluation of Delpha Construction's legal issues and make judgments that are most beneficial to Delpha Construction. <p>At present, Delpha Construction has a litigation case, related to price refunds. The case is currently pending trial in the Taiwan Civil High Court.</p>
Environmental and Health and Safety Risks	Market Change Risks	<ul style="list-style-type: none"> Delpha Construction is committed to conform to amendments to corporate governance and company laws and regulations by the relevant authorities. Improve production technology and management capabilities by actively develop products with high value; strengthening the understanding of industry supply, demand and market price fluctuations. Strengthening business characteristics in response to the aforementioned, and strive for suppliers and customers diversification.
	Policy and Legal Risks	<ul style="list-style-type: none"> In line with laws and regulations related to environmental protection, Delpha Construction cooperates with the revisions of relevant operating procedures to comply with the latest environmental policies.

Risk Type	Potential Risks	Risk Management & Actions
Risks of Environmental, Health and Safety	Extreme Climate Change	<ul style="list-style-type: none"> • Pay close attention to regulatory information and supervise and ensure the legality of construction site operations. • Strengthen self-inspection and external audit operations. • Set energy reduction goals. • Promote carbon reduction projects. • Recycling and reuse of process raw materials.
	Information Systems Malfunctions	<ul style="list-style-type: none"> • Develop a unified information operation process to standardize the operation procedure. • Strengthen disaster prevention, monitoring, notification mechanism, abnormal management, and backup mechanism. • Implement training and practice drills from time to time.
Risks of Information Systems	Data Security	<ul style="list-style-type: none"> • Carry out data security education and training from time to time and instill personnel data security concepts. • Timely network monitoring and irregular data security check. • Establish necessary protection mechanisms.
	Risks of Violation	<ul style="list-style-type: none"> • Establish a contract and external document review mechanism. • Immediately release the latest amendments to relevant laws and regulations and corresponding measures.
Legal Risks	Risks of Improper Employee Transactions	<ul style="list-style-type: none"> • Formulate the “Ethical Corporate Management Best Practice Principles” and establish a corporate culture of integrity management. • Regularly and irregularly hold business education and training and implementations.
	Risks of Personal Information Breach	<ul style="list-style-type: none"> • Formulate “Personal Information Protection Management Measures” and “Personal Information Protection Management Policies” to implement the protection and management of personal data.

3.3.3 Extreme Climate Change

The topic of global climate change is becoming increasingly important; extreme climate, natural disasters, energy crisis and low-carbon economic transition all bring about various risks and opportunities. With the increasing awareness of corporate social responsibility of customers and investors, the importance of environmentally friendly construction methods and how companies respond to environmental, social and governance risks have also increased.

In order to effectively manage climate change risk issues, Delpha Construction formulated the “Corporate Social Responsibility Code of Conduct”, followed environmental regulations and related international standards, appropriately protected the natural environment, and committed to improving efficient use of resources and renewable materials that have low impact on the environment; to enable the sustainable use of resources and commitment to achieve environmental sustainability.

Delpha Construction understands the material risks brought about by climate change. In terms of climate change response strategies, it formulates, identifies, evaluates, and executes response action plans for climate-change-related actions; identifies possible risks and their management practices and analyzes them. Based on the results of the assessment, a corresponding adjustment action plan is formulated to enhance the ability to adapt and mitigate the impact of climate change.

3.3.4 Information Security

With the rapid development of technology, the internet has become an indispensable tool for contemporary economic activities. The protection of information security and the risk of data breaches are more important to enterprises than ever before. Delpha Construction's protection of information security is no exception, establishing information security mechanisms guarantees the confidentiality, availability and integrity of the digital planning and data processing of Delpha Construction's operations. Delpha Construction formulates information security policies to mitigate events where information security risks or emergencies may occur and ensure that Delpha Construction has the procedures and capabilities to ensure the timely resumption of normal business operations.

Number of Information Security Incidents in 2020: 0

01 System Policies:

Internally formulated "Information Management Regulations" to standardize Delpha Construction's information operation environment and personnel information security and update it from time to time in accordance with regulatory compliance and changes in the operating environment.

Management System

02 Software and Hardware Maintenance

Promote various application systems, assist computer-related automation operations, promote the full and effective use of computer software and hardware by various departments, and establish various information security protection measures to enhance the security of the overall information environment.

03 Personnel Training

In order to implement personnel information security, the professional functions of information personnel are improved through external education and training from time to time, and business-related information security promotion videos or notices reminding briefings are also announced in the internal systems, so as to improve awareness and resilience of information security for all employees.

Management Measures

Topic	Corresponding Measures
Computer System Security Management	<ul style="list-style-type: none"> • Set up a firewall to block external network attacks. • Distribute virus code to reduce the chance of virus infection. • Hourly server backups and stored regularly in remote locations.
Network Security Management	<ul style="list-style-type: none"> • The system automatically detects viruses and scans embedded information to control email security. • Remote-connection facility reports.
Physical and Security Environment Management	<ul style="list-style-type: none"> • Monitor the temperature of the computer and equipment room, and deal with abnormality immediately. • Integration of fire-fighting facilities and security in the server room to reduce damage.
Information/System Access Control Management	<ul style="list-style-type: none"> • Control the data storage permissions of each department.
Personal Information Management	<ul style="list-style-type: none"> • Supplier contracts include confidentiality clauses to regulate the responsibility of keeping personal information and confidential information. • The hard-copy contract will be destroyed by the dedicated personnel after the storage period.

Note4: Delpha Construction has not yet purchased information security insurance, and will implement it in accordance with laws and regulations in the future.

3.3.5 Tax Management

Tax Policy

In response to the international trend of tax governance, Delpha Construction adheres to the principle of high tax compliance to implement sustainable corporate development and enhance shareholder value. Delpha Construction's Board of Directors is the highest decision-making unit of Delpha Construction's tax risk management mechanism, and Delpha Construction should comply with all applicable tax laws and obligations in its jurisdiction. The financial and accounting department is the tax management unit and reports to the Board of Directors from time to time, ensuring the effective operation of the tax management mechanism.

Legal Compliance

Comply with all relevant tax laws and regulations in the locations where Delpha Construction and its subsidiaries operate, accurate calculation, declaration, and timely payment of tax. Fully understand the tax regulations of the operating locale, and consider both the literal meaning and the legislative purpose when interpreting the tax regulations. Through education and training, continually strengthen the professional ability of tax personnel and improve their professional quality, and cultivate professional tax personnel.

Tax Governance and Risk Management

Delpha Construction takes a proactive stance on tax risks; for risk management, Delpha Construction has established a tax risk control mechanism, carefully assessed the location of operations and changes in international tax laws, and adopted appropriate responses and strategic adjustments. Delpha Construction's decisions of importance all consider tax risks and impacts as a prerequisite.

Tax information is reviewed by a certified accountant, and relevant tax issues are discussed with the certified accountant in a timely manner. Tax information is disclosed regularly and publicly to ensure information transparency.

Tax Planning and Risk Tolerance

Tax planning should be legal and should not establish a tax structure intended to avoid taxes. Tax planning should have a reasonable commercial purpose, and should not engage in transactions without commercial substance. Cooperation with blacklisted parties or tax havens (countries with low tax rates) for tax avoidance.

Due to the scale of business, the complexity of tax regulations and compliance obligations, and the uncertainty of tax risk; Delpha Construction can accept a low degree of tax risk. For issues raising a significant uncertainty and high complexity of tax risk, Delpha Construction will consult external professional tax consultants in due course to avoid unnecessary tax disputes.

Taxation Authority

Maintain open, cooperative, transparent, and honest communication with the taxation authorities in each place of operation. For new tax matters and complicated tax situations, timely communicate, discuss, negotiate, or apply written explanations with the authorities in an appropriate manner.

3.4 Ethics and Integrity Management

Delpha Construction attaches great importance to integrity. Board of Directors and management strive to internalize “Corporate Integrity” as a corporate culture, and are expected to implement the concept of corporate integrity management, abide by laws and regulations, and ethical standards. The Corporate Governance Office, Legal Office and Financial and Accounting Department serves as the integrity management promotion team responsible for promoting the operation of corporate integrity management. In addition to complying with Delpha Construction Law, Securities Exchange Law, Commercial Accounting Law and other rules and regulations, and adhering to the corporate culture spirit of “cultivating space and caring for the earth”, Delpha Construction has formulated and implemented various ethical standards with the business philosophy of integrity, fairness, transparency, self-discipline and responsibility policies, establish good corporate governance and risk control mechanisms, and seek the sustainable development of Delpha Construction.

The corporate governance-related principles formulated by Delpha Construction in recent years are as follows:

Principle	Year Formulated	Goal
Corporate Governance Code of Conduct	2017	Establish a sound corporate governance system for Delpha Construction.
Ethical Corporate Management Best Practice Principles	2021	The implementation of the corporate culture and policy of integrity management has enabled Delpha Construction to operate continuously.
Corporate Social Responsibility Code of Conduct	2021	Implement corporate social responsibility and promote economic, environmental and social progress and sustainable development.

Delpha Construction's "Ethical Corporate Management Best Practice Principles" requires directors, managers and all colleagues to act in compliance with ethical standards, and no fraudulent intentions or deceptive behaviors are allowed; it is strictly forbidden to use Company property, non-public information or use positions held to obtain improper benefits for themselves (or relatives); to ensure that employees are free from fraud, misconduct, leaks or misrepresentations, and require employees not to accept entertainment and financial gifts by manufacturers. Confidentiality is an obligation for all employees regarding customer information handled and obtained during the course of operation.

- Delpha Construction has established the "Operation Procedures for the Processing of Material Information" and the "Operation Procedures for Prevention of Insider Trading", which prohibits Company insiders from using undisclosed information on the market to buy and sell securities to protect the rights and interests of shareholders and the general public.
- In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", Delpha Construction proactively formulates relevant internal operating standards and operating procedures, adheres to integrity governance as the highest standard, supervises employees' anti-corruption and integrity principles, and actively educates internal employees to report through whistleblowing channels, employee complaint mailboxes, etc. An annual assessment is conducted every year for all levels of management, and integrity is included in the assessment of senior executives.
- Employees of Delpha Construction shall strictly abide by relevant measures such as operation cycle control operations, take the initiative to report ethical concerns such as conflicts of interest, and execute non-compete clauses to prevent conflicts of interest.
- Conduct integrity investigations on stakeholders such as customers, suppliers, etc., to avoid dishonest behaviors that would harm Delpha Construction's rights and interests, with aims for all stakeholders' understanding and respect of Delpha Construction's integrity management and ethical behavior standards.

3.4.1 Whistleblowing Mechanism

In addition to proactively adopting preventive measures to prevent illegalities, Delpha Construction has also formulated "Employee Opinion Box Implementation Policy and Principles", "Workplace Sexual Harassment Prevention Measures, Complaints and Punishment Methods", and has established employee complaint channels and sexual harassment complaint mechanisms. Complaint channels are available for employees to report any illegal or improper behavior and have relevant disciplinary regulations and appeal procedures for those in violation of integrity.

The reporting process is as follows:

1. Employee Suggestion Mailbox

Named, and try to detail the facts and suggestions, or the person, event, time, place, and object of the reported incident, so as to facilitate the effective follow-up of the proposal and comments; anonymous black letters or malicious personal attacks will not be responded to by Delpha Construction, in order to foster the employee suggestion box as an effective communication channel.

2. Incident Handling

The General Manager will handle reports personally, make an appropriate response, and ensure confidentiality of reporting employees confidential; if a constructive proposal for Delpha Construction's operation and management issues is submitted, and Delpha Construction has adopted it and is effective, it will be given appropriate rewards and credit after obtaining the consent of the proponent. If the proposer has concerns and does not want to disclose it, Delpha Construction will respect the decision.

Delpha Construction has also set up an independent whistleblower mailbox (service@delpha.com.tw) which is also disclosed on Delpha Construction's website (Note 5) for comments by interested parties. The Audit Office is a dedicated unit responsible for and supervising the implementation of related matters and accepting submissions. In addition, to protect the whistleblower, the complaint will be handled confidentially throughout the entire process. The dedicated unit will collect all the whistleblowing incidents, their handling methods and follow-up review and improvement measures, and report to the Board of Directors according to the situation. For 2021, up until the publication of this report, Delpha Construction has not receive any reports of illegalities.

Note 5: Company website http://www.delpha.com.tw/tw/about/p10_2.aspx/

3.4.2 Legal Compliance

Delpha Construction adamantly believes that compliance with laws and regulations is the most fundamental cornerstone of sustainable operation. Through continuous tracking of laws and regulations, Delpha Construction evaluates the potential risks and impacts of changes in laws and regulations, and according to the results, check whether Delpha Construction has corresponding internal regulations to ensure that relevant policies and regulations are appropriate and adequate.

The management of Delpha Construction reports to the Board of Directors and the Audit Committee on matters related to professional ethics and regulatory compliance from time to time, and is responsible for supervising the implementation of professional ethics, investigation and punishment of reported cases.

In order to enhance employees' understanding of ethics and compliance with laws and regulations, Delpha Construction provides various training courses in various forms according to their business responsibilities, such as meetings promoting of key laws, etc. Relevant materials are disseminated through announcements, Company internal webpages, internal company emails; to provide guidelines for compliance with laws and regulations, so that employees can always obtain new knowledge of laws and regulations.

In 2021, Delpha Construction will continue to promote issues such as integrity management, insider trading, intellectual property, personal asset protection, contract formulation and civil, criminal law or other related laws and regulations, and launch a various education and training sessions from time to time. Through diligently cultivating employees' knowledge to achieve the goal of sustainable operation.

Regarding penalties, Delpha Construction adheres to the laws and regulations to complete the improvement in the shortest time. Delpha Construction further examines the root cause of the problem vertically with aims to provide a solution from the source; conduct horizontal inspections to prevent the same mistake from recurring; provide information to each relevant party to communicate with each other.

No litigation involving any anti-competitive behavior, anti-trust and monopoly laws and regulations has occurred this year.

3.4.3 Anti-Corruption

Delpha Construction's anti-corruption risk assessment method is based on "Ethical Corporate Management". Based on this, it builds an anti-corruption risk assessment system, formulates various business operating procedures and regulations, and requires all employees to fully comply with and implement them. Delpha Construction has employees in all departments carry out semi-annual self-assessment and review, established effective internal and external complaint channels; to detect abnormalities as soon as possible to effectively prevent the occurrence of corruption.

Delpha Construction adopts a zero-tolerance policy for corruption, and does not allow any bribery, fraud, extortion, abuse, misappropriation of Company assets or sacrifice of Company interests in exchange for personal or other people's interests.

From top to bottom, the management lead by example. Internally, Delpha Construction continues to deepen the corporate culture of "Ethical Corporate Management" through the complete education, training and promotion of employees; externally, we work with suppliers to implement the integrity, work towards betterment of the industry, and strive to be a trustworthy partner for stakeholders.

No corruption incidents and other related incidents occurred this year.



4. Employee Relations

4.1 Demographics

Delpha Construction (Including Subsidiaries)		Employee Composition: Gender / Age			
Year	2020		2021 (as of 6/30)		
Gender	Male	Female	Male	Female	
Age < 30	1	2	6	2	
Age 30-50	3	8	12	9	
Age > 50	12	6	12	6	
Total	16	16	30	17	
M:F Ratio	1	1	1.76	1	

Calculation basis: 2020 Delpha Construction and Huachien Development, 2021 includes in addition Huajian Construction. Among the above-mentioned employees, 2 are temporary employees in 2020, and 2 are temporary employees in 2021.

New Employees and Employee Exits

Based on the number of 32 employees of Delpha Construction (including subsidiaries) in 2020, the turnover rate is 25%, excluding retired employees, the turnover rate is 18.75%.

	New Employees		Exited Employees	
	Male	Female	Male	Female
Gender				
Count	5	3	7	2
Age				
20-29	1	2	0	1
30-39	2	1	1	0
40-49	1	0	2	0
50-59	1	0	2	1
60+	0	0	2	0
Total New Employees	8			
Total Employee Exits			9	
Reasons for Resignation				
Other Career Plans			4	2
Retirement			3	0

Delpha Construction has a total of 5 management personnel, consisting of general managers, deputy general managers, heads of various departments and branches; of these managers, 2 are female senior executives (40% representation ratio). For further details regarding senior management, please refer to page 16 of the 2020 Delpha Construction Annual Report.

Year	2019	2020	2021 (As of 4/30)
Doctorate	-	-	-
Masters	12%	3%	14%
College	79%	91%	81%
High School	3%	3%	3%
Below High School	6%	3%	2%

Distribution of Profession Title, Delpha Construction and its Subsidiary Huachien Development:

Title	Male	Female
Vice President	1	0
Manager	2	0
Assistant Manager	5	1
Senior Officer	4	5
Senior Specialist/ Supervisor	2	1
Specialist	1	5
Assistant Specialist	0	3
Others	1	1
Total	16	16

4.2 Rights and Benefits

With recent international developments to fulfill corporate social responsibility and protect the basic human rights issues of all employees, customers and stakeholders; Delpha Construction will follow the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the United Nations Global Covenant, comply with the universal values uncovered by the International Labour Organization (ILO) and other international human rights conventions. Delpha Construction also respect internationally recognized basic human rights policies, including freedom of association, caring for disadvantaged groups, prohibiting child labor, eliminating all forms of forced labor, and eliminating employment discrimination, among others.

Delpha Construction did not experience discrimination or other related incidents in 2020.

Delpha Construction abides the domestic labor-related laws and regulations and attaches importance to the following important human rights issues:



01 Gender Equality and Diversity

1. There should not be differential treatment of language, attitude and behavior regardless of personal gender, sexual orientation, race, socioeconomic status, age, marriage, family status, language, religion, political party, nationality, appearance, facial features, physical and mental disabilities, etc.
2. Delpha Construction has established gender equality suggestion boxes and labor-management communication suggestion boxes; providing an effective and appropriate complaint mechanism to avoid conflicts, respond to situations that endanger the rights and interests of employees, and strive to create a working environment that is equal and free from discrimination and harassment.



02 Reasonable Working Conditions

In order to clearly calculate and standardize working hours, Delpha Construction has formulated a reasonable working hours management plan adhering to relevant laws and regulations and has an electronic card reader to manage the attendance of employees daily; providing salary, vacation, and leave that comply with the laws and regulations of relevant regulations.



03 Occupational Health and Safety

1. In order to provide a safe and healthy working environment, Delpha Construction organizes regular health inspections every year, to care for employees' health and safety risks. Delpha Construction also adheres to labor health and safety laws and regulations.
2. In order to promote the physical and mental health of employees, Delpha Construction currently has multiple clubs such as golf and yoga clubs, and actively promotes colleagues to join, cultivate legitimate interests, and engage in healthy leisure activities.



04 Freedom of Association

Although Delpha Construction does not have a labor union, the labor-management meeting is used as a channel for communication and discussion between the two parties, and its resolutions apply to all employees within the scope.



05 Labor-Management Negotiation

Delpha Construction pays attention to the communication between labor and management, and regularly organizes labor-management meetings to effectively solve labor-management problems through adequate communication.



06 Privacy Protection

In order to protect the privacy of customers and all interested parties, Delpha Construction's collection, processing and use of personal data comply with the requirements of domestic laws and regulations, and establish appropriate control regulations and protective measures.



07 Dedicated Responsible Unit

Currently, Delpha Construction has assigned the Corporate Governance Office as the dedicated responsible unit.

Implementation of Human Rights Procedures

Delpha Construction has established various employee complaint channels, and employees can respond to their supervisors in person as needed, or through messaging software, through the employee's complaint mailbox; enabling real-time response and solutions to issues. In addition, Delpha Construction has established a semi-annual appraisal system to allow employees to regularly review their work, performance results, or achievement of work goals. Employees can express their sentiments and any changes of values over time, review results and goals, and set goals or plans for the following year; supervisors can also regularly review employee performance through the appraisal system to achieve efficient business goals.

4.2.1 Remuneration

Delpha Construction has a Remuneration Committee with independent directors serving as members to assist in reviewing the salary policy of managers. Employee salaries cover basic salary, bonuses, allowances, remuneration, etc. The basic salary is based on rank and position, and are all in line with at least the local minimum salary regulations, and the standard starting salary is directly related to the job description, regardless of gender or age. In the past two years, the median salary of full-time employees who are not in supervisory positions in Delpha Construction is higher than that of companies in the same industry.

Year	Total Employee Salary (NTD Thousand)	Average Full-time Employees (Person)	Employee Salary Average (NTD Thousand / Person)	Employee Salary Median (NTD Thousand / Person)	Industry Competitor Median
2019	25,387	25	1,015	977	795
2020	21,520	22	978	867	846
Difference	(3,867)	(3)	(37)	(110)	51

The average salary of non-supervisors in 2020 is lower than that in 2019 due to changes in the structure of non-supervisors, as explained below.

- The calculation basis is based on non-part-time employees who have been paid for more than 6 months:
The number of resignations in 2020 is 9 people, of which 8 are non-supervisors, and only one full-time employee of the 8 newly hired employees has been paid for more than 6 months, the rest are not included in the statistics because they have been in office for less than 6 months. Excluding employees who have been employed for less than 6 months and part of their working hours, only 6 employees are included in the non-supervisor's salary, and the 6 employees have not received the full annual salary due to resignation during the year.
- Promotion of employees to supervisor positions:
In 2020, some employees will also be promoted from non-supervisory positions to supervisor positions. After being promoted to supervisor positions, they will not be included in the average salary in 2020.
- The relationship between employee seniority and salary:
Most of the employees who have resigned and those who have been promoted to the supervisory position have been with Delpha Construction longer, while the new employees are fresh graduate or grass-roots employees. There are differences in grade and salary between the two, which will lead to a lower average.

Gender Pay Equality

Gender pay distribution for Delpha Construction and all Subsidiaries				
Year	2020		2021 (as of 6/30)	
Gender	Male	Female	Male	Female
Ratio	1.31	1	1.18	1
Percentage of total salary	58%	45%	68%	32%

Calculation basis: 2020 Delpha Construction and Huachien Development, 2021 includes in addition Huajian Construction.

4.2.2 Employee Welfare Measures

Employees are an indispensable element for sustainable development. Delpha Construction provides opportunities to nurture talents, upholding the spirit of integrity, respect, tolerance, friendliness, and respect for human nature; to enhance business performance and sustainable development. Delpha Construction places great importance to policy advocacy, provides channels for employees to express their opinions, understands employees' suggestions and adopts two-way communication for negotiation, to maintain a harmonious labor-management relationship. No labor-management problems have occurred in Delpha Construction.

Employee Welfare Committee

Delpha Construction has established an employee-elected Employee Welfare Committee that all employees can participate in. Employee Welfare Committee meetings are held regularly to coordinate the handling of various employee welfare activities and welfare measures. Delpha Construction's revenue is used as the source of funding and given to the Employee Welfare Committee to manage, so that all employees can share the profitable results of operations. Aligning the growth of employees and Delpha Construction, nurturing a positive working environment, and striving for the healthy growth of employees' body and mind; to achieve the vision of aligning personal development and growth and Delpha Construction's sustainable operation. Members are regularly re-elected to ensure the welfare of groups within Delpha Construction, and to encompass diverse perspectives.

There are 7 employees in the Employee Welfare Committee, and one of them is appointed by Delpha Construction. In 2020, a total of \$307,150 has been provided for related benefits for employees.

Welfare Measures

Delpha Construction continues to provide a good working environment and implement sound welfare systems. In addition to labor insurance, national health insurance, and group insurance, Delpha Construction also focuses on the needs of employees and improving the quality of life. Every year, Delpha Construction offers renewal bonuses and year-end bonuses based on operating results. Year-end bonuses and employee bonuses align interests of the employees and Delpha Construction, resulting in co-prosperity and coexistence. Any new or revised measures related to labor-management relations are fully negotiated and communicated by both parties, so no disputes have occurred.

In addition, Delpha Construction's Articles of Incorporation (post-2021 shareholders meeting) stipulates that if Delpha Construction makes a profit during the year, no less than 0.5% and no more than 2% should be allocated for employee and directors' remuneration respectively; however, when Delpha Construction still has accumulated losses, it shall reserve the amount in advance. The abovementioned employee and directors' remuneration can be in the form of cash or stock, and subject to the Board of Directors' resolution approved by more than two-thirds of the directors in attendance, and approved by a majority, and reported to the shareholders meeting.

Employee Welfare	Laws & Regulations	Above Legal Requirements
Leave	Personal leave, injury and sick leave, marriage leave, public leave, public injury leave, maternity leave, maternity/paternity leave.	<p>Paid Leave:</p> <ol style="list-style-type: none"> Employees of 2 year from the date of employment are entitled to a 7-day holiday. Paid leave is accumulated on a daily basis, and if the accumulated daily leave is less than 3 days at the end of the year, the three days will be made up on the year the employees reach 6 months with Delpha Construction. <p>Paid injury and sick leave: Delpha Construction offers superior benefits as they are no relevant regulations regarding paid injury and sick leave.</p> <p>Bereavement leave: In addition to conforming to laws and regulations, expand bereavement leave in include uncles.</p>
Health Examination		<p>Employees undergo a health check once a year. 7 employees have undertaken the check this year.</p>
Gifts, Subsidies		<p>Weddings Delpha Construction: > 1 year tenure: NT\$ 13,200, and NT\$ 7,200 for less than 1 year tenure. Employee Welfare Committee: NT\$ 6,000 for own marriage, NT\$ 3,600 for offsprings'</p> <p>Birth Gifts Delpha Construction: NT\$ 6,000 Employee Welfare Committee: NT\$ 2,000 to either parent.</p> <p>Birthdays Employee Welfare Committee: >1 year tenure: NT\$ 2,000 per person 26 recipients of the birthday bonus this year.</p>
Bereavement Allowance		<p>Funeral Ceremony Delpha Construction: Those who meet the 8-day requirements: NT\$ 11,000; those who meet the 6-day requirements: NT\$ 7,000. Employee Welfare Committee: 1. Employee: NT\$ 10,000 2. Spouse: NT\$ 5,000 3. Parents / Children: NT\$ 5,000 4. Grandparents, Grandchildren: NT\$ 3,000 4 and 2 bereavement allowances have been handed out by Delpha Construction and the Employee Welfare Committee respectively this year.</p> <p>Hospitalization Employee Welfare Committee: Employees who are hospitalized for more than 3 days receive NT\$ 3,600 per person.</p>
Three-holiday bonus		<p>Year-end bonus, Dragon Boat Festival bonus, Mid-Autumn Festival bonus:</p> <ol style="list-style-type: none"> Year-end bonus recipients: 31 employees. Dragon Boat Festival bonus recipients: 24 employees. Mid-Autumn Festival bonus recipients: 28 employees.
Preferential Measures for the Purchase of Houses for Employees' Own Use		<p>Employees with Delpha Construction for more than three years and meet the purchase conditions are eligible for preferential house purchase.</p>

Employee Welfare	Laws & Regulations	Above Legal Requirements
Labor Insurance	According to the "Labor Insurance Regulations", for workers who are 15 years of age or older and 65 years of age or older, and are employed by a company with more than 5 people, employers should set up an "insurance unit" to help each employee insure labor insurance.	
Health Insurance	Employers must set up an insurance unit to insure their employees and pay 60% of their employees' premiums.	

Parental Leave

Delpha Construction grants parental leave in accordance with the "Act of Gender Equality in Employment". During 2020, no employees had taken parental leave.

Retirement System and Implementation

In conforming to relevant government regulations, Delpha Construction implement the new labor retirement system on July 1, 2005, with a focus on "individual labor pension accounts", supplemented by "annuity insurance"; 6% of monthly wages are allocated towards labor retirement pensions, and deposited in individual labor pension account established by the Bureau of Labor Insurance. Employees have ownership of the account, and also can voluntarily contribute an additional 6% of their monthly wage to their pension.

Workers who have reached the age of 60 can apply for a pension, those who have worked for more than 15 years can apply for a monthly pension, and those who have worked for less than 15 years should apply for a one-time pension.

Employees who were employed before June 30, 2005 can still choose to adopt the legacy pension system. The legacy system adopts a definite payment system, and the employer deposits 2% to 15% of the employee's monthly wages as the basis for the allocation. A special account is under the Institutional Labor Retirement Reserve Supervision Committee is deposited with Bank of Taiwan.

In the legacy system, the working years are limited to the same institution, and the working years are recalculated if they resign or take up a new job due to resignation or the closure of the institution or business. Workers must have worked in the same institution for more than 15 years and be at least 55 years of age or have worked in the same institution for more than 25 years in order to retire. The pension should be claimed in one lump sum.

Minimum Notice Period for Operational Changes

Regarding the shortest notice period for work changes, Delpha Construction, in accordance with the Labor Standards Act, shall notify the worker in advance of the date of termination of the labor contract according to the worker's years of employment when terminating the labor contract. Those who continue to work for more than three months and less than one year shall be given ten days' notice; those who have continued to work for more than one year, but less than three years shall be announced given 20 days' notice; and those who have continued to work for more than three years shall be given more than 30 days' notice.

4.3 Training & Development

4.3.1 Employee Development

In 2020, there was 180 hours of education and training. The overall average training hours per person is 5.63 hours. The total training cost is \$32,250.

Gender	Male	Female
Persons	4	13
Training Hours	29	151

Corporate Governance and Internal Audit

1. Regulator's policy analysis and internal control management practices "Assisting companies to improve their own financial reporting capabilities" (Financial Supervisory Commission).
2. The essentials of internal audit in compliance with laws and regulations (Internal Audit Association of the Republic of China).
3. Corporate Governance Development Trends (PwC Legal).
4. Analysis of the latest corporate governance policies and the establishment of corporate governance personnel legal audit compliance (Accounting Research and Development Foundation).

Financial Accounting

1. 2020 CTBC Stock Affairs Law Briefing Session (CTBC Bank Co., Ltd.).
2. GMIG Electronic invoice conversion service system (Goinfo).
3. 2020 Annual listed company business promotion meeting (TWSE).
4. Assisting companies to improve financial reporting capabilities on its own, policy analysis and internal control management practices (Accounting Research and Development Foundation).
5. Continuing Training Course for Accounting Supervisors of Issuers' and Exchanges (Accounting Research and Development Foundation).
6. Promotion for companies for iXBRL adoption for financial reports (TWSE).
7. Domestic promotion seminar for adoption of international financial reporting standards (TWSE).
8. Q4 2020 domestic promotion seminar for adoption of international financial reporting standards (Securities and Futures Bureau, FSC).

Land Development

1. Recent urban renewal updates, amendments to dilapidation laws, and related legal interpretations (Real Estate Development Association of Taipei).
2. Smart Business Industrial Innovation Tax Deduction Seminar (Leading Consulting Group).

Business Sales

1. AHM Housing Rental, Sales and Collection Management System (Goinfo).
2. Goinfo 2020 Annual User Conference Registration (Goinfo).

Training Topic
and Unit

Training Topic and Unit	Engineering Management
	<ol style="list-style-type: none"> 1. Recent developments in relevant building laws (Real Estate Development Association of Taipei). 2. AWM procurement contracting and construction site management system (full system) (Goinfo).
	Human Resource Management
	2020 labor conditions of the industries applicable to the annual Labor Standards Law (Labor Inspection Office in Taipei).

4.3.2 Performance Evaluation and Promotion

Delpha Construction establishes organizational management indicators and team goals, regularly measures the level of performance, understands the work situation of colleagues, and uses them as indicators for promotion, salary adjustment, employee remuneration and year-end bonuses.

The content of performance evaluation differs depending on the position and department, and all employees must be evaluated. The evaluation frequency is divided into regular and irregular evaluations.

Regular Evaluations	Irregular Evaluations
<ol style="list-style-type: none"> a. Trial Evaluation: evaluation will be conducted at the expiration of the three-month trial period, and the professional knowledge, performance, professionalism and personal ethics of employees will be reviewed. b. Formal Assessment: The assessment is conducted at the middle and the end of each year. The mid-year assessment is an assessment for promotion and salary adjustment, and selects appropriate employees for promotion and talent cultivation; the year-end assessment is for the payment of year-end bonuses, to reward employees' efforts and contributions for that year. 	<ol style="list-style-type: none"> a. Supervisor or employee transfer b. Employees apply for leave without pay c. The employee's performance is abnormal and does not meet the performance target level

Delpha Construction optimizes the performance evaluation system by adjusting the goals and strengthening the connection between work content and rights and responsibilities through performance evaluation. In the future, Delpha Construction will continue to optimize the evaluation mechanism and coverage to improve the four key points of potential evaluation: salary adjustment operations, personnel development, and promotion.

In 2020, Delpha Construction has conducted evaluations and adjustments for employees. All employees were assessed, regardless of gender or age. A total of 30 people were evaluated, of which 3 female employees were promoted to supervisor positions.

4.4 Occupational Health and Safety

Adhering to the dual goals of safety first and sustainable business development, Delpha Construction actively follows international industry trends, and strives to improve the health and safety of Delpha Construction and its employees, customers, and suppliers in the workplace.

Health and Safety Code Advocacy

Delpha Construction attaches great importance to the occupational safety of its employees. In accordance with Article 34, Paragraph 1 of the Occupational Safety and Health Act, the “Occupational Health and Safety Code of Delpha Construction Co., Ltd.” has been reported to the competent authority for approval.

All employees of Delpha Construction must abide by the code, and operate in accordance with all clauses for relevant goals, management plans, and standard operating procedures.

Delpha Construction continues to convene occupational health and safety training promotions, including fire drills, daily occupational safety promotion, etc., to encourage employees to maintain a high level of crisis awareness. Occupational safety is implemented by monthly department meetings and regular education and training, strict supervision before, during and after construction, meeting reviews, site inspections, among other measure. Knowledge, education and training of employees are upheld by, annual professional trainings, and require the site director to obtain an “Occupational Safety Card”, and receive at least 6 hours of occupational health and safety related courses and professional license training.

No work-related injuries or occupational injuries occurred in 2020.

Expected Goals

01

Legal Compliance: Compliance with occupational health and safety laws and regulations.

02

Complete Employee Participation: Established health and safety code to enable all employees to participate in accordance to prevent occupational disasters.

03

Safety Improvements: Prevent accidents, eliminate possible hazards and ensure health and safety.

04

Zero Accidents: Continuously improve the effectiveness of the occupational health and safety management system to achieve the vision of zero occupational accidents.

Implementation of the internal standard operating procedures of Delpha Construction’s occupational health and safety management system is as follows:

•Labour Health and Safety Matters

Division managers in charge of managing, directing, and supervising each Company department are responsible for implementation of the below topics:

01

Occupational disaster prevention matters.

02

Implementation of matters such as occupational health and safety management plans.

03 Regular inspections, key inspections, inspection points and other inspection and supervision related matters.

04 Conduct inspections regularly or irregularly.

05 Provide ways to improve work.

06 Draw up safe operation standards.

07 Teaching and supervising employee implementation conformity with operational safety standards.

08 Relevant safety and health management matters assigned from other employers.

•Work Safety and Hygiene Standards

For various health and safety protection equipment installed in our Delpha Construction's workplaces, machinery, and equipment in accordance with regulations, workers should observe the following:

01 Do not arbitrarily disassemble or render it ineffective.

02 If it is necessary to temporarily dismantle or lose its performance effectiveness due to work needs, it should be restored to its original state immediately after the work is completed.

03 In cases where it has been dismantled or ineffective, it shall be remedied according to responsibilities reported to the superior.

•Education Training

Delpha Construction handles the necessary health and safety educational training, on-the-job educational training in accordance with relevant rules, for the following employees:

01 Occupational health and safety supervisors.

02 Occupational health and safety management personnel.

03 Work environment monitoring personnel.

04 Construction safety assessors and process safety assessors.

- 05 High-pressure gas operation supervisors, construction operations supervisors, and hazardous operations supervisors.
- 06 Operators of dangerous machinery or equipment.
- 07 Special operations personnel.
- 08 Nursing staff of labor health service.
- 09 Emergency personnel.
- 10 General training.

Health Guidance and Management Measures

- 01 Health management: such measures as general and special health check-up management, job selection, job assignment, occupational injury and disease statistical analysis, and health risk assessment.
- 02 Health promotion: physical and mental health promotion measures such as labour health; health education and guidance; cancer screening; excessive blood sugar, blood lipid, blood pressure prevention; work stress relief; and employee assistance programs.
- 03 Assist relevant departments to deal with occupational disease prevention: strengthen occupational health and safety supervisors to visit on-site often, discover potential health hazards in the construction process, and provide on-site occupational health care consultation and other tasks.

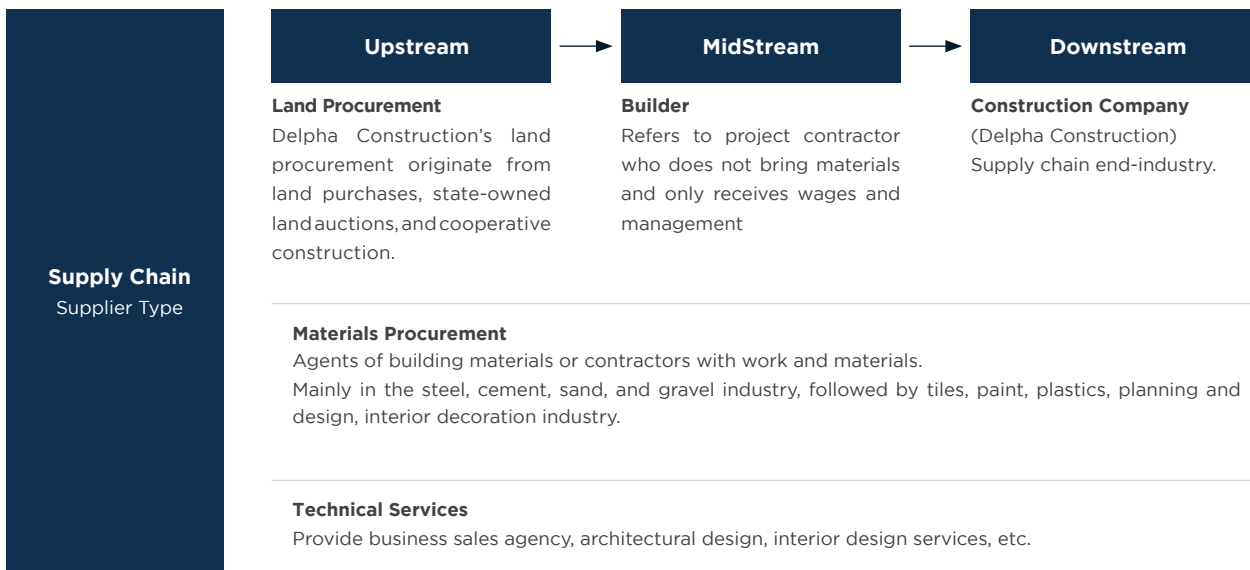
Care for Employees' Health

Delpha Construction creates a workplace with an active occupational safety culture, with attention to detail and quality, and provides diverse employee welfare activities, such as annual routine health checks and club activities, to promote employees' health and diversified growth. Delpha Construction has no occupational injuries or occupational diseases in 2020.



5. Suppliers, Products and Customers

In terms of building quality, the actual visible quality and aesthetic, as well as the key details hidden underneath that cannot be readily observed, are all achieved through Delpha Construction’s evaluation and checks of suppliers to provide customers a “Natural, Quality, Home.”



5.1 Supply Chain Management

The construction industry is a highly complex industry that requires **professional division of labor** and a **highly integrated operating team**. The operation process not only requires the integration, division and discussion of labor, but also the improvement of efficiency, quality stability, and transparency of policies, and establishment good cooperative relationship with suppliers. Supplier management is also a indispensable way to maintain a high level of project quality. In order to achieve a win-win and mutually beneficial scenario, the above two key points must be maintained.

Suppliers are indispensable in implementing Delpha Construction’s business ethics and legal compliance. Delpha Construction formulates related operating methods for supplier management, so that suppliers can understand and jointly follow and implement Delpha Construction’s ethical management standards. The core value extends to the supply chain and is displayed in business activities.

In order to maintain project quality, Delpha Construction has formulated the “EPC Project Procurement Regulations” and “Subcontracting Construction and Procurement Regulations”, and “Supplier Evaluation Form” to strictly select qualified suppliers.

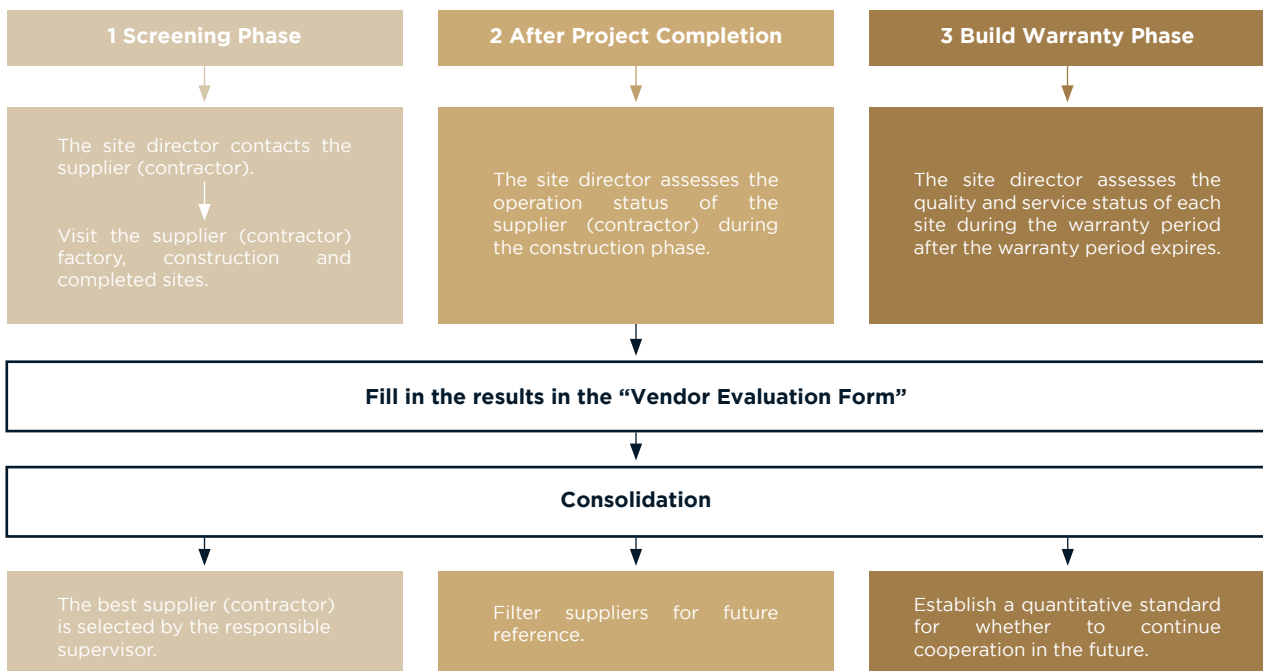
Delpha Construction adheres to the principle of local development and local supply, and actively develops local suppliers and implements local procurement. In this way, timely procurement can be achieved, the carbon emissions caused by long-distance transportation can be reduced, and local employment opportunities can be created. In view of this, Delpha Construction uses 100% Taiwan supplier products.

5.1.1 Selection of Suppliers

While pursuing the quality of construction projects and the growth of operations, Delpha Construction also regards environmental protection as the top priority. In addition to formulating a supplier selection mechanism for construction manufacturers responsible for construction operations, Delpha Construction follows Delpha Construction’s “EPC Project Procurement Regulations”. The procedures clearly stipulate the rigorous selection and screening process, from architectural design, construction, to project quality inspection; all must be strictly implemented in accordance with relevant regulations to ensure the suitability of each supplier and the efficient completion of each stage of the work schedule.

The selection criteria include: construction quality, mobilization ability, labor health and safety performance, financial ability, cooperation, past contract performance, among others; considering the above, Delpha Construction select the best supplier that best suited.

Supplier Selection Flowchart



5.1.2 2020 Annual Supplier Evaluations

Delpha Construction conducted a total of 13 supplier evaluations in 2020, and the results of the number of qualified suppliers are as follows.

Item	A	B	C	D	E
Financial Status	No dishonored checks record Good operating turnover	No dishonored checks record Normal operations	No dishonored checks record Acceptable operations	Has dishonored checks record Poor operations	Has dishonored checks record Bad operations
	6	7	0	0	0
Planning	Good sample Excellent Cooperation	Good sample Good cooperation	Good sample Room for improvement regarding cooperation	Good sample Poor cooperation	Good sample Bad cooperation
	3	8	2	0	0
Progress Control	Good efficiency Advance schedule	Good efficiency In line with schedule	Acceptable Efficiency Keeping up with schedule	Efficiency is acceptable Seldomly behind schedule	Poor efficiency Delays often
	3	9	1	0	0
Construction Quality	Good quality Above standard	Good quality On-par with standard	Good quality Needs supervision	Good quality Need regular supervision	Good quality Frequent errors
	2	9	2	0	0
Construction Cooperation	Excellent management and coordination	Great management and coordination	Good management and coordination	Acceptable management and coordination	Rough management and coordination
	2	10	1	0	0
Service Completion	No supervision needed Full cooperation	Cooperation after requests	Occasionally need to track requests	Frequently need to track requests	Unable to cooperation even after requests
	1	11	1	0	0

5.1.3 Suppliers with Green Certification

Delpha Construction's supplier: Li Kao Construction Co., Ltd.

Green Certifications

Item	Certification Name	Quantity
1	United States LEED Green Building Association Green Building Professional GA	2
2	Association of Sick Building Syndrome - Level 2 Technician	2
3	Taiwan Environmental Protection Agency - Air Quality Specialist	4

Green Certification Implementation

Item	Project	Green Certification Implementation
1	Sinotech Engineering Consultants Neihu Research Building	Assist the owner in renovation project. Obtained LEED gold certification and EEWH platinum certification.
2	Institute of Earth Sciences, Academia Sinica Refurbishment	Obtained LEED gold certification, EEWH gold certification, and ISO50001. A domestic first for the three certifications at the same time.

The above green certifications are all valid certifications in 2020.

Delpha Construction will continue to look for and select more suppliers with green certification in the future to achieve the goal of green construction.



6. Environmental Sustainability

With the rise of environmental awareness in recent years, and relevant laws and regulations, Delpha Construction actively invests various resources to improve environmental protection hardware, environmental safety professionals, and strengthen the environmental safety awareness of all employees; and to comply with laws and regulations as a basic requirement.

Delpha Construction has always required employees, suppliers, construction plants, and contractors to comply with environmental protection laws and regulations with a proactive attitude and strict standards. In 2020, there were no cases of violations of environmental laws and penalties in the prevention and pollution control.

6.1 Energy Management

Delpha Construction's 2020 new construction projects are externally contracted, and related power consumption and expenses are handled by the constructors, so they are not included in Delpha Construction's electricity consumption.

Company Power Consumption				
Year		2018	2019	2020
Power Consumption GJ (Note 6)				
Delpha Construction Office	GJ	278.93	257.33	287.33
Huachien Development Office	GJ	29.69	33.98	32.34
Own Assets	GJ	0.86	0.86	0.86
Total Consumption	GJ	309.48	292.17	320.53

Note 6: 1 kWh=3600000J = 0.0036 GJ

Year		2018	2019	2020
Power Intensity				
Delpha Construction Office (Note 7)	GJ/m ²	0.34	0.31	0.35
Huachien Development Office (Note 8)	GJ/m ²	0.18	0.21	0.20
Own Assets (Note 9)	GJ/m ²	0.002	0.002	0.002

Note 7: Delpha Construction Office Area = 817.82 m²

Note 8: Huachien Development Office Area = 162.64 m²

Note 9: Own Assets Area = 365.02 m²

Energy-saving and Carbon-reduction

Area	Implementation
Engineering Office	<ul style="list-style-type: none"> Adoption of bright design and use of natural lighting as much as possible in interior. Use green fences to reduce carbon dioxide and air pollution. Open less air-conditioning and open windows more. If air-conditioning needs to be turned on, the temperature should be controlled at 26 to 28 degrees Celsius, and the timers should be set. Send personnel to inspect the light switches of the construction site every day to reduce the waste of electricity. Set the indoor air-conditioning temperature uniformly according to the outdoor temperature of the season to reduce waste. From time to time, check the water output of the toilet and pantry sink and whether there is any water leakage. The windows are equipped with curtains for shading to save electricity for air conditioning. Water-saving toilets are used to save water consumption. Use energy-saving LED lamps for lighting. Reduce the amount of paper and printed materials used in various offices, and promote electronic and paperless measures.
Office	<ul style="list-style-type: none"> Digitize most of the documents, and use email communication between colleagues and to manufacturers and customers, reducing paper copies or official document exchanges. Promote the copying and printing of documents in double-sided printing mode or printing with waste-paper. Encourage employees to use recycled paper as much as possible. Encourage employees to implement garbage classification and resource recycling. Educate employees in correct environmental protection concepts and implementation methods.

6.2 GHG Management

Scope 1 CO ₂ Emissions (Note 10)				
Year		2018	2019	2020
Direct Emissions	kg	747	812	779
Scope 2 CO ₂ Emissions (Note 11, Note 12)				
Year		2018	2019	2020
Delpha Construction Office	kg	41,297	36,383	39,301
Huachien Development Office	kg	4,395	5,031	4,420
Own Assets	kg	128	122	118
Total Emissions	kg	45,820	41,536	43,839
GHG Intensity (Note 13)				
Scope 1	kg/m ²	0.63	0.69	0.66
Scope 2	kg/m ²	34.05	30.87	32.58

Note 10: Scope 1 consists of GHG Emissions for Delpha Construction Office and Own Asset's company vehicle usage, refrigerators, air-conditioning, and split-type air-conditioning units.

Note 11: Scope 2 consists of GHG Emissions for Delpha Construction Office, Huachien Development Office, and Own Asset's indirect GHG emissions.

Note 12: According to data provided by the Bureau of Energy, Ministry of Economic Affairs:

2018 Electricity carbon emission factor = 0.533kg CO₂/kWh.

2019 Electricity carbon emission factor = 0.509kg CO₂/kWh.

2020 Electricity carbon emission factor = 0.492kg CO₂/kWh.

Note 13: Calculated using the total area (1345.48m²) and the sum of Scope 1 and 2 emissions.

6.3 Water Management

Due to the densely populated and limited area, steep slopes, concentrated rain, and short rivers in Taiwan, most of the rainwater quickly flows into the ocean. Therefore, it is a water-scarce country and must treasure the use of water resources. Delpha Construction strives for resource control and reduction of water resource risks through precise and prudent water use and control. In terms of use, in addition to the general construction site water, water is mainly from the day-to-day usage of the office buildings, using the water bill as a basis for statistics. In 2020, the water consumption of office areas and self-owned assets will be 777 cubic meters. In the future, Delpha Construction will consider continuously reviewing water management based on water consumption and other data to improve the effectiveness of resource utilization.

Delpha Construction's 2020 new construction projects are contracted externally, and related water resources consumption and expenses are handled by the constructors, so they are not included in Delpha Construction's water consumption.

Company Water Consumption			
Year		2019 (Aug-Dec)	2020
Water Consumption (Note 14)			
Delpha Construction Office	m ³	335	715
Huachien Development Office	m ³	21	43
Own Assets	m ³	8	19
Total Consumption	m ³	364	777
Water Intensity			
Delpha Construction Office (Note 15)	m ³ /m ²	0.41	0.87
Huachien Development Office (Note 16)	m ³ /m ²	0.13	0.26
Own Assets (Note 17)	m ³ /m ²	0.02	0.05

Note 14: Dimension is 1 m³ as on water bills.

Note 15: Delpha Construction Office Area = 817.82 m²

Note 16: Huachien Development Office Area = 162.64 m²

Note 17: Own Assets Area = 365.02 m²

6.4 Waste Management

6.4.1 Generation of Waste

Delpha Construction's main source of pollution is environmental pollution generated during the construction of the building. In particular, the construction sites are mostly located in residential areas, which will inevitably have an impact on nearby residents. In order to reduce the various hazards during the construction period, Delpha Construction adopts the method of signing contracts before construction to restrict the constructors and contractors to pay attention to environmental protection to ensure that air, noise, water pollution and waste pollution can be effectively prevented; and comply with relevant environmental protection laws and regulations. During the construction period, contractors or related parties are also strongly required to cooperate with relevant pollution prevention measures. Wastes on each site are handled by professional and legal environmental protection companies, and each site has a site director who is responsible for supervising the contract. Delpha Construction manages and maintains the environment during the construction period to avoid messiness and damages; fully and reliably implement resource recycling and garbage classification, and reuse paper.

Additionally, when planning, designing, and constructing projects, Delpha Construction goes beyond regulations of safety, fire protection and other related laws and regulations, but also introduces green building design concepts for some projects that are in line with international trends. At least four indicators needs to be fulfilled to obtain the "Green Building Certifications" or "Green Building Candidate Certification including two mandatory indicators of: "day-to-day energy saving", and "water resources"; with 2 optional indicators of remaining 7 indicators. Buildings that have obtained the green building certification can guarantee the use of about 40 years in the future, and provide users with a 20% power saving, 30% water saving, reduced resource usage, and a comfortable and healthy living environment.

Some of Delpha Construction’s offerings meet the seven indicators of the Silver tier Green Building Certification (greening volume indicators, foundation water retention indicators, day-to-day energy saving indicators, carbon dioxide reduction indicators, waste reduction indicators, water resources indicators, sewage and garbage improvement indicators), highlighting Delpha Construction’s dedication to build quality, natural homes to create a healthy, comfortable and environmentally friendly living environment.

Delpha Construction’s total construction waste in 2020 is 480 m³, which is the sum of the following completed construction projects:

1. The Urban Green: 256 m³ of construction waste from March 2020 to July 2021
2. Central One: 224 m³ of construction waste from April 2020 to July 2021

In 2020, no waste was exported to foreign countries, and there were no environmental litigation and other incidents.



The Urban Green
Pavement Removal

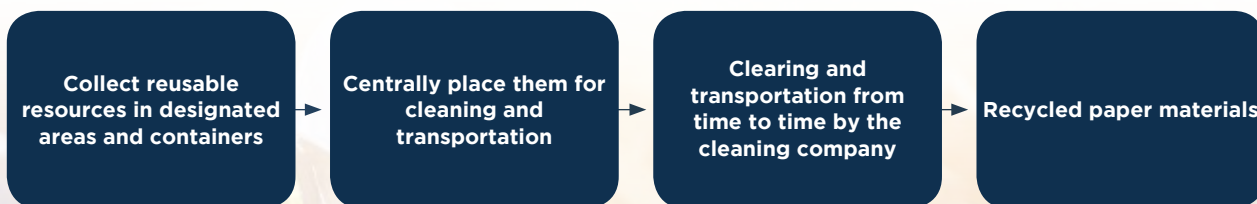


The Urban Green
Wall Protection

6.4.2 Transfer and Disposal of Waste

General Waste

Delpha Construction’s general waste such as waste paper is handled by a cleaning company after signing of a contract; the cleaning company will collect and transport it from time to time. Waste paper is mostly recycled as recycled paper. The procedures for the removal and recycling of reusable resources (such as paper) are as follows:



Construction Waste

All construction projects of Delpha Construction in 2020 were externally contracted to constructors, and strictly comply with: water pollution prevention and control law and its detailed implementations; air pollution prevention control laws; noise control laws; waste cleanup laws; and other relevant laws and regulations; to provide responsible environmental protection of sites at all times. Waste and garbage on site and surround roads should be removed in a timely manner; and any sand, gravel, waste soil or other wastes accumulated in surround drainages are required to be repaired and cleaned at any; waste soil disposal are subject to disposal plans and implementation, stating the location, route for disposal and other related information.



7. Social Coprosperity

Giving Back Socially

The achievements of a company come from the support of the society. When an enterprise is successful, what is from the society should be used in the interests of the society. Delpha Construction expects to spare no effort to contribute to the needs of the society. According to the different stages of social development, proactively invest in public welfare undertakings and contribute with the sustainable spirit of operations to increasingly benefit society, and take care of people in need.

In addition to increased profits and maximizing shareholder rights, Delpha Construction aims to set an example to also fulfill its social responsibilities through social participation, community care, etc., and connects with society so that employees, investors, customers, and the general public can include Delpha Construction as a member of society, and strive to lead by action to do right by society.

Delpha Construction's urban renewal project "The Urban Green" (Yunhe Street, Da'an District, Taipei City) is located in a quiet alley in a bustling area. The old community lacks planning or design for greening, beautification, and public facilities. Delpha Construction has stepped up to maintain the greenery and gardening in the community, increase the ecological richness of the community and establishing natural landscapes to provide a healthy and green resting environment for nearby residents.





Charity Participation

With Delpha Construction's shift towards sustainable operation in combination with the industry and aiming to achieve effective implementation of social responsibilities; Delpha Construction began with the core capabilities of the industry, and branching outwards to the society by participating in public welfare and social responsibility projects that align with our core values and mission. At the same time, Delpha Construction strongly believes that commitment to corporate social responsibility is one of the sustainable business models.

Since the founding of Delpha Construction, in addition to working hard to build upon business, Delpha Construction has maintained social responsibilities as a corporate citizen. In 2020, Delpha Construction donated NT\$50,000 to the "Hongshi Buddhist Cultural and Educational Foundation", and NT\$300,000 towards "Friends of Taipei Fire Fighters Association" to help it enrich its funds and purchase safe protection for firefighters, empower public welfare undertakings, and promote the development of society.

Appendices

GRI Standards

1. General Guidelines

GRI 102: GENERAL DISCLOSURES 2016					
Item	Standard	Core	Disclosure Topic	Page	Description
	102-1	*	Name of the organization	p.3	
	102-2	*	Activities, brands, Product and services	p.3	
	102-3	*	Location of headquarters	p.4	
	102-4	*	Location of operations	p.4	
	102-5	*	Ownership and legal form	p.4	
	102-6	*	Markets served	p.4	
Organizational Profile	102-7	*	Scale of the organization	p.16	
	102-8	*	Information on employees and other workers	p.27	
	102-9	*	Supply chain	p.39	
	102-10	*	Significant changes to the organization and its supply chain	p.11	
	102-11	*	Precautionary Principle or approach	p.18, 21	
	102-12	*	External initiatives	p.29	
	102-13	*	Membership of associations	p.4	
Strategy	102-14	*	Statement from senior decision-maker	p.2	
	102-15		Key impacts, risks, and opportunities	p.17-20	
Ethics and integrity	102-16	*	Values, principles, standards, and norms and behavior	p.15, 23-26	
	102-17		Mechanisms for advice and concerns about ethics	p.23-26	

GRI 102: GENERAL DISCLOSURES 2016

Item	Standard	Core	Disclosure Topic	Page	Description
	102-18	*	Governance structure	p.10	
	102-19		Delegating authority	p.5	
	102-20		Executive-level responsibility for economic, environmental, and social topics	p.5	
	102-21		Consulting stakeholders on economic, environmental, and social topics	p.6-9	
	102-22		Composition of the highest governance body and its committees	p.10-12	
	102-23		Chair of the highest governance body	p.12	
	102-24		Nominating and selecting the highest governance body	p.11-12	
	102-25		Conflicts of interest	p.12	
	102-26		Role of Highest governance body in setting purpose, values and strategy	p.5	
	102-27		Collective knowledge of highest governance body	p.13	
Governance	102-28		Evaluating the highest governance body's performance	p.14	
	102-29		Identifying and managing economic, environmental, and social impacts	p.6-9	
	102-30		Effectiveness of risk management processes	p.18-20	
	102-31		Review of economic, environmental, and social topics	p.6-9	
	102-32		Highest governance body's role in sustainability reporting	p.1	
	102-33		Communicating critical concerns	p.6-9	
	102-34		Nature and total number of critical concerns	p.6-9	
	102-35		Remuneration policies	p.15, 30-31	
	102-36		Process for determining remuneration	p.15, 30-31	
	102-37		Stakeholders' involvement in remuneration		No case of stakeholders' participation in the remuneration policy.
	102-38		Annual total compensation ratio	p.30	
	102-39		Percentage increase in annual total compensation ratio	p.30	



GRI 102: GENERAL DISCLOSURES 2016

Item	Standard	Core	Disclosure Topic	Page	Description
Stakeholder Engagement	102-40	*	List of stakeholder groups	p.8	
	102-41	*	Collective bargaining agreements	p.8	Although Delpha Construction does not have a labor union, the labor-management meeting is used as a channel for communication and discussion between the two parties, and its resolutions apply to all employees within the scope.
	102-42	*	Identifying and selecting stakeholders	p.8	
	102-43	*	Approach to stakeholder engagement	p.8	
	102-44	*	Key topics and concerns raised	p.8	
Reporting Practice	102-45	*	Entities included in the consolidated financial statement	p.16	
	102-46	*	Defining report content and topic boundaries	p.1	
	102-47	*	List of material topics	p.7	
	102-48	*	Restatements of information		Not applicable as this is first issue of the report.
	102-49	*	Changes in reporting		Not applicable as this is first issue of the report.
	102-50	*	Reporting period	p.1	
	102-51	*	Date of most recent report		Not applicable as this is first issue of the report.
	102-52	*	Reporting cycle	p.1	
	102-53	*	Contact point for questions regarding the report	p.1	
	102-54	*	Claims of reporting in accordance with the GRI Standards	p.1	
	102-55	*	GRI content index	p.50	
	102-56	*	External assurance		No external verification.

GRI 103: MANAGEMENT APPROACH 2016

Item	Standard	Core	Disclosure Topic	Page	Description
Management Approach	103-1		Explanation of the material topic and its boundary	p.6-7	
	103-2		The management approach and its components		Please refer to the content of each topic.
	103-3		Evaluation of the management approach		Please refer to the content of each topic.

2. Subject-specific Guidelines

ECONOMY				
Item	Standard	Disclosure Topic	Page	Description
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	p.16	
	201-2	Financial implications and other risks and opportunities	p.20	
	201-3	Defined benefit plan obligations and other retirement plans	p.29-33	
	201-4	Financial assistance received from government		Delpha Construction has no government financial subsidies.
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.31	
	202-2	Proportion of senior management hired from the local community	p.27	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p.48	
GRI 204: Procurement	204-1	Proportion of spending on local suppliers	p.39	
GRI 205: Economic Performance	205-1	Operations assessed for risks related to corruption	p.25	Due to Delpha Construction's operating conditions, all employees are located in Taiwan, which is less suitable for evaluation based on operating locations. Please refer to this report for Delpha Construction's risk assessment methods.
	205-2	Communication and training about anti-corruption policies and procedures	p.23-26	
	205-3	Confirmed incidents of corruption and actions taken	p.39-40	
GRI 206: Anti- competitive	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p.25	
GRI 207: Tax	207-1	Approach to tax	p.22-23	
	207-2	Tax governance, control, and risk management	p.22-23	
	207-3	Stakeholder engagement and management of concerns related to tax	p.22-23	

ENVIRONMENT				
Item	Standard	Disclosure Topic	Page	Description
GRI 302: Energy	302-1	Energy consumption within the organization	p.43-44	
	302-3	Energy intensity	p.43-44	
	302-4	Reduction of energy consumption	p.43-44	
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	p.45-46	
	303-3	Water withdrawal	p.45-46	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	p.45	
	305-2	Energy indirect (Scope 2) GHG emissions	p.45	
	305-4	GHG emissions intensity	p.45	
	305-5	Reduction of GHG emissions	p.45	
GRI 306: Effluents and Waste	306-2	Management of significant waste-related impacts	p.46-47	
	306-3	Waste generated	p.46-47	
	306-4	Waste diverted from disposal	p.46-47	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	p.43	
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	p.39-42	
	308-2	Negative environmental impacts in the supplychain and actions taken	p.39-42	

SOCIAL				
Item	Standard	Disclosure Topic	Page	Description
GRI 401: Employment	401-1	New employee hires and employee turnover	p.27	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.31-33	
	401-3	Parental leave	p.33	
GRI 402: Labor / Management Relations	402-1	Minimum notice periods regarding operational changes	p.33	

SOCIAL				
Item	Standard	Disclosure Topic	Page	Description
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	p.36	
	403-2	Hazard identification, risk assessment, and incident investigation	p.36	
	403-3	Occupational health services	p.36	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p.36	
	403-5	Worker training on occupational health and safety	p.36	
	403-6	Promotion of worker health	p.36	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.36	
	403-8	Workers covered by an occupational health and safety management system	p.36	
	403-9	Work-related injuries	p.36	
	403-10	Work-related ill health	p.36	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	p.34	
	404-2	Programs for upgrading employee skills and transition assistance program	p.34	
	404-3	Percentage of employees receiving regular performance and career development reviews	p.35	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p.28	
	405-2	Ratio of basic salary and remuneration of women to men	p.31	
GRI 406: Non- discrimination	406-1	Incidents of discrimination and corrective actions taken	p.29	
GRI 407: Freedom of Association & Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p.29	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	p.29	

SOCIAL				
Item	Standard	Disclosure Topic	Page	Description
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p.29	
	412-1	Operations that have been subject to human rights reviews or impact assessments	p.29	
GRI 412: Human Rights Assessment	412-2	Employee training on human rights policies or procedures	p.29	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		Delpha Construction has no unions.
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	p.48	
	413-2	Operations with significant actual and potential negative impacts on local communities	p.48	
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	p.39,40	
	414-2	Negative social impacts in the supply chain and actions taken		Delpha Construction has no related incidents in 2020.
GRI 415: Public Policy	415-1	Political contributions		Delpha Construction has no donations in 2020.
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories		Delpha Construction experienced no health and safety incidents in 2020.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Delpha Construction did not have any violations of health and safety regulations in 2020.
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling		
	417-2	Incidents of non-compliance concerning product and service information and labeling		In 2020, Delpha Construction has followed the product and service labeling and marketing communication related laws and regulations.
	417-3	Incidents of non-compliance concerning marketing communications		

SOCIAL				
Item	Standard	Disclosure Topic	Page	Description
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Delpha Construction received no complaints of infringement of customer privacy or loss of customer information in 2020.
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area		Delpha Construction did not violate any laws and regulations socially or economically in 2020.