



Delpha

2022

ESG  
INSIGHT  
REPORT

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# Delpha Construction 2022 ESG Insight



## 2022 ESG Achievements

### Environmental Initiatives and Goals

Official Supporter of Task Force on Climate Related Financial Disclosures (TCFD)	Since 2022
Environmental Management Objectives	Established for 2023, 2025, 2030

### Environmental Performance

Green Building Certifications Labels Obtained	5
Green Building Certifications Labels to be Applied	23
<b>Metrics Compared with 2020</b>	
GHG Intensity Category 1	↓ 67% reduction
GHG Intensity Category 2	↓ 32% reduction
Water Intensity	↓ 26% reduction
Power Intensity	↓ 19% reduction

### Social Initiatives and Goals

Labor Safety Policy Targets	Established 4 Key Goals
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### Social Performance

Customer Satisfaction Survey Results: Delivery	4.8 
Customer Satisfaction Survey Results: Purchase	4.4 
Welfare Subsidies	NTD\$ 10.75 mn
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

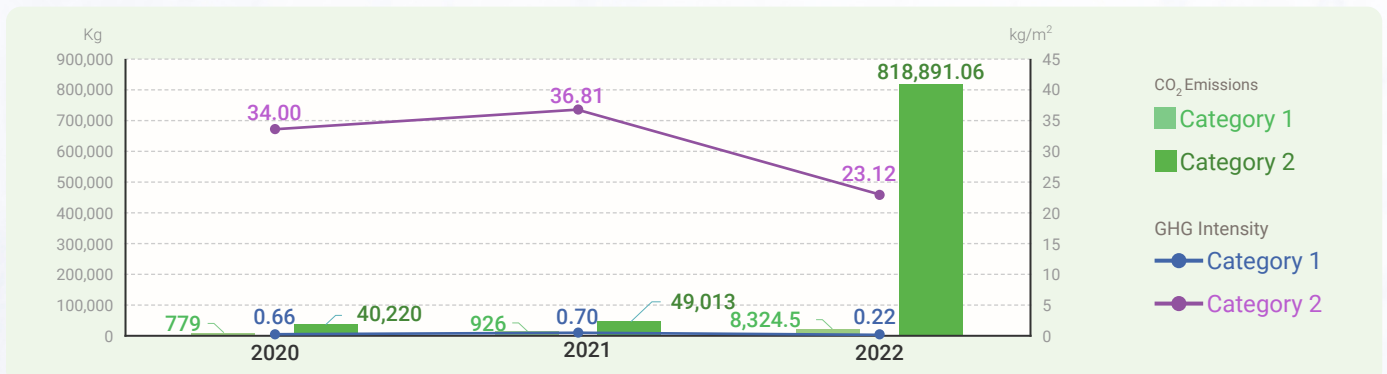
11 Key Environmental Management Objectives have been formulated in 2022 and encompass Delpha Construction's short, medium, and long-term environmental goals.

Item	Goals		
	2023	2025	2030
GHG Category 1 emission intensity of less than 0.25 kg/m <sup>2</sup> .	✓	●	●
GHG category 2 emission intensity of less than 25 kg/m <sup>2</sup> .	✓	●	●
Construction waste generation intensity of less than 0.30 tonnes/m <sup>2</sup> .	✓	●	●
Electricity consumption intensity of less than 0.18 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.			●

*5 of 7 short term goals for 2023 have been achieved ahead of time in 2022.*

## GHG Emissions

Starting from 2022, in response to the adjustment of reporting boundaries, additional energy data collection and greenhouse gas inventory have been implemented for construction sites. The adjusted boundaries have been reflected in the deviation for 2022 metrics and should be taken into consideration.



GHG Emissions	Unit	2020	2021	2022
<b>Category 1 CO<sub>2</sub> Emissions</b>				
Direct Emissions	kg	779	926	8,325
<b>Category 1 CO<sub>2</sub> Emissions</b>				
Offices		40,100	44,859	56,869
Sites		-	-	762,002
Own Assets	kg	120	120	-
<b>Total Emissions</b>		<b>40,220</b>	<b>49,013</b>	<b>818,891</b>
<b>GHG Intensity</b>				
Category 1		0.66	0.70	0.22
Category 2	kg/m <sup>2</sup>	34.00	36.81	23.12

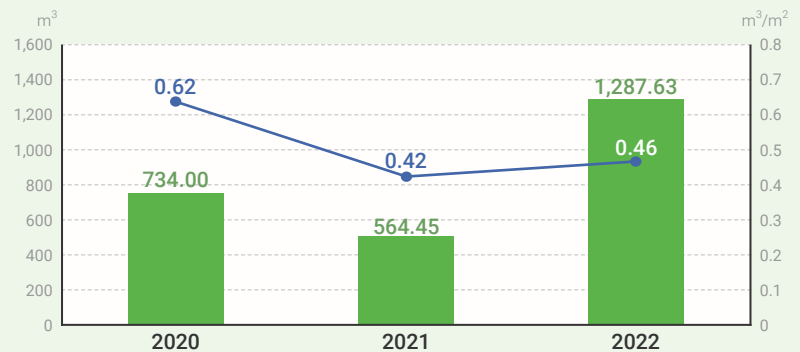
Note: According to data provided by the Bureau of Energy, Ministry of Economic Affairs, respective power carbon emissions factor for 2020, 2021, 2022 are: 0.492kg, 0.502kg, 0.502kg CO<sub>2</sub>/kWh respectively.

Note: 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  
● Water Intensity

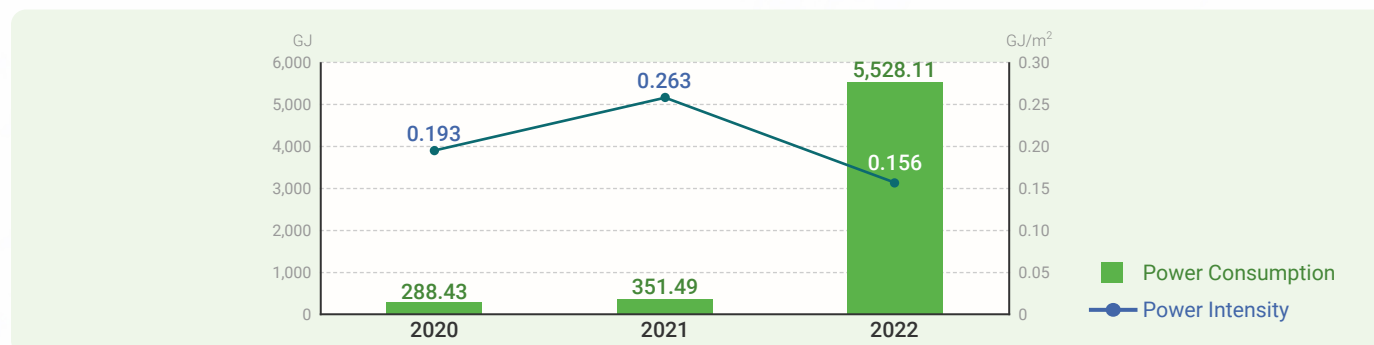


Water Consumption	Unit	2020	2021	2022
Offices		715.00	545.45	671.11
Sites		-	-	616.52
Own Assets	m <sup>3</sup>	19.00	19.00	-
<b>Total Consumption</b>		<b>734.00</b>	<b>564.45</b>	<b>1,287.63</b>
<b>Water Intensity</b>				
Offices		0.87	0.56	0.59
Sites		-	-	0.37
Own Assets	m <sup>3</sup> /m <sup>2</sup>	0.05	0.05	-
<b>Total Intensity</b>		<b>0.62</b>	<b>0.42</b>	<b>0.46</b>

Note: Dimension is 1 m<sup>3</sup> as on water bills

Note: Water Intensity = Water Consumption / Area

## Power Consumption



Power Consumption	Unit	2020	2021	2022
Offices		287.57	350.63	401.96
Sites		-	-	5,126.15
Own Assets	GJ	0.86	0.86	-
<b>Total Consumption</b>		<b>288.43</b>	<b>351.49</b>	<b>5,528.11</b>
Power Intensity	Unit	2020	2021	2022
Offices		0.35	0.585	0.356
Sites		-	-	0.150
Own Assets	GJ/m²	0.002	0.002	-
<b>Total Intensity</b>		<b>0.193</b>	<b>0.263</b>	<b>0.156</b>

Note: 1 kWh=3600000 J=0.0036 GJ

Note: 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.

Area	Project	Construction Waste (Ton)	Intensity (Ton /m²)
Taipei	The Urban Green	516	0.10
	Central One <sup>Note1</sup>	-	-
Taoyuan	Metro Building	1,748	0.29
	The Rising City	1,448	0.06
	Delpha Jing	272	0.14
	Qing Xi Section B <sup>Note2</sup>	-	-
	Shanjie Section <sup>Note2</sup>	-	-
Taichung	Fortune	61	0.03
	Centre for the Future <sup>Note2</sup>	-	-
<b>Total</b>		<b>4,050</b>	<b>0.09</b>

Note 1: Central One was issued a usage permit in January 2022.

Note 2: Qing Xi Section B, Shanjie Section and Centre for the Future have not yet begun the clearance and disposal of construction waste according to project schedules.

## Four Key Measures to Reduce Construction Waste

-   
**1** Accurate Ordering and Proper Storage
-   
**2** Construction Automation
-   
**3** Usage of Recycled Building Materials
-   
**4** Adopt Pollution Prevention Measures

For 2022, 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.

### 9 Major Evaluation Indicators for Green Buildings

Projects	The Urban Green	Urban Renewal Projects		
		Huasheng Section	Taiyuan Road	Center for the Future
<b>Certification Index</b>	Silver	Silver	Silver	Silver
1. Biodiversity				
2. Greenery	●	○	○	○
3. Base water retention	●	○	○	○
4. Daily energy saving	●	○	○	○
5. Carbon dioxide reduction		○	○	○
6. Waste reduction		○	○	○
7. Indoor environment		○		○
8. Water resources	●	○	○	○
9. Sewage and waste reduction	●	○	○	○


● Obtained Green Building Certification Label.      ○ Green Building Certification Label 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.


**1** **Building Planning and Design**

Incorporate sustainable concepts and consider the lifecycle of the building.




**2** **Building Materials Production and Transportation**

Choose sustainable and green building materials.




**3** **Construction and Building Process**

Implement innovative construction methods to minimize environmental impact.



**4** **Daily Building Operation and Maintenance**

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



**5 Building Renovation and Repair**

Proper maintenance ensures the longevity of the building.



**6 Building Demolition and Waste Management**

Handle construction waste properly to avoid secondary environmental pollution.



**7 Material Treatment and Recycling**

Reuse materials, approach disposal from a recycling perspective.



**Green Materials Aligned with SDGs**



**Green Energy**

- Electric Vehicle Charging Stations and Dedicated Charging Cable Trench



**Reduce Pollution**

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



**Circular Sustainability**

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



**Low-carbon Operations**

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

**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 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.

### Climate Change Scenario (Stress) Test

Delpha Construction conducts impact analyses for its developing and operational projects based on appropriate climate scenarios, as outlined in the Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report (AR5). The following areas are considered in the analysis:

Risk Type	Tool	Scenario Selection	Assessment
Risks of Floods	Climate Change Disaster Risk Adaptation Platform	IPCC PCR8.5	Identify projects that are categorized as Level 5 flood risk in the future (2036-2065).
Risks Related to Changes in Temperature and Rainfall	Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP)	IPCC PCR2.6	Assess the impact of extreme climate conditions, including the projected average temperature and rainfall, on the projects under the highest warming scenario if temperature control measures are not effectively implemented.
		IPCC PCR8.5	

- Short-term risks: 1-3 years
- Medium-term risks: 3-10 years
- Long-term risks: 10+ years

### Climate Change Materiality

	Opportunities	Potential Financial Risks	Response Strategy
Transformative Risks	<ul style="list-style-type: none"> <li>● 1. Increase in greenhouse gas emissions costs</li> <li>● Participation in renewable energy projects and adoption of energy-saving measures</li> <li>● Obtaining incentives from the public sector through carbon offset mechanisms</li> <li>● Use of low-carbon energy sources</li> </ul>	<ol style="list-style-type: none"> <li>1. Carbon fee expenditures.</li> <li>2. Deployment of carbon reduction equipment.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop low-carbon operational methods, such as paperless offices and smart energy-saving devices.</li> <li>2. Improve energy efficiency and optimize resource management processes.</li> <li>3. Purchase renewable energy certificates to support renewable energy development and increase proportion of renewable energy use.</li> </ol>
	<ul style="list-style-type: none"> <li>● 2. Regulatory authorities increasing oversight efforts regarding energy efficiency</li> <li>● Utilizing energy-efficient rated materials</li> </ul>	<ol style="list-style-type: none"> <li>1. Increased operational costs due to use of specific materials to comply with latest regulations.</li> <li>2. Possible fines for non-compliance with regulatory requirements imposed by regulators.</li> </ol>	<ol style="list-style-type: none"> <li>1. Proactively understanding policy trends and international standards and formulating strategies in advance.</li> <li>2. Obtaining various environmental certifications for project designs, and striving to comply with regulations and to exceed standards.</li> </ol>
Physical Risks	<ul style="list-style-type: none"> <li>● 3. Increased occurrence of extreme weather events</li> <li>● Enhancing climate resilience</li> </ul>	<ol style="list-style-type: none"> <li>1. Changes in material resource availability leading to supply chain disruptions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Enhance personnel's environmental health and safety education and training.</li> </ol>



# Social



## Employee Demographics

Company	Delpha Construction		Huajian Construction		Huachien Development	
	Male	Female	Male	Female	Male	Female
Age \ Gender						
20-29	3	3	27	1	-	-
30-39	5	4	12	-	-	-
40-49	5	6	4	-	-	-
50-59	5	4	-	-	2	-
60+	5	3	-	-	-	-
Employee Count	23	20	43	1	2	0
Total	43		44		2	
M:F Ratio	1	0.87	1	0.02	1	0
Average Age	45		30		54	

## Employee Turnover

Company	Delpha Construction		Huajian Construction		Huachien Development	
	New Employees	Exited Employees	New Employees	Exited Employees	New Employees	Exited Employees
Total Employees	43		44		2	
Age \ Gender						
20-29	3	-	20	10	-	-
30-39	2	1	6	3	-	-
40-49	3	3	1	1	-	-
50-59	-	-	-	-	-	-
60+	1	2	-	-	-	-
Total	9	6	27	14	-	-
New/Exited Ratio	21%	14%	61%	32%	-	-

## 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

Year	Employee Average (Person)	Employee Salary Average	Employee Salary Median (NTD Thousand / Person)	Industry Competitor Median	Delpha Employee Salary Median Compared to Industry Median
<b>Delpha Construction</b>					
2020	22	978	867	846	+21
2021	26	1,059	989	888	+101
2022	28	1,104	932 <sup>Note1</sup>	908	+24
<b>Huajian Construction</b>					
2022	19	977	857	-	-
<b>Huachien Development</b>					
2022	2	1,292	1,292	-	-

Note 1: Due to manager exits past mid-year, the 2022 salary medium was reported as 896 to the regulatory authority which may be misleading as it does not account for the full annual salary. After discussions with the CPA, it was adjusted to 932 for accounting clarity.

Note 2: 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.

## 2022 Gender Pay Equality

Company	Delpha Construction	
	Male	Female
Person	14	16
Ratio (Females as 1)	1.14	1
Percentage of total salary	53%	47%

There are a total of 8 managerial roles within Delpha Construction, 3 of which are female, accounting for **40% female management representation.**

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

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

## 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:



### 01 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 40% of the total number of management positions.



### 02 Reasonable Working Conditions

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



### 03 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.



### 04 Freedom of Association

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



### 05 Diverse Labor-management Communication Channels

- Regularly hold labor-management meetings to effectively address labor-related issues through open communication.
- In 2022, 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 2022, special project applications were provided for employee travel; e-commerce, dining/accommodation, and department store vouchers; tablet computer purchasing subsidies.

**Total of \$5,629,833 disbursed in 2022**



### 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 \$10,745,985 disbursed in 2022**



### 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.

**3 male and 2 female employees utilized parental leave in 2022**



### 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.



### 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.



### 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.












### 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.

## Talent Development

### Professional Certification

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

### External Education and Training

In 2022, a total of 268 hours of education and training were conducted, with 28 participants. The total cost of the training was NTD \$59,560.

Gender	Male		Female	
	Management	Non-management	Management	Non-management
Person(s)	1	10	3	3
Training Hours	12	188	46	22
Average Training Hours	18.18		11.33	

### Internal Education and Training

Course Name	Course Type	Hours	Person(s)
Auditing Practical Exchange	Auditing	2	14
Probationary Period and Termination of Employment Contracts	Labor Laws	2	15
Corporate Ethics and Morals	Ethical Management	3	15
Market Trend Analysis	Sales	3	15
CPR+AED Education and Training	Occupational Health & Safety	3	42

## Occupational Health and Safety

### Policy Objectives

#### Legal Compliance

Strict mandatory compliance with the Occupational Safety and Health Act and related regulations.

#### Engagement of All Employees

A mandatory health and safety work code for all employees to adhere to.

#### Safety Improvement

Continued training and promotion are conducted, including fire drills and regular occupational safety awareness promotions.

#### Triple Zero Vision

Strict supervision is carried out before, during, and after construction. Departmental meetings, inspections, training to achieve **zero disasters, zero accidents, and zero occupational diseases.**

*In 2022, the total working hours of all employees in Delpha Construction amounted to **139,440 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

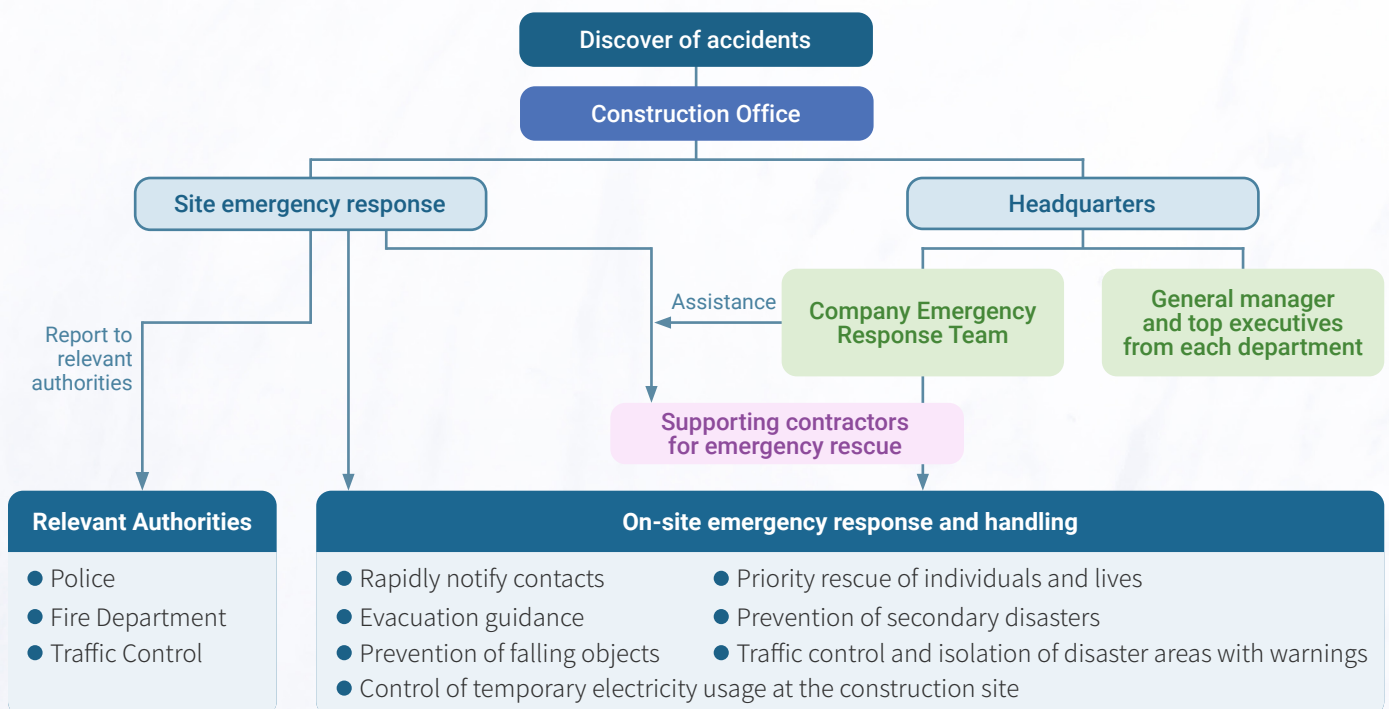
1 Site Supervisor	Serve as the overall responsible person of the organization and preside over the meetings of the organization.
1 Labor Health and Safety Personnel	Convene meetings of the organization and provide occupational safety and health management information and suggestions to the site supervisor.
Responsible Persons from Each Subcontractor	
Engineering Personnel	Participate in meetings of the organization and assist in supervising on-site safety.
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 2022, 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

### Certifications

### Person(s) Obtained

Construction Site Supervisor License	12
Class A Occupational Health and Safety Manager (Construction Industry)	13
Class C Occupational Health and Safety Manager (Construction Industry)	5
Occupational Health and Safety Manager	4
AED+CPR Certification	42
Construction Safety Assessment Personnel	1

## 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	Huasheng Section Project	Taiyuan Road Project
<b>Building Time</b>	1997	1960~1961	1965
<b>Consolidation Time</b>	2015~2022	2011~Now	2005~Now
<b>No. of Rebuilt Households</b>	1 Unit Demolished 28 Newly Built Units	18 Unit Demolished 100 Estimated New Units	74 Unit Demolished 402 Estimated New Units
<b>Status</b>	Completion and Handover	Hearing/Public Hearing	Submit for review by the Deliberation Committee on Urban Renewal
<b>Original Issues</b>	<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

### Neighborhood Services

Allocated NTD \$763,400

Prior to the completion of "The Urban Green" and "Central One", to support nearby communities in road pavement asphalt renewal, manhole cover replacements, and sidewalk line markings to enhance ecological diversity and provide nearby residents with a healthy and green recreational environment.

### Demolition of Unauthorized Structures and Beautification of Sidewalks

Allocated NTD \$4,057,626

To demolish 18 previously unauthorized dilapidated structures and beautify the sidewalk area adjacent to the metro station exit. Pebble pavement was installed, providing a better space for nearby residents.

### Demolition of Sea Sand Market

Invested NTD \$7,800,000

To demolish the market with excessive chloride ion content in the concrete, leading to concrete peeling, exposed rusted steel bars, and structural safety concerns. Ensuring the safety of the surrounding environment.

Project	Amount
The Urban Green Neighborhood Services	480,035
Central One Neighborhood Services	283,365
Demolition of Unauthorized Structures	3,900,000
Sidewalk Pebble Beautification Project	157,626
Demolition of Sea Sand Market	7,800,000
<b>Total</b>	<b>12,621,026</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



Collective bargaining agreements



Prohibiting child labor and all forms of forced labor



No illegal foreign migrant workers



Caring for disadvantaged groups



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



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

## 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	Huachien Development
<b>Supplier Category</b>	Constructor, engineering consultant	Architect, public landscaping, and reseller	Equipment and material procurement vendors and subcontractor
<b>Supplier Selection</b>	<p><b>1. Qualification Review</b></p> <ul style="list-style-type: none"> <li>• Business qualification</li> <li>• Engineering experience and track record</li> </ul> <p><b>2. Content Evaluation</b></p> <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.

<b>84</b> Number of Suppliers	<b>77</b> Level A	>80	Preferential contracting based on the current payment terms and conditions.
	<b>4</b> Level B	70-79	Based on the current payment terms and conditions.
	<b>1</b> Level C	60-69	Based on the current payment terms and conditions with an additional 15 days.
	<b>1</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.

1 Site Investigation

2 Geotechnical review, excavation, and shoring plan

3 Ground floor elevation plan

4 Showroom plan

5 Tiling plan

6 Scaffolding plan

7 Plan for application for occupancy permits

### 2022 Standard Operating Procedure Review Meetings

	Number of Sites	Total Hours
North Huajian Construction Sites	5	12 <small>Note</small>
Central Huajian Construction Sites	2	204
Externally Contracted Construction Site	1	4 <small>Note</small>

Note 1: Due to the COVID-19 pandemic, physical review meetings were suspended at the construction sites in the northern region from January to August 2022. However, each site has provided SOP plan documents according to the project schedule.

Note 2: Externally contracted construction sites obtained the occupancy permits in August 2022.

## 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.

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

Promptly repair and conduct re-inspection.

Property ownership transfer.

Handover of the property.

## Marketing Compliance

Delpha Construction complied with the regulations related to product labeling, service labeling, and marketing communication in 2022.

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.

### 2022 Delpha Construction New Project Warranty and Soundproofing Equipment Information

	Structure (year)	Waterproofing (year)	Materials (year)	Soundproofing Equipment
Metro Building	15	1	1	✗
Delpha Jing	15	3	1	✗
The Rising City	15	3	1	○
Centre for the Future	15	3	1	○
Fortune	15	3	1	○

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

**15**

 Structure  
(year)

**3**

 Waterproofing  
(year)

**1**

 Materials  
(year)

 Soundproofing  
Equipment

 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.



## Repairs

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

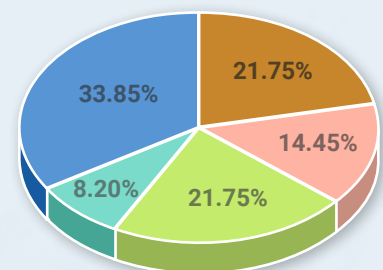
There were **no** complaints of customer privacy breaches or loss of customer data reported against Delpha Construction in 2022.

**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	4.8	4.4	There is no satisfaction survey data available for the warranty period as no customers requested repairs during this period.
Seismic design	4.9	4.5	
Visual design	4.8	4.5	
Construction schedule	5.0	4.4	
After-sales and warranty services	4.7	-	
Delivery speed	4.9	-	
<b>Average score</b>	<b>4.8</b>	<b>4.4</b>	-

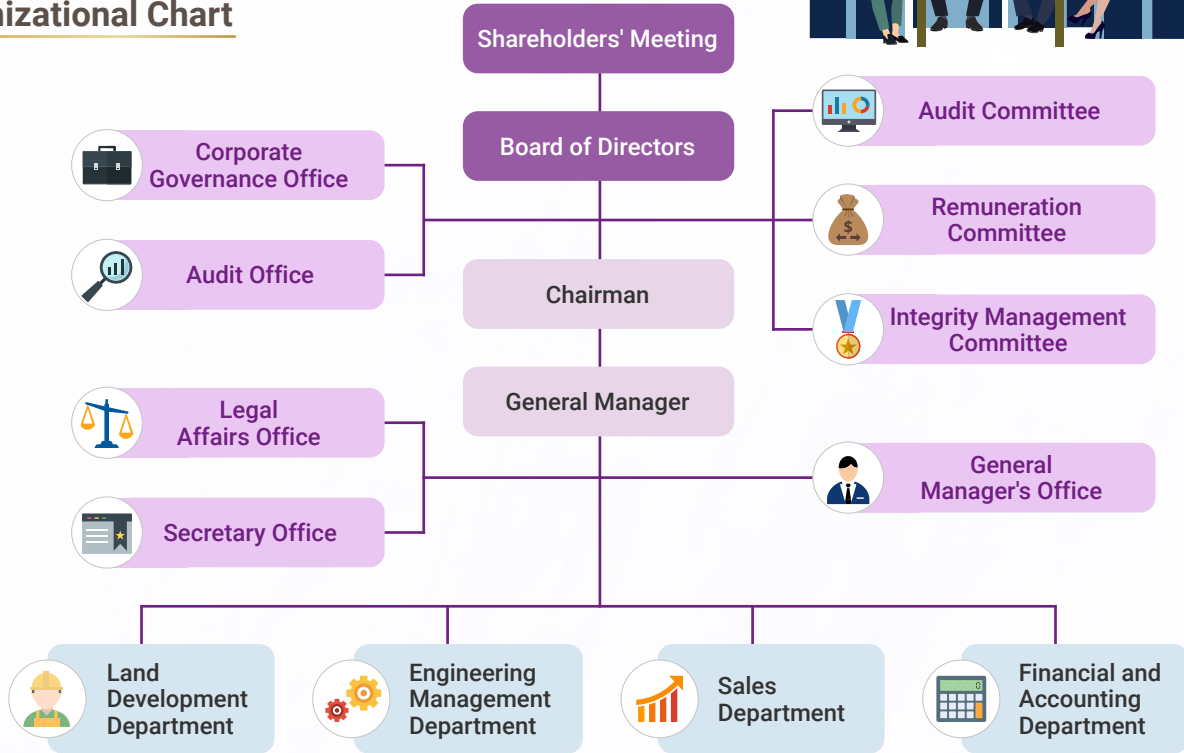


■ Delpha Brand  
 ■ Architectural Quality  
 ■ Planning and Design  
 ■ Sales & After-sales Warranty  
 ■ Location

# Governance



## Organizational Chart



## Board of Directors

○ Member ● Convener

Title	Name	Tenure as Director (Years)	Core Diversity Indicators			Functional Committees		
			Gender	Age		Audit	Remuneration	Integrity Management
				31-50	>51			
Chairman	Cheng, Ssu-Tsung	3	M	●				
Director	Tseng, Ping-Joung	5	M		●			
Director	Lee, Chin-Yi	17	M		●			
Director	Yan, Ming-Hung	3	M	●				
Independent Director	Yeh, Chien-Wei	3	M	●		●	●	○
Independent Director	Chen, Shih-Yang	New <sup>Note</sup>	M	●		○	○	●
Independent Director	Yu, Hung-Da	New <sup>Note</sup>	M	●		●	●	●

Note: As previous Independent Directors' terms expired, Chen, Shih-Yang and Yu, Hung-Da were newly elected in 2023/6/28.

## Governance Highlights

### 43% Board Independent Representation

Of the 7 board directors, 3 are independent directors, accounting for 43% of the board. Independent directors serve a three-year term and have **at least five years of work experience in business, law, finance, or corporate affairs**, meeting the independence requirements both in the two years prior to their appointment and during their tenure.

### 44 Hours of Directors' Continuing Education

Timely training courses are arranged for directors to ensure they acquire the latest knowledge in corporate governance, board operation practices, business management strategies, and financial-related information. **Within the total 44 hours of training received in 2022, 8 hours are also dedicated to sustainability development-related training programs.**

### 100% Director Attendance

For 2022, the board of directors held a total of 9 meetings, with individual directors attending in person or through delegation at a 100% rate. Whenever directors have a personal or corporate interest in matters discussed during the meetings, they disclose their conflicts of interest during the board meeting and abstain from voting.

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

Delpha Construction's commitment towards corporate governance is reflected in the 9<sup>th</sup> Corporate Governance Evaluation results, placing in the top 6%~20%.

### Good As Rated by the 2022 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. The evaluation results indicate that the board's performance is deemed good.

## External Board Performance Evaluation

In 2022, Delpha Construction entrusted the "Taiwan Corporate Governance Association" to conduct an external performance evaluation of the board of directors. The evaluation results are as follows:

### Overall Assessment

1. The board of directors appointed a corporate governance officer with legal expertise to enhance the effectiveness of the board and functional committees.
2. The company emphasizes compliance with laws and regulations and the corporate governance framework, resulting in a significant improvement in the company's governance evaluation ranking for the year 2021.
3. The composition of the board of directors emphasizes a balance between independence and expertise.
4. The company established an integrity management committee to assist in improving the effectiveness of the board of directors.
5. The company values communication with stakeholders and reports the outcomes to the directors. Relevant information and contact details of responsible personnel are disclosed on the company's website.

### Recommendations and Adjustments

1. **Recommendation:** Establish an independent director (or audit committee) to directly receive whistleblower emails, thereby enhancing the independence and credibility of the whistleblower mechanism.  
**Adjustment:** Plan to establish a mechanism for independent directors to directly receive emails and implement it starting from the year 2023.
2. **Recommendation:** Involve audit committee members in the annual performance assessment of managers.  
**Adjustment:** Plan to establish a mechanism for audit committee members to participate in the annual performance assessment managers and implement it in the 2023 performance assessment.
3. **Recommendation:** 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.  
**Adjustment:** Plan to include the internal audit director in the risk management team.

## Functional Committees



Attendance **100%**

### Audit Committee

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.

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



Attendance **100%**

### Remuneration Committee

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.



Attendance **100%**

### Integrity Management Committee

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.



## 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 more details:

**Delpha Construction's regulating policies**

### Director

1. "Integrity Management Principles", "Management Committee Organizational Rule", "Integrity Management Committee Procedures", "Integrity Management Operating Procedure and Behavior Guideline", "Integrity Management Operating Procedure and Guideline" requires directors to act in compliance with ethical standards, and no fraudulent intentions or deceptive behaviors are allowed.
2. It is strictly forbidden to use Company property, non-public information or use positions held to obtain improper benefits for themselves (or relatives).

### Employee

1. 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.
2. Supervise employees' anti-corruption and integrity principles, and actively educates internal employees to report through whistleblowing channels.
3. Integrity is included in the assessment of senior executives.

### Supplier

1. 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

1. Delpha Construction has established the "Operation Procedures for the Processing of Material Information" and the "Operation Procedures for Prevention of Insider Trading".
2. 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 2022.

## 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 Code" 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 2022, there were **no** reports of illegal activities received by Delpha Construction.*

### 1. 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.

### 2. External Whistleblowing Cases

According to the "Measures for Reporting and Handling Cases of Illegal and Immoral or Dishonest Behavior", Delpha Construction has established a whistleblowing email (service@delpha.com.tw), and have published it with regulating policies on the official website. The Audit Office serves 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.

### 1. 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.

### 2. 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.

*For 2022, there were **no** relevant illegal reports received.*

## 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

1. Compliance with Labor Laws
2. No Use of Child Labor
3. Non-discrimination (including race, gender, nationality)
4. Respect Indigenous Rights Protection
5. Respect Freedom of Association
6. No Forced Labor



#### Company-related Regulations

1. No violation of company law
2. No violation of securities and financial regulations
3. No violation of commercial accounting laws
4. No involvement in corruption cases
5. No political donations



#### Anti-competitive Behavior

1. No involvement in anti-competitive behavior
2. 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 2022 is as follows:

2022 Total Suppliers	140	Adoption Rate of Statement of Integrity (Anti-Corruption):
Number of Contracts with Statement of Integrity (Anti-Corruption) Provisions	190	