

# 2023 ESG INSIGHT REPORT





# OVERVIEW

## 2023 ESG Achievements

Received Low Risk for first third party ESG rating in March 2024.



**SUSTAINALYTICS**  
ESG Risk Rating



**15.0**  
Low Risk

### Environmental Initiatives and Goals

Official Supporter of Task Force on Climate Related Financial Disclosures (TCFD)	Since 2022
Environmental Management Objectives	Established for 2025, 2030

### Environmental Performance

Green Building Certifications Labels Obtained	5
Green Building Certifications Labels to be Applied	23
Green Building Certification Objective	All new buildings within Taipei area from 2024 onwards
<b>Metrics Compared with 2021</b>	<b>Note</b>
GHG Intensity Category 1	63% reduction
GHG Intensity Category 2	9.5% increase
Water Intensity	83% increase
Power Intensity	11.4% increase

Note: 2023 increase in GHG category 2 and power intensity was due to change in boundary to include construction sites.

### Social Initiatives and Goals

Labor Safety Policy Targets	Established Key Goals for 2024, 2027, 2030
Occupation Health and Safety	Long Term Goal (2030) Obtain ISO 45001 Certification

### Social Performance

Customer Satisfaction Survey Results: Delivery	5.0 ★★★★★
Customer Satisfaction Survey Results: Purchase	4.4 ★★★★★☆
Welfare Subsidies	NTD\$ 13.3 mn (24% increase yoy)
Labor Disputes	0
Occupational Disasters, Accidents, and Diseases	0

### Governance Performance

Integrity Management Committee	Established in 2022
Functional Committee Attendance	100% for all 3
Board Independence	43%
Whistleblowing System with Non-retaliation Policy	Internal and External Channels
Reports of Illegal Activities	0

# ENVIRONMENTAL

## Environmental Management Objectives

11 Key Environmental Management Objectives have been formulated in 2022 and encompass Delpha Construction's short, medium, and long-term environmental goals.

Item	Goals		
	2023	2025	2030
GHG Category 1 emission intensity of less than 0.25 kg/m <sup>2</sup> .	0.26 kg/m <sup>2</sup>	●	●
GHG category 2 emission intensity of less than 25 kg/m <sup>2</sup> .	40.32 kg/m <sup>2</sup>	●	●
Construction waste generation intensity of less than 0.30 tonnes/m <sup>2</sup> .	0.49 tonnes/m <sup>2</sup>	●	●
Electricity consumption intensity of less than 0.18 GJ/m <sup>2</sup> .	0.292 GJ/m <sup>2</sup>	●	●
Water resource consumption intensity of less than 0.6 m <sup>3</sup> /m <sup>2</sup> .	✓	●	●
Strengthen the integration of climate-related financial information in decision-making mechanisms.	✓	●	●
Initiate research on important international sustainability and environmental questionnaires such as CDP and DJSI.	✓		
Gradually introduce ISO 14001 and ISO 14064-1 third-party certification processes.		●	
Progressively respond to and review important international sustainability and environmental questionnaires such as CDP and DJSI.		●	
Implement ISO 14001 and ISO 14064-1 third-party certification processes.			●
Regularly respond to and review important international sustainability and environmental questionnaires such as CDP and DJSI.			●

## GHG Emissions

Since 2022, reporting scope of environmental metrics have expanded to include construction sites.

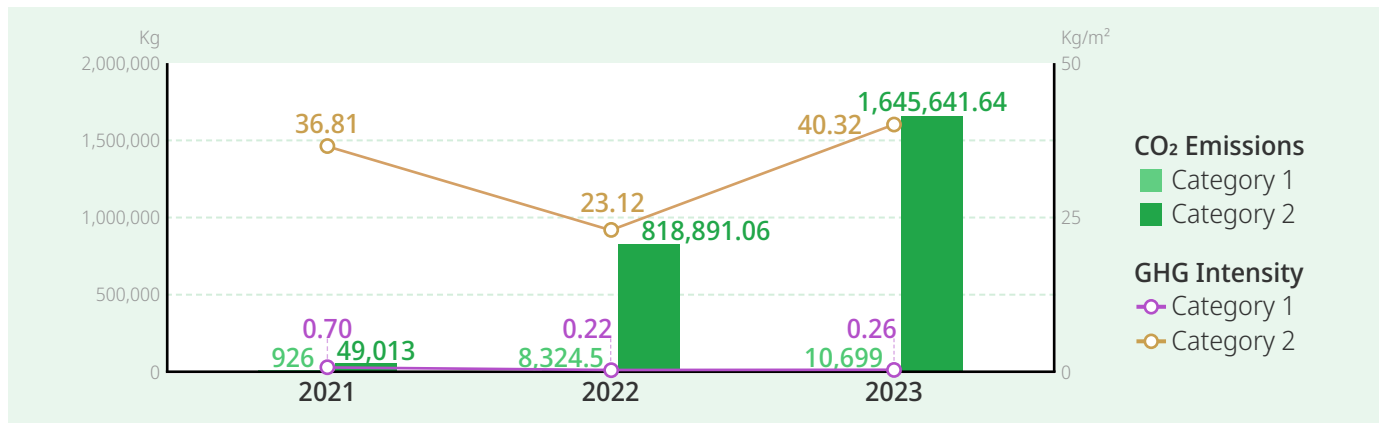
Current GHG intensity calculation is based on area (kgCO<sub>2</sub>e/m<sup>2</sup>) and for construction sites land area was adopted. In 2023, construction land area grew by 9%. However, construction sites and sales grew by 100%, correlating to higher construction floor space and mass. In the future GHG intensity calculations will be revised using operating revenue as basis to be in accordance with regulatory requirements.

The adjusted boundaries and calculation methodology are reflected in the deviation of metrics in 2022 and 2023 and should be taken into consideration.

GHG Emissions	Unit	2021	2022	2023
<b>Category 1 CO<sub>2</sub> Emissions</b>				
Direct Emissions	kg	926	8,325	10,699
<b>Category 2 CO<sub>2</sub> Emissions</b>				
Offices	kg	48,893	56,869	48,684
Site		-	762,022	1,596,957
Own Assets		120	-	-
<b>Total Emissions</b>		<b>49,013</b>	<b>818,891</b>	<b>1,645,641</b>
<b>GHG Intensity</b>				
<b>Category 1</b>	kg/m <sup>2</sup>	0.70	0.22	0.26
<b>Category 2</b>		36.81	23.12	40.32

Note1: According to data provided by the Bureau of Energy, Ministry of Economic Affairs, respective power carbon emissions factor for 2021, 2022, 2023 are: 0.502kg, 0.502kg, 0.494 CO<sub>2</sub>/kWh respectively.

Note2: Since the EPA has not announced the Global Warming Potential (GWP) value for R600 refrigerant, it is not included in the inventory calculation.



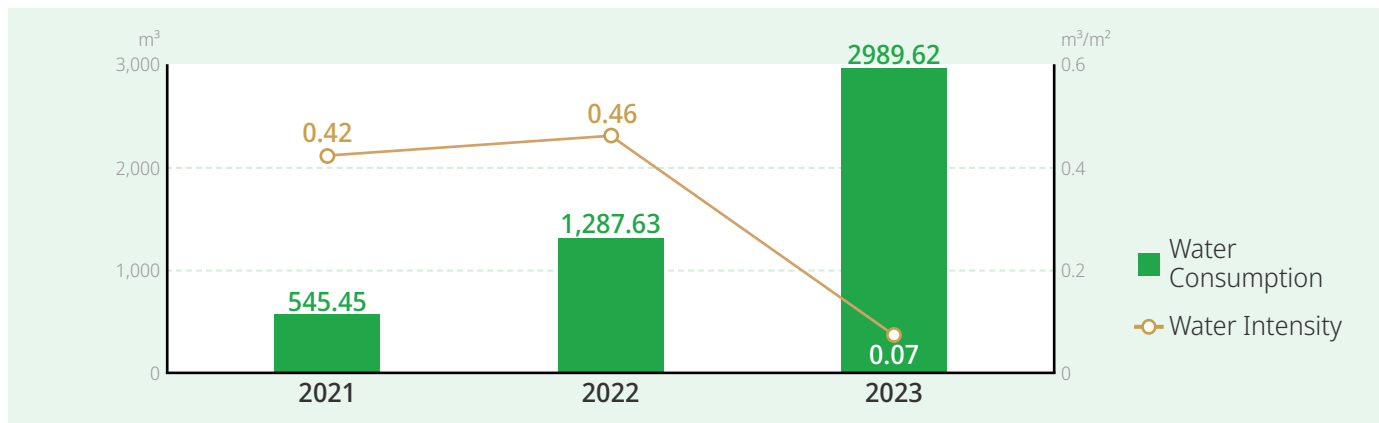
## Company Water Consumption

Apart from construction water usage at regular construction sites, other water consumption mainly comes from daily water use in office buildings.

Water Consumption	Unit	2021	2022	2023
Offices	m³	545.45	671.11	642.82
Sites		-	616.52	2,346.8
<b>Total Consumption</b>		<b>545.45</b>	<b>1,287.63</b>	<b>2989.62</b>
Water Intensity				
Offices	m³/m²	0.56	0.59	0.57
Sites		-	0.37	0.06
<b>Total Intensity</b>		<b>0.42</b>	<b>0.46</b>	<b>0.07</b>

Note1: Dimension is 1 m³ as on water bills

Note2: Water Intensity = Water Consumption / Area

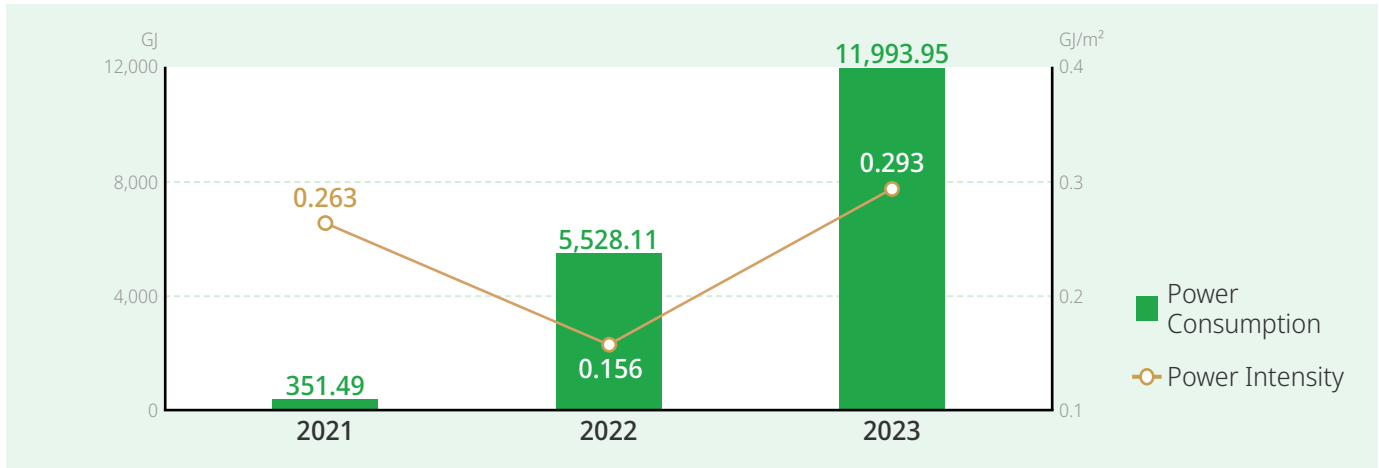


## Power Consumption

Power Consumption	Unit	2021	2022	2023
Offices	GJ	350.63	401.96	375.39
Site		-	5,126.15	11,618.56
Own Assets		0.86	-	-
<b>Total Consumption</b>		<b>351.49</b>	<b>5,528.11</b>	<b>11,993.95</b>
Power Intensity				
Offices	GJ/m²	0.585	0.356	0.337
Site		-	0.150	0.292
Own Assets		0.002	-	-
<b>Total Consumption</b>		<b>0.263</b>	<b>0.156</b>	<b>0.293</b>

Note1: 1 kWh = 3600000/ J = 0.0036 GJ

Note2: Power Intensity = Power Consumption / Area



## Waste Management

Delpha Construction signs contracts with construction and subcontracting firms prior to construction, strictly requiring effective recycling and control of exhaust gas, noise, wastewater and waste. All construction waste from Delpha Construction's projects is handled by professional and legal environmental companies. Dedicated personnel are assigned to supervise and manage environmental maintenance at construction sites during the construction period. Resource recycling and waste sorting are implemented to reuse recyclable resources, extend product life cycles, and reduce resource waste.

**19,358 tons**  
Construction Waste

**0.49 ton/m²**  
Waste Intensity

### Four Key Measures to Reduce Construction Waste



Accurate Ordering  
and proper Storage



Construction  
Automation



Usage of Recycled  
Building Materials



Adopt Pollution  
Prevention Measures

*For 2023, there were no occurrences of exporting waste to foreign countries, nor were there any environmental litigations or related incidents.*

## Delpha Construction Green Buildings

Delpha Construction is committed towards Eco-friendly construction materials and incorporating green building certifications into upcoming projects. Delpha Construction strives to reduce resource waste to mitigate the environmental burdens of building lifecycles on the environment.

**GOAL:** obtain green building certification for all new buildings within Taipei area from 2024 onwards.

### 9 Major Evaluation Indicators for Green Buildings

Projects	Urban Renewal Projects				Yisin Section
	The Urban Green	Huaisheng Section	Taiyuan Road	Centre for the Future	
<b>Certification Index</b>	Silver	Silver	Silver	Silver	
Biodiversity					
Greenery	★	▲	▲	●	Application for certification will begin once building permit is received in Sep 2024.
Base water retention	★	▲	▲	●	
Daily energy saving	★	▲	▲	●	
Carbon dioxide reduction		▲	▲	●	
Waste reduction		▲	▲	●	
Indoor environment		▲		●	
Water resources	★	▲	▲	●	
Sewage and waste reduction	★	▲	▲	●	

★ Green Building Label Certificate.

▲ Green Building Candidate Certificate (based on planning and design documentation)

● Candidate Certificate to be applied.

## Building Lifecycle & Green Materials

During daily operations, Delpha Construction carefully considers the building life cycle with the goal of implementing sustainable practices.

### Building Planning and Design

Incorporate sustainable concepts and consider the lifecycle of the building.

1

### Building Materials Production and Transportation

Choose sustainable and green building materials.

2

### Construction and Building Process

Implement innovative construction methods to minimize environmental impact.

3

### Daily Building Operation and Maintenance

Design the building to be energy-efficient, utilize green building materials.

4

### Building Renovation and Repair

Proper maintenance ensures the longevity of the building.

5

### Building Demolition and Waste Management

Handle construction waste properly to avoid secondary environmental pollution.

6

### Material Treatment and Recycling

Reuse materials, approach disposal from a recycling perspective.

7

## Green Materials Aligned with SDGs

### Low-carbon Operations

- Low-E Glass (low emissivity)
- Water Resource Automatic Irrigation System

### Circular Sustainability

- Rainwater Harvesting
- Water-saving Toilet
- LED Motion Sensor Lights
- Permeable Concrete

### Reduce Pollution

- Air Purification System
- Water Filtration System
- Waterproof and Soundproof Flooring
- Elevator Plasma Ion Antibacterial Purifier
- Drainage Ventilation System

### Green Energy

- Electric Vehicle Charging Stations and Dedicated Charging Cable Trench

## Climate Change Risk Management

In March 2022, Delpha Construction officially became a supporter of the Task Force on Climate related Financial Disclosures (TCFD) and developed the "Sustainable Development Guidelines". The company follows environmental regulations and references the TCFD framework to systematically identify climate change-related risks and opportunities.

### Climate Governance

The Board of Directors of Delpha Construction serves as the highest supervisory body for climate policy and risk management. The Risk Management Team under the board is led by the General Manager and composed of top executives from various departments, and is responsible for identifying and managing economic, environmental, and social issues, as well as their associated risks and opportunities; and regularly report to the Board of Directors.



Climate Change Scenario (Stress) Test



Climate Change Materiality Transition and Physical Risks



2023 Sustainability Report (Chapter 3.1)

### Climate Policy and Risk Management

#### Gathering of climate change issues

Referring to TCFD, ISO 14064, and other disclosure recommendations to compile a list of relevant climate risk and opportunity factors.

#### Identification of risks and opportunities

The Risk Management Team conducts scenario analysis on short, medium, and long-term climate-related risks and opportunities factors.

#### Ranking of material risks and opportunities

Coordinate with relevant departments to assess the potential impacts and consequences of climate-related risks and opportunities and ranking.

#### Compilation of the potential financial impacts

Examine the potential financial impacts of identified risks and opportunities to develop response strategies.

# SOCIAL

## Employee Demographics

Company	Delpha Construction		Huajian Construction		Huachien Development	
Gender	M	F	M	F	M	F
Employee Count	23	23	51	2	2	0
<b>Total</b>	<b>46</b>		<b>53</b>		<b>2</b>	
M:F Ratio	1	1	1	0.04	1	0
Average Age	45		30		55	

## Employee Turnover

Company	Delpha Construction		Huajian Construction		Huachien Development	
Age \ Type	New Employees	Exited Employees	New Employees	Exited Employees	New Employees	Exited Employees
Under 29	1	2	14	7	-	-
30 - 39	2	3	6	3	-	-
40 - 49	4	1	2	1	-	-
50 - 59	-	1	-	-	-	-
60+	-	4	-	-	-	-
<b>Total</b>	<b>7</b>	<b>11</b>	<b>22</b>	<b>11</b>	<b>-</b>	<b>1</b>
<b>New/Exited Ratio</b>	<b>39%</b>	<b>61%</b>	<b>37%</b>	<b>33%</b>	<b>-</b>	<b>100%</b>

## Employee Compensation

Delpha Construction ensures that employee salaries are in line with industry standards. Performance evaluations are conducted annually, and salary adjustments are made based on the evaluation results. The criteria for salary adjustments not only consider market competitiveness but also emphasize fairness and reasonableness in salary distribution.

### Non-supervisory full-time employee salaries

Non-supervisory full-time employee salaries					
	Employee Average	Employee Salary Average	Employee Salary Median	Industry Competitor Median	Delpha Employee Salary Median Compared to Industry Median
Year \ Unit	Person	NTD Thousand / Person			
Delpha Construction					
2021	26	1,059	989	888	+101
2022	28	1,104	932	908	+24
2023	30	1,135	959	905	+54
Huajian Construction					
2022	19	977	857	-	-
2023	29	978	833	-	-
Huachien Development					
2022	2	1,292	1,292	-	-
2023	2	1,076	1,192	-	-

Note: The term "employees" refers to the number of employed staff members after deducting managers, parttime employees, and those who have been employed for less than 6 months. The calculation is based on the average number of employees. The total salary amount includes basic salary, overtime pay, allowances, bonuses, and employee rewards, but does not include estimated expenses for equity-based compensation.

## 2023 Gender Pay Equality

Company	Delpha Construction		Huajian Construction	
Gender	Male	Female	Male	Female
Person(s)	17	16	30	1
Ratio (Females as 1)	1.14	1	2.85	1
Percentage of total salary	55%	45%	99%	1%

Note: Huachien Development did not have any female employees in 2022, therefore it is not disclosed.

**There are a total of 11 managerial roles within Delpha Construction, 3 of which are female, accounting for 27% female management representation.**

Note: Huajian Construction and Huachien Development do not have managerial roles.

## Human Rights

Delpha Construction complies with the relevant labor laws and regulations of our country, as well as the universal values in the United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, United Nations Global Compact, and International Labor Organization. Delpha Construction has assigned the Corporate Governance Office as the responsible unit to prioritize and strictly adhere to the following important human rights issues:



### Equality and Diversity

- Develop the "Sustainable Development Code of Conduct" in accordance with the law, focusing on gender equality, labor rights, and non-discrimination, actively ensuring diversity and inclusion without any differential treatment.
- Establish the "Whistleblowing and Disciplinary Measures for Preventing Workplace Sexual Harassment" to provide an effective and appropriate complaint mechanism.
- Value female employees and strive for long-term promotion of female executives and senior managers. Currently, female executives account for 27% of the total number of management positions.



### Reasonable Working Conditions

- Establish legal and reasonably managed working hour plans and provide salaries, vacation time, and benefits that comply with legal regulations.



### Occupational Health and Safety

- Regularly conduct health examinations and comply with labor safety and health laws and regulations.
- Amid the global COVID-19 pandemic, continue to implement comprehensive management measures for personnel access control, office sanitation, and employee self-protection measures.



### Freedom of Association

- Delpha Construction does not have labor unions, but employees are free to form social clubs.



### Diverse Labor-management Communication Channels

- Regularly hold labor-management meetings to effectively address labor-related issues through open communication.
- In 2023, Delpha Construction held a total of 4 labor-management meetings, ensuring harmonious and stable labor-management relations, with no labor disputes reported during the year.



## Employee Welfare



### Employees' Welfare Committee

In addition to marriage, childbirth, funeral subsidies, holiday bonuses, travel subsidies, and departmental gatherings. In 2023, special project applications were provided for employee travel; e-commerce, dining/accommodation, and department store vouchers; tablet computer purchasing subsidies.

**Total of \$1,654,226 disbursed in 2023**



### Welfare Subsidies

Delpha Construction provides marriage bonuses, childbirth bonuses, disaster subsidies, travel subsidies, employee and children scholarships, birthday bonuses, holiday bonuses, funeral subsidies, rent subsidies, and more.

**Total of \$13,335,262 disbursed in 2023**



### Parental Leave

Employees (at least six months tenure) are eligible to apply for paid and unpaid parental leave in accordance with regulations. Parental leave can be taken for a maximum of two years until the child reaches the age of three.

**1 female employee utilized parental leave in 2023**



### Performance Bonuses/Incentives

Allocated based on employee performance. When there is a surplus in the financial year, employees are also rewarded with employee compensation.



### Employee Insurance

Delpha Construction provide labor insurance and national health insurance per regulations, and also offer group insurance plans for the well-being of our employees.



### Home Rental Subsidy

\$6000/month is provided for due to construction sites' rental demands.



### Health Checkups

Employees are provided with a health checkup once every 2 years for their physical well-being.



### Club Participation

Delpha Construction encourages various types of clubs that promote physical and mental well-being. These clubs are supported by the Employee Welfare Committee, and currently include a golf club, yoga club, and badminton club.



### Employee Housing Purchase Discounts

A housing purchase discount are offered to employees once every 5 years, encouraging them to purchase houses developed by Delpha Construction and supporting them in starting a family and establishing their own homes.



### Car Purchase and Fuel Subsidies

Car purchase subsidies are provided to Assistant Manager and above once every 5 years. Additionally, employees who use their own vehicles for business purposes are eligible for fuel subsidies.

## Talent Development

### Professional Certification

Lawyer	1	Civil Engineer	1	Real Estate Broker	3
Certified Internal Auditor (CIA)	1	Geotechnical Engineer	1	Real Estate Salesperson	2
Land Administration Agent	2	Structural Engineer	1		

### External Education and Training

In 2023, a total of 216 hours of education and training were conducted, with 15 participants. The total cost of the training was NTD \$55,100.

Gender	Male		Female	
	Management	Non-management	Management	Non-management
Person(s)	1	2	3	4
Training Hours	6.5	129	39.5	41
Average Training Hours	45.16		20.13	

### Internal Education and Training

Course Name	Course Type	Hours	Person(s)
Personal Data Protection and Internal Control System Amendment	Governance	2H	34
Prohibition of Insider Training	Governance	2H	15
Corporate Law Risk Identification, Analysis and Management	Governance	2H	15
Off the Plan Sales Payment Briefing	Sales	2H	15
Temporary Electricity Expense Analysis	Governance	2H	24
Quality Deep Dive and Case Sharing	Construction Quality Management	2H	24
[Fortune] Sales Seminar	Sales	17H	5
[One and Only] Sales Seminar	Sales	15H	4
[The Gorgeous Mansion] Sales Seminar	Sales	14H	4
[The Emerald Building] Sales Seminar	Sales	10H	4

### Occupational Health and Safety

OHS Targets	2024 (Short)	2027 (Mid)	2030 (Long)
Maintain zero disasters, zero accidents, and zero occupational diseases	●	●	●
Continual Occupational Health and Safety Training and Advocacy	●	●	●
Formulate OHS Management Plan		●	
Establish OHS Committee			●
Implement ISO 45001 OHS Management System			●

### Policy Objectives

Legal Compliance	Engagement of All Employees	Safety Improvement	Triple Zero Vision
Strict mandatory compliance with the Occupational Safety and Health Act and related regulations.	A mandatory health and safety work code for all employees to adhere to.	Continued training and promotion are conducted, including fire drills and regular occupational safety awareness promotions.	Strict supervision is carried out before, during, and after construction. Departmental meetings, inspections, training to achieve <b>zero disasters, zero accidents, and zero occupational diseases</b> .

*In 2023, the total working hours of all employees in Delpha Construction amounted to 156,920 hours, with no cases of occupational diseases, injuries, or work-related accidents occurring.*

### Labor Occupational Health and Safety Organization

A Labor Occupational Health and Safety Organization is established at each construction site, and includes subcontractors as safety partners. Through monitoring the labor health and safety conditions at the construction site, daily inspections of on-site safety and health matters are conducted to ensure the safety of employees, subcontractors, workers, pedestrians, and residents.

### Members

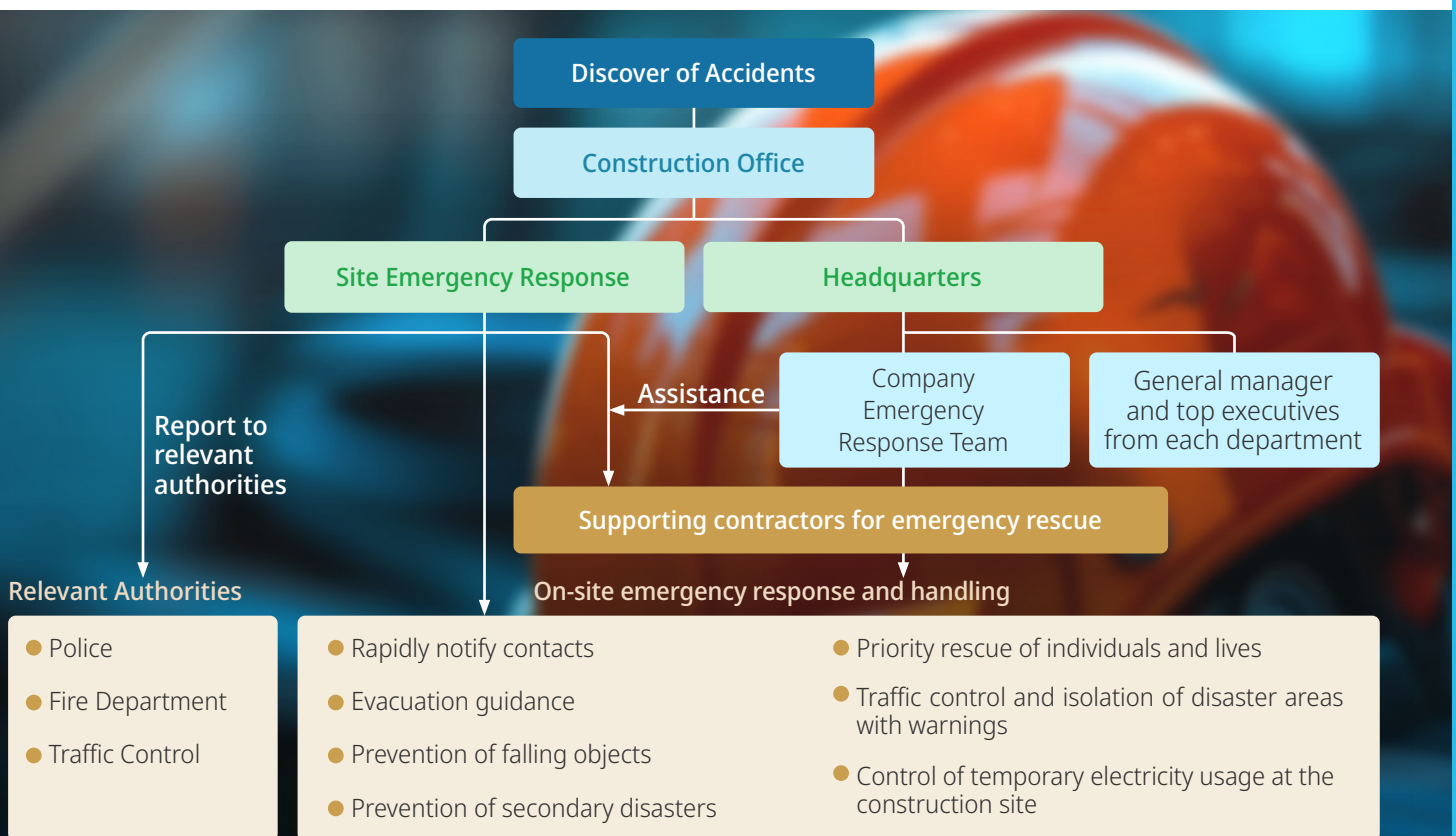
1 Site Supervisor	Serve as the overall responsible person of the organization and preside over the meetings of the organization.
1 Labor Health and Safety Personnel	Convene meetings of the organization and provide occupational safety and health management information and suggestions to the site supervisor.
Responsible Persons from Each Subcontractor	Participate in meetings of the organization and assist in supervising on-site safety.
Engineering Personnel	
Supervisors from Each Subcontractor	

### Communication Frequency

Monthly Labor Health and Safety Organization Meetings	Conduct at least one monthly briefing on health and safety regulations, government directives, and key safety and health enforcement measures, as well as progress coordination, review matters, and recommendations.
Daily Labor Safety Commitment Forms	Before the entry of subcontractors each day, inform subcontractors about the work environment, hazards, and occupational safety, including relevant regulations, and ensure their commitment to complying with safety requirements.
Construction Hazard Factors Notification Form	Provide a hazard notification form daily before entry, outlining the potential hazards associated with each work item, such as falls, electrical hazards, tripping, oxygen deficiency, and provide preventive measures. Require individuals to read and sign the form.

### Emergency Response and Safety Management

Delpha Construction has established an emergency response process to ensure effective handling and proper management in the event of emergencies. SOPs are implemented to facilitate timely and appropriate responses to emergency incidents. Each construction site includes real-time surveillance systems connected to the site security office, allowing for immediate identification and rectification.



### Additional Professional Training

In 2023, Delpha Construction arranged Cardiopulmonary Resuscitation (CPR) + Automated External Defibrillator (AED) training courses for all employees to enhance their basic life-saving skills. AED devices are also installed in the office and all construction sites.



Main Unit



Signage



Stickers

Certification	Person(s) Obtained
Construction Site Supervisor License	12
Class A Occupational Health and Safety Manager (Construction Industry)	10
Class C Occupational Health and Safety Manager (Construction Industry)	5
Occupational Health and Safety Manager	3
Construction Safety Assessment Personnel	4
AED+CPR Certification	42

## Social Contribution

Through social engagement and establishing connections with various stakeholders such as employees, investors, customers, and the public, Delpha Construction aims to make a positive impact and demonstrate its role as an integral part of society.

### Urban Renewal and Reconstruction of Dangerous Old Buildings

	The Urban Green	Huaisheng Section Project	Taiyuan Road Project
Building Time	1997	1960 ~ 1961	1965
Consolidation Time	2015 ~ 2022	2011 ~ Now	2005 ~ Now
No. of Rebuilt Households	1 Unit Demolished 28 Newly Built Units	18 Unit Demolished 100 Estimated New Units	74 Unit Demolished 402 Estimated New Units
Status	Completion and Handover	Hearing/ Public Hearing	Submit for review by the Deliberation Committee on Urban Renewal
Original Issues	<ul style="list-style-type: none"> <li>Age of the building exceeds 30 years</li> <li>No elevator</li> <li>Structural integrity does not meet seismic assessment standards</li> <li>Insufficient public facilities</li> <li>Lack of green and beautification planning and design</li> </ul>	<ul style="list-style-type: none"> <li>Age of the building exceeds 30 years</li> <li>Several illegally constructed buildings encroach on the road space, preventing the development of planned roads</li> <li>Building structures are unstable and pose a risk to public safety and passage</li> </ul>	<ul style="list-style-type: none"> <li>Age of the building exceeds 30 years</li> <li>The original market was found to be sea-sand house, constructed with poor-quality materials, causing severe corrosion of the steel reinforcement and compromising the structural integrity of the building</li> <li>The building has been abandoned due to significant concrete degradation and spalling</li> </ul>



## Community Engagement

Delpha supports nearby communities of our projects by providing various improvements, such as surveillance around hillside areas, cleanup of overgrown vegetation, sidewalk upgrades and garden features to enhance ecological diversity and provide nearby residents with a healthy and green recreational environment.

Neighborhood Services	Amount
Qiangziliao Section	402,840
Ruanqiao Section and Huaisheng Section	55,000
Delpha Jing	130,00
<b>Total</b>	<b>587,840</b>

## Supply Chain Management

The construction industry requires a high degree of professional division of labor and integration. Apart from regular supplier selection processes and verification, Delpha Construction also emphasizes the suitability and stability of suppliers through environmental, social, and governance-oriented risk assessment and audit procedures.

*Delpha Construction actively implements local procurement, with 100% of the procurement expenditure coming from local suppliers.*

### Policy

#### 1.Integrity Management Responsibility

Suppliers must not provide gifts, bribes, commissions, intermediation fees, kickbacks, hospitality, or other improper benefits to Delpha Construction's related parties, stakeholders, or their designated individuals.

#### 2.Social Welfare Responsibility

Suppliers should adhere to internationally recognized labor rights, such as freedom of association, collective bargaining rights, care for vulnerable groups, prohibition of child labor, elimination of forced labor in all forms, and elimination of employment discrimination. They must also ensure equal treatment without discrimination based on gender, race, socioeconomic status, age, marital status, or family situation in their human resource policies.

#### 3.Occupational Safety Management Responsibility

Suppliers are required to provide safety training, personal protective equipment, and conduct risk assessments.

#### 4.Environmental Protection Responsibility

Suppliers must refrain from behaviors such as illegal waste dumping or any activities that have negative environmental impacts.

#### 5.Other Corporate Social Responsibilities for Sustainable Development.



Freedom of association



Prohibiting child labor and all forms of forced labor



Collective bargaining agreements



No employment discrimination  
(such as equality based on gender, race, socioeconomic class, age, marital and family status)



No illegal foreign migrant workers



Prohibit bribery, commissions, agency fees, post-gratuities, rebates, gifts and other improper interests or activities



Caring for disadvantaged groups

### Supplier Selection

#### STEP 1 Adhering to Guidelines

Internal control system as basis for screening, parameters include assessing the social and environmental responsibility risks of new suppliers to ensure compliance with internationally recognized labor rights and environmental regulations.



**STEP 2** *Supplier Evaluation*

	Constructor	Sales and Design	Others
Supplier Category	Constructor, engineering consultant	Architect, public landscaping, and reseller	Equipment and material procurement vendors and subcontractor
Supplier Selection	<b>1. Qualification Review</b> <ul style="list-style-type: none"> <li>• Business qualification</li> <li>• Engineering experience and track record</li> </ul> <b>2. Content Evaluation</b> <ul style="list-style-type: none"> <li>• Workmanship quality</li> <li>• Delivery speed</li> <li>• Competitive pricing</li> <li>• Professional competence</li> <li>• Cooperation level</li> </ul>	<ul style="list-style-type: none"> <li>• Market analysis</li> <li>• Sales capability</li> <li>• Product planning</li> <li>• Compatibility with the project</li> <li>• Submission content</li> <li>• Quotation comparison</li> </ul>	<ul style="list-style-type: none"> <li>• Service quality evaluation</li> <li>• Competitive pricing</li> <li>• Workmanship quality</li> <li>• Delivery speed</li> <li>• Professional competence</li> <li>• Cooperation level</li> </ul>

**STEP 3** *Evaluation Audit*

After each of the construction sign-off, warranty, and post-warranty phases, Delpha Construction will continue to monitor the quality and service performance of suppliers and conduct evaluations.

**101 NUMBER OF SUPPLIERS**

<b>98</b> Level A	>80	Preferential contracting based on the current payment terms and conditions.
<b>3</b> Level B	70-79	Based on the current payment terms and conditions.
<b>0</b> Level C	60-69	Based on the current payment terms and conditions with an additional 15 days.
<b>0</b> Unqualified	<60	Not recommended.

Note: The evaluation criteria include "Material/Construction Quality", "Delivery/Completion Schedule", "Price Advantage", "Professional Capability", "Cooperation" and "ESG-related ISO certification".

Note: The evaluation threshold applies to contracts with a value of 2 million or more, excluding landowners and volume transfer suppliers.

**STEP 4** *Continual Improvement*

In case where a non-tolerable controversy in a supplier arises, Delpha Construction will immediately cease cooperation and blacklist the offending supplier. For other controversies and issues, Delpha Construction will categorize the event into tiers, and request suppliers to provide improvement plans and measures within a time frame, and regularly review these items. If they fail to improve within the time frame, they will be listed as inferior manufacturers and will not be included in the priority list when screening suppliers in the future. Payment schedules may also be adjusted.

**Review of Construction Standard Operating Procedures**

From procedural to technical aspects, Delpha Construction thoroughly examine our workflow processes. In projects undertaken by Huajian Construction, strict requirements are placed on site supervisors to develop the following plans based on the project schedule, analyze and review the execution of project plans.

<b>1</b> Site Investigation	<b>2</b> Geotechnical review, excavation, and shoring plan	<b>3</b> Ground floor elevation plan
<b>4</b> Showroom plan	<b>5</b> Tiling plan	<b>6</b> Scaffolding plan
		<b>7</b> Plan for application for occupancy permits

### 2023 Standard Operating Procedure Review Meetings

Huajian Construction Sites	Number of Sites	Total Hours
North	8	238
Central/South	3	204


## Customer Service and Care


From the moment a customer places an order, through the subsequent processes of inspection, handover, management, maintenance, and repairs, Delpha Construction approaches each home with honesty and prudence.


### Marketing Compliance


Delpha Construction complied with the regulations related to product labeling, service labeling, and marketing communication in 2023.

Delpha Construction has strict requirements for our marketing and sales partnerships, we ensure transparency of design, advertisement, sales consultation and consumer complaints, and adherence to government policy and regulations.


 Accompany customers throughout the entire inspection process and document any deficiencies.

 Promptly repair and conduct re-inspection.

 Property ownership transfer.

 Handover of the property.

 Handover of public facilities, while providing the "Certificate of Non-Radiation Contamination for Rebars," "Inspection Certificate of Concrete Chloride Ion Content," and "Testing Reports for Non-Use of Seashore Sand" to the community management committee.

 Assisting with the transfer of utility accounts (water and electricity).

### Sustainable Warranty and Maintenance

Delpha Construction provides a "Service Manual" and "House User Manual" upon property handover. These manuals include instructions for maintenance and upkeep of building materials and equipment, information about warranty coverage, repair fees, and after-sales service. We also provide contact information for relevant suppliers, allowing customers to receive comprehensive consultation and support when needed.

### 2023 Delpha Construction New Project Warranty and Soundproofing Equipment Information

	Structure (year)	Waterproofing (year)	Materials (year)	Soundproofing Equipment	EV Charging Pile and Cable Trough
Metro Building	15	1	1	X	-
Delpha Jing	15	3	1	X	-
The Rising City	15	3	1	O	-
Centre for the Future	15	3	1	O	BUSWAY + Energy Management System
Fortune	15	3	1	O	
One and Only	15	3	1	O	
The Gorgeous Mansion	15	3	1	O	-
The Emerald Building	15	3	1	O	-

### Delpha Construction Warranty and Soundproofing, Charging Equipment Installation Goals

<b>15</b> Structure (year)	<b>3</b> Waterproofing (year)	<b>1</b> Materials (year)	<b>O</b> Soundproofing Equipment	<b>O</b> Charging Pile Cable Trough
----------------------------------	-------------------------------------	---------------------------------	--	---

### Customer Care and Feedback

Delpha Construction not only assists in the maintenance of hardware facilities but also conveys to customers the correct concepts of building maintenance.



#### Repair Services

Customers can call our service hotline or contact the dedicated unit to request repairs



#### Schedule Site Inspection

Proactively contact the residents to arrange a site inspection. During the inspection, we will record the reported issues, confirm contact information, and review the warranty period.



#### Examination

Examine the defects, and once completed a professional will be appointed to explain to the customer.



#### Repairs

During the warranty period, Delpha Construction are responsible for repairs. After the warranty period, assistance is provided with arranging repairs.

Delpha Construction customer care and commitment extends beyond the sales transaction. To fulfill our guarantee of Sustainable Service, Delpha Construction assists with organizing community events to enrich customers and community bonding. 18 community customer care events were held in 2023, with 1,200 attendees.

### Customer Satisfaction Survey

Satisfaction surveys are conducted based on a 5-point scale (from highly satisfied to unsatisfied) during three stages: purchase, delivery, and warranty period. Improvement plans are developed for areas with lower ratings.

### Customer Satisfaction Survey Results

Item	Delivery	Purchase	Warranty
Architectural planning		4.4	5.0
Seismic design		4.4	5.0
Visual design	There is no satisfaction survey data available for 2023 as no handovers occurred during this period.	4.4	5.0
Construction schedule		4.4	5.0
After-sales and warranty services		-	5.0
Delivery speed		-	5.0
<b>Average score</b>	-	<b>4.4</b>	<b>5.0</b>

### Main Reason for Choosing Delpha Construction

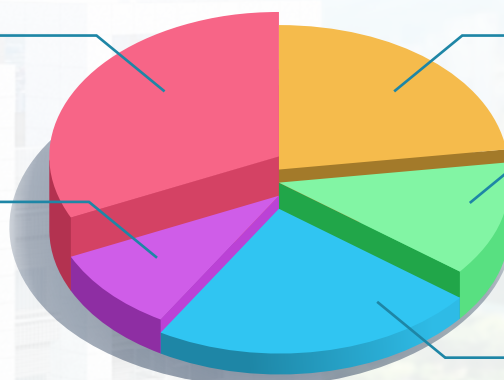
**31.85%**  
Location

**9.27%**  
Sales &  
After-sales Warranty

**22.98%**  
Delpha Brand

**12.80%**  
Architectural Quality

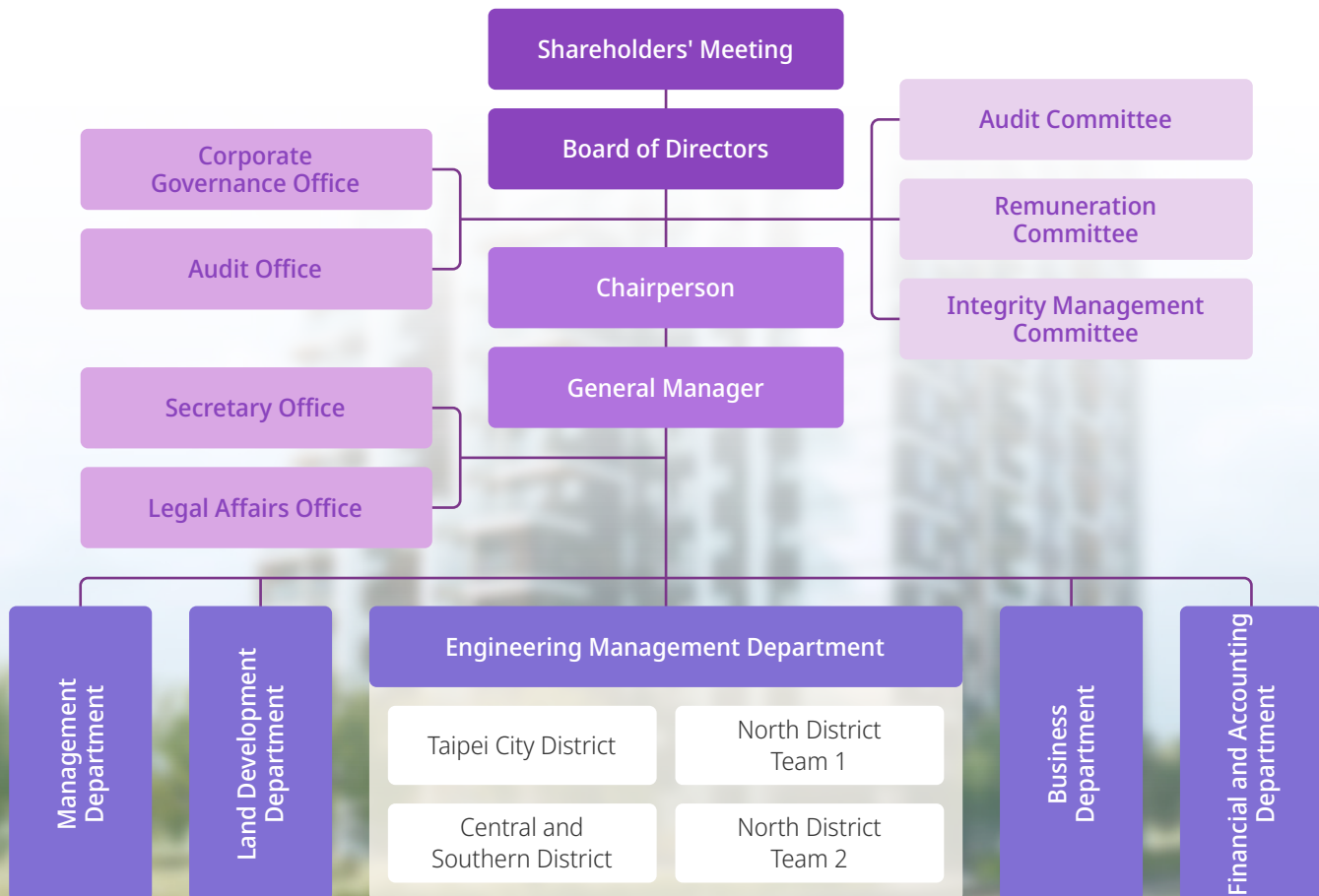
**23.08%**  
Planning and Design





# GOVERNANCE

## Organizational Chart



## Governance Highlights

### 43% Board Independent Representation

Independent directors have at least five years of work experience in business, law, finance, or corporate affairs.

### 48 Hours of Directors' Continuing Education

6 hours were dedicated to sustainability development-related training programs.

### 100% Director Attendance

For 2023, the board of directors held a total of 10 meetings, with individual directors attending in person or through delegation at a 100% rate.

### Top 6%~20% Corporate Governance Evaluation

Delpha Construction's commitment towards corporate governance is reflected in the 10<sup>th</sup> Corporate Governance Evaluation results, placing in the top 6%~20%.

### Good As Rated by the 2023 Internal Performance Evaluation

The "Board Performance Evaluation Procedures" covers five aspects, including the level of participation in company operations, enhancement of the board's decision-making quality, board composition and structure, director appointment and continuous education, and internal controls.

## Board of Directors

(As of October 2024)

 Convener

 Member

Board of Directors						Audit	Remuneration	Integrity Management
(As of October 2024)								
				Age				
				31-50	51+			
Title	Director Representative	Tenure as Director (Years)	Gender	Core Diversity Indicators		Functional Committees		
Chairman	Hong-Yi Investment Limited Company Cheng, Ssu-Tsung	1	Male	<div></div>				
Director	Dajie Investment Co., Ltd. Tseng, Ping-Joung	6	Male		<div></div>			
Director	Lee, Chin-Yi	18	Male		<div></div>			
Director	Yan, Ming-Hung	3	Male	<div></div>				
Independent Director	Yeh, Chien-Wei	3	Male	<div></div>		<div></div>	<div></div>	<div></div>
Independent Director	Chen, Shih-Yang	1	Male		<div></div>	<div></div>	<div></div>	<div></div>
Independent Director	Yu, Hung-Da	1	Male		<div></div>	<div></div>	<div></div>	<div></div>

## Board Diversity

Article 20 of the Company's Corporate Governance Code of Conduct stipulates that diversity shall be considered in the composition of Board members.

*Directors who are also managers in the Company may not take up more than one-third of all seats.* In addition, appropriate diversity policies that reflect the Company's operations, operational pattern, and developmental needs shall be stipulated. In addition to the overall abilities of the current Board members (including Independent Directors), such as professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, industry experience, operational judgment, accounting and financial analysis abilities, management ability, crisis handling capabilities, industry knowledge, international market perspective, leadership skills, and decision-making skills, at least one-third of its seats should be occupied by female Directors, and at least one seat should be occupied by a Director with a specific professional background (law, accounting, or construction).

Four members have professional backgrounds in construction, law, and accounting, while the remaining members have extensive experience and knowledge in finance and management. Moreover, the Company is dedicated to fostering a culture of diversity and inclusivity. *Our future plans involve increasing the percentage of female Directors*, streamlining our business decision-making process, and aligning with global trends to enhance the Company's profitability, competitiveness in the global market, and brand image.

## External Board Performance Evaluation

In 2022, "Taiwan Corporate Governance Association" conducted an external performance evaluation of the board of directors and provided 3 evaluation recommendations. Implementation of the recommendations in 2023 are below:

Recommendations	Implementation
1 Establish an independent director (or audit committee) to directly receive whistleblower emails, thereby enhancing the independence and credibility of the whistleblower mechanism.	<b>Implemented in 2023.</b> Whistleblower email reporting channel is directed to Galaxy Attorneys-at-law, the legal practice of independent director Yeh Chien-Wei.
2 Involve audit committee members in the annual performance assessment of managers.	Adjustment: Initial plan was to implement in 2023, however due to reelection of committee members in 2023, assessment cannot be conducted for full year. Implementation plan is extended to 2024.
3 Integrate the risk management processes of the internal audit and risk management teams to comprehensively assess the company's risks and regularly report the execution of risk management to the board of directors.	<b>Implemented in 2023.</b>

## Functional Committees



### Audit Committee

Attendance 100%

Composed of all independent directors, with the aim of assisting the board of directors in fulfilling its oversight responsibilities regarding the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls.



### Remuneration Committee

Attendance 100%

Composed of all independent directors, with the aim of assisting the board of directors in establishing and periodically reviewing policies, systems, standards, and structures for director and executive performance evaluation and compensation.



### Integrity Management Committee

Attendance 100%

Composed of all independent directors, with the aim of assisting the board of directors in formulating and overseeing the implementation of policies related to ethical business practices.

Note: Attendance rate calculation includes attending in person or through delegation.

## Executive Pay

Remuneration paid to each Director (including the Independent Directors), General Manager and Vice President is disclosed in 2023 Annual Report, including base compensation, severance pay (if any), director's compensation, allowance, salary, bonuses and employee compensation.

## Ethics and Integrity Management

In May 2022, Delpha Construction established the Integrity Management Committee, which is under the supervision of the board of directors and composed of all independent directors. The Corporate Governance Office serves as the dedicated unit responsible for promoting the operation of corporate integrity management.



Click for Details of Delpha Construction's Regulating Policies

CLICK





### Director

- “Integrity Management Principles”, “Integrity Management Committee Procedures”, “Integrity Management Operating Procedure and Behavior Guideline”, requires directors 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).



### Employee

- Organize integrity management training courses as needed and develop internal SOPs to ensure a comprehensive understanding of the relevant operational standards that should be followed.
- Supervise employees' anti-corruption and integrity principles, and actively educates internal employees to report through whistleblowing channels.
- Integrity is included in the assessment of senior executives.



### Supplier

- Integrity management clauses are included in contracts, requiring suppliers to commit to adhering to the integrity management policy and restraining their employees from directly or indirectly offering, promising, requesting, or accepting any improper benefits or engaging in other dishonest acts or actions that violate entrusted obligations during business operations.



### Insider

- Delpha Construction has established the “Operation Procedures for the Processing of Material Information” and the “Operation Procedures for Prevention of Insider Trading”.
- To prohibit 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.

*There were no political donations in 2023*

## Implementation of Related Integrity Management Principles

Principle	Year Formulated	Goal
Code of Practice on Corporate Governance	2017	Establish a sound corporate governance system for Delpha Construction.
Integrity Management Principles	2021	The implementation of the corporate culture and policy of integrity management has enabled Delpha Construction to operate continuously.
Sustainable Development Code of Conduct (Former: Corporate Social Responsibility Code of Conduct)	2021	Implement corporate social responsibility and promote economic, environmental, and social progress and sustainable development.
Measures for Reporting and Handling Cases of Illegal and Immoral or Dishonest Behavior	2021	In order to implement ethical behavior and operate with integrity, we encourage reporting any behavior that does not comply with laws and regulations and violates the company's "Integrity Management Principles" or other internal regulations.
Integrity Management Committee Procedures	2022	Set standards for the effective functioning of the Integrity Management Committee.
Integrity Management Operating Procedure and Guideline	2022	Engage in business activities with fairness, honesty, trustworthiness, and transparency to actively prevent dishonest behavior.



### Whistleblowing/ Complaint Reporting System

A reporting and whistleblower complaint channel is established to ensure whistleblowers are not subjected to unfair treatment such as dismissal, termination, salary reduction, or other improper actions because of their reporting. Delpha Construction also takes emergency protection measures when there is a risk of harm to whistleblowers due to their reporting.

*For 2023, there were no reports of illegal activities received by Delpha Construction.*

#### Internal Whistleblowing Cases

Delpha Construction has formulated "Employee Opinion Box Implementation Policy and Principles", when employees discover illegal or improper conduct, they can make a formal and detailed complaint by providing their names and describing the reported incidents. The cases will be personally handled by the General Manager.

#### External Whistleblowing Cases

In accordance with "Measures for Reporting and Handling Cases of Illegal and Immoral or Dishonest Behavior", and recommendations by external board evaluation consultant, Delpha Construction provides an independent whistleblowing email ([yecharles@galaxylaw.com.tw](mailto:yecharles@galaxylaw.com.tw)) and have published it with regulating policies on the official website. Galaxy Attorneys-at-law, the legal practice of independent director Yeh Chien-Wei, acts as the dedicated unit responsible for receiving complaints, consolidating all reported incidents, documenting the handling process, and implementing follow-up review and improvement measures and report to the Board of Directors as appropriate.

### Sexual Harassment Prevention

Delpha Construction has established a "Workplace Sexual Harassment Prevention, Measures, Grievance and Disciplinary Measures Policy" to protect employees from threats of sexual harassment, promote the concept of gender equality, and create a diverse, friendly working environment.

#### Workplace Sexual Harassment Complaint Handling Committee

The number of female committee members shall not be less than half. The employer and the employee representatives are jointly formed to be responsible for handling sexual harassment complaints in the workplace, and give appropriate punishments based on the results of the review.

#### Case Handling

The investigations of sexual harassment incidents are conducted in a confidential manner. The investigation process attaches great importance to the privacy of the parties, gives the parties sufficient opportunities to express themselves, and provides relevant psychological counseling care.

*Not received any relevant illegal reports in 2023.*

## Legal Compliance and Internal Control

### Internal Control System

The Audit Office is responsible for conducting audits based on the internal control system. They annually develop an audit plan for the following year, which is submitted to the Board of Directors for approval and subsequent implementation. After conducting audits, the Audit Office prepares audit reports and regularly presents them at Board of Directors meetings.

### Legal Compliance

The Delpha Construction management periodically reports to the Board of Directors and the Audit Committee on matters related to professional ethics and legal compliance. They are responsible for overseeing the implementation of professional ethics and conducting investigations and disciplinary actions in reported cases.

To ensure compliance with government regulations in real estate transactions, Delpha Construction continues to promote integrity, insider trading regulations, intellectual property rights, personal data protection, contract formulation, and other relevant laws and regulations. Regular educational training sessions are conducted, and real estate-related regulations are closely monitored (construction, land administration, land development). Through dedicated employee development to achieve sustainable business operations.

## Legal Compliance Commitment



### Human Rights Regulations

- Compliance with Labor Laws
- No Use of Child Labor
- No Forced Labor
- Non-discrimination (including race, gender, nationality)
- Respect Indigenous Rights Projection
- Respect Freedom of Association



### Company-related Regulations

- No Violation of Company Law
- No Violation of Securities and Financial Regulations
- No Violation of Commercial Accounting Laws
- No Involvement in Corruption Cases
- No Political Donations



### Anti-competitive Behavior

- No Involvement in Anti-competitive Behavior
- No Cases of Monopolistic Practices

## Anti-Corruption

### Vendor Integrity Policy

The Statement of Integrity (Anti-Corruption) includes provisions that prohibit employees from accepting gifts or other benefits as conditions for business transactions. This is a measure to prevent "bribery" and the acceptance of "unreasonable gifts, hospitality, or other improper benefits." The implementation of Statement of Integrity (Anti-Corruption) provisions in 2023 is as follows:

2022 Total suppliers	291
Number of Contracts with Statement of Integrity (Anti-Corruption) Provisions	291
Adoption Rate of Statement of Integrity (Anti-Corruption)	100%

