

CORPORATE GOVERNANCE REPORT

The Board of Directors realized the importance of operating its business under good corporate governance in an attempt to promote sustainable growth and development. The corporate governance policy has been prepared and implemented since 2007. It has been disclosed on the Company's website, externally on www.deltathailand.com for public access as well as internally on intranet for employee's access. The policy covers 5 major categories as follows;

- Rights of Shareholders
- Equitable Treatment to Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Responsibilities of the Board

(Further details of the Company's Corporate Governance Policies can be read from the Company's website: www.deltathailand.com)

With determination to act as guided by the policy, the Company has been rated "Very Good" scoring on the Corporate Governance Rating surveyed in the year 2012 by Thai Institute of Directors Association (IOD) with supports from The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET).

The implementation on the good corporate governance activities during the year 2012 can be summarized as follows.

Rights of Shareholders

The Company realizes and emphasizes the shareholders' rights by encouraging the shareholders to exercise their basic legal rights and obtain adequate business information including the updated important information via the Company's website, participating and vote in the shareholders' meeting for material matters that may affect their rights and interests.

● *Shareholders' Meetings*

The Company generally holds an annual general meeting of shareholders (AGM) once a year within four months after each fiscal year end. In 2012, the AGM was held on March 30, 2012 at the Company's office located at Bangpoo Industrial Estate, Samutprakarn province and meeting was conducted in accordance with the good governance principles, the Company has been rated "Excellent" for the high standard of annual general meeting (AGM Assessment) conducted in the year 2012 from the Thai Investors Association. There was no extraordinary general shareholders' meeting held during the year.

● *Prior to the Meeting*

Record date was used to justify the shareholders who entitled to attend the meeting. The Company entrusted Thailand Securities Depository Co., Ltd. (TSD) who acted as registrar to send out invitation for the meeting in both Thai and English together with other supporting information and documents to all shareholders 14 days prior to the AGM date. At the same time, it announced the call for the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All those documents were also made available to the shareholders on the Company's website for 30 days in advance. All information made available for easy access by shareholders was to provide adequate time for them to review the agenda. The meeting invitation had expressly indicated the matters to be tabled at the meeting, whether for acknowledgement, approval or consideration. In addition, it enclosed the Board's opinions and supported document to ensure that shareholders had sufficient information to consider all issues. To be well prepared for the meeting day, the Company provided a list of necessary evidences must be

presented to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate the shareholders who cannot attend the meeting and wish to give proxy to others.

● ***On the Meeting Date***

The Company provided shuttle services at The Stock Exchange of Thailand building for shareholders who wished to attend the Meeting. On meeting date, attendance registration commenced not less than 1 hour before the meeting started. Shareholders who came late were allowed to vote for the remaining agenda. Barcode system had been employed to facilitate the attendance registration and vote count. Duty stamps were available to shareholders without charges.

There were 8 directors out of 9 attended the meeting. The Chairman of the Board, Chairman of all sub-committees, the President and other key management members such as Chief Financial Officer (CFO) and the external auditor were presented in order to listen to the shareholders' opinions or suggestions and also answered any questions they might have similar to what were done in prior year. Before the meeting started, the Company notified number of shareholders who attended the meeting in person and proxy, and clarified voting procedure and vote count method. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority votes (except the voting on a special resolution, the meeting must comply with the Company's Articles of Association and/or relevant laws). Votes are not allowed to shareholders who have interests related to any particular agenda. For the election of directors, individual votes are required. At the time of voting, in order to expedite the process, only the ballots voted for objections and abstentions were collected and deducted from total votes which attended the meeting and eligible to vote. There was no any objection or request for re-inspection from shareholders on such arrangement. The meeting proceeded according to the agenda and had no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from, Allen and Overy (Thailand) Co., Ltd, was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions in appropriate time. In fact, shareholders may submit their questions by e-mail to info@deltathailand.com, mail or fax to the Company before the meeting date. However, in the meeting, the Board will principally attend the questions that related to the Company's operations or considered to create material impact on the operating results.

● ***After the Meeting Date***

Minutes of meeting recorded in writing every resolution, showing the number of approval, objection and abstention votes for each agenda. Questions, response, and opinions arose during the meeting were documented in order to examine afterwards. Report of the meeting had been disclosed on the website of the SET as well as and the Company's within 14 days after the meeting date (Please find further details in the 2012 Minutes of Annual General Meeting posted on the Company's website)

Equitable Treatment to Shareholders

If the shareholder is unable to attend the meeting, the shareholder may give a proxy to a person or to the Company's nominated independent directors to attend the meeting and vote on his/her behalf by completing and sending to the Company a proxy form enclosed with the invitation for the meeting or by downloading the proxy form from the Company's website.

In addition, the Company opened for the shareholders to propose additional agenda and to nominate candidate to be director of the Company in advance. Procedures and details were disclosed on the Company's website during 3 October - 31 December 2011 but none had

exercised the rights. For 2013 annual general meeting of shareholders, the Company also provided this opportunity to shareholders during the period of 1 October - 31 December 2012.

Prevention on Usage of Inside Information

Under the Company's policy, the inside information is restricted to the executives from the middle to the top levels within the relevant departments or plants. Use of inside information for personal benefits or lead to any damage is deemed serious wrongful conduct. In practice, the Company ruled out that its directors and executives must declare securities holding under their names, spouses and minor children to the Office of the Securities and Exchange Commission (SEC) as required by the law.

Prevention on Conflict of Interest

In general practice, decision making of the directors and executives must come out in a way to enrich the Company's ultimate benefit. In case of having conflict of interest, the directors or the executives shall submit the issue to the Board or the shareholders' meeting for their consideration on necessity to execute such transaction and potential impact on the Company if the matter is approved. At the time of voting on the issue, the person who has conflict of interest is not allowed to vote. According to the recent Securities and Exchange Act, the directors and executives of the Company have filed their and their related persons' report on their interest with the Company with an extra copy to the Chairman and Audit Committee Chairperson of the Company through the company's secretary. And such reports are required to update annually and submit to the Company by end of January every year. In addition, the Company also deals with related party transaction as regulated by the Capital Market Supervisory Board and also disclosed inter-transaction with its affiliates in the Company's financial statements and in the annual information disclosure form (Form 56-1).

During 2012, the Company's subsidiary, Delta Greentech International Holding Ltd (a wholly owned subsidiary of the Company), has entered into a related party transaction by signing the sale and purchase agreement regarding disposal of investment in Delta Greentech SGP PTE Ltd. for 6,676,368 shares or 54.83% of its total issued shares with Delta International Holding Ltd., a subsidiary of Delta Electronics Inc. (DEI), a major shareholder holding approx. 20% in the Company, at the price of USD 15 million (approx Baht 465 million) (2.51% of net tangible assets (NTA) of the Company based on its consolidated balance sheet as at 30 June 2012). The fair market value was based on net asset value which has adjusted the investment value of Delta Greentech (China) Co.,Ltd with the fair market value by using Income Approach appraised by an independent party on 17 Sep 2012. Directors of the Company who were executives of DEI (major shareholder) did not participate the meeting and has no voting right to approve the said transaction and there was no any other different opinion from directors or Audit Committee. The sale and purchase of the above investment currently is still under process.

Role of Stakeholders

The Company has contributed extensively to the rights of all stakeholder groups such as shareholders, customers, employees, business partners, creditors and society in accordance with laws or agreements with the Company. To ensure that the Company has conducted business with integrity, transparency and accountability to all stakeholder groups, the Board of Directors established operational Code of Conduct for directors, executives and employees to hold the same standards and generally accepted approaches. This Code of Conduct is both published on the company's intranet and its website.

Code of Conduct

The Company's Code of Conduct embraces the following essential issues

1. Compliance with laws and Company's regulations

2. Integrity of Records
3. Protection of Company's assets
4. Gifts and entertainment
5. Conflict of Interest
6. Protection of Company's intellectual property rights
7. Prohibit usage of inside information

In addition, to ensure that all stakeholders are treated according to international standards, the Company has adopted various international standards as guidance for business operation. For instance, Electronics Industry Code of Conduct (EICC), Universal Declaration of Human Rights (UDHR), International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multi-National Enterprise.

The Company opened various passages to accept suggestions or complaints from all stakeholders such as company's address and e-mail address. The Company secretary will accordingly route them to respective groups to investigate and resolve in following manners;

1. Complaints from shareholders will be forwarded to the Audit Committee and / or Board of Directors. Shareholders may contact directly the Chairman of the Audit Committee at the Company's address.
2. Complaints from customers, business partners, employees and the general public will be submitted to the Executive Committee to find solution and subsequently report to the Board of Directors.
3. Complaints from creditors will be presented to the Executive Committee or management may forward to the Board of Directors for further consideration.

The Company also has other guidelines to treat each specific stakeholder groups as follows;

Shareholders:

The Company aims to bring a long-term sustainable growth to its business, thereby enhancing the Company's value and ultimately providing favorable returns to its shareholders. Since listing in 1995, the Company has been operated profitably and paid dividend consistently at a satisfactory rate. In fact, from 2010 to 2012, dividend payout ratio averages 51 - 69% of annual net profits.

Customers:

The Company is committed to maximize customer satisfaction by offering quality products and reliable service. Quality is one of the core values of the Company's culture. At present, the Company received certifications that help create confidence and trust from customers as follows;

- ISO9001: 2008 – International Standard of quality management system
- TS16949 - International Standard of quality management system for the automotive industry
- TL9000 - International Standard-of quality management system for telecommunications Industry
- ISO/IEC17025 - Standard of quality laboratory system
- IEC-61340-5-1 and ANSI / ESD S20.20 - Standards of Electrostatic Discharge Control Program

With an aim to continue business development and to be able to meet future demand as well as expanding scope of business, the Company additionally pursues other certified quality management such as Standard of information security (ISO27001), Standard for

quality management for medical devices industry (ISO13485), and Standard of quality management for aviation and aerospace (AS9100).

Employees:

The Company values human resource the most valuable asset and therefore rules an explicit policy to ensure quality development and establishes appropriate welfare for the Company's personnel. Policies are determined and practical approaches are publicly disclosed as follows;

Safety, occupational health and work environment

Safety, health and the work environment are equally importance to other operational business goal of the Company. Management of each division will be responsible for keeping effective implementation of this policy. Every operational unit is to be assessed of impact and its staff is to be consistently trained. In addition, there is an environmental committee to ensure proper compliance of occupational health and safety in accordance with the Standards of environmental management system - ISO14001 and Standards of occupational health and safety - OHSAS18001

Employee welfare

The Company appointed a welfare committee to look over benefits of employees while promoted labor relations among employees and management. Consistency and continuing in giving priority to labor relations practices made the Company awarded “an Outstanding Entrepreneur on Labor Relations and Labor Welfare” from the Department of Labor Protection and Welfare, Ministry of Labor for seven years.



Delta won an Outstanding Establishment Labor Relations and Labor Welfare for the year 2012 on 14 September 2012

Apart from general employee welfare, the Company initiated various activities to help promote well-being and quality of life for employees. For example, the Company has participated the “Happy 8 Workplace” program with the Thai Health Promotion Foundation and the Association of Thai Electrical & Electronic Industries for the second consecutive year.

This program introduced eight approaches to earn happiness from balancing family life, work and social. This program positively enhanced quality of life of employee. In 2012, the Company had been selected by the program's operational unit to supervise another four operational agents. The Company had also been recognized as role model for another work place to adopt “Happy 8 Workplace” program.



Signed participation to the “Happy 8 Workplace” program for second year

Furthermore, the Company promoted and supported other programs beneficial to employee's quality of life such as helping employee to own home. The Company made an agreement with the Government Housing Bank and Government Saving Bank for employee to obtain the best home loan conditions and had an access to various alternatives of mortgage loans. There is also a cooperative union "Than Nam Jai Delta" for members to save and borrow money in case of emergency and this could help reduce them dealing with individual lenders.

"Breastfeeding Corner" is another program that the Company maintains as to its beneficial to employees and society as a whole. Breastfeeding does not only help saving the cost of buying milk powder but also caring baby with good health and strengthening family relationship which is a vital foundation of good society.

There were programs of religious related activities such as the "nine-temple visit in a day" to encourage employees to make merit with their family on holidays and "Dharma-Thamma" (Dharma - Let's do it) to help enrich mind and mercy of those who cares others and society. Training program to educate employees on sufficiency economy had also been arranged annually to ensure awareness of financial planning and to secure better living quality. Another was "White Factory" being campaigned to create awareness of bad impact from drug and to be away from getting addicted.

Human resource development

The Company committed and gave priority to develop its personnel in terms of both education and quality. In 2012, the Company arranged "DET Leadership and Coaching Course" and "Professional Selling Skill Training Program" in a bid to advance leadership and technique to become professional sales to employees within organization.



DET Leadership and Coaching Course



Professional Selling Skill Program

Moreover, on educational support scheme, the Company had awarded scholarship to employees and their children whose annual academic performances are consistently outstanding. There was also a cooperative program with various educational institutions to enhance employees' knowledge. This year an undergraduate course for further study on Industrial Management Science was arranged with Dhonburi Rajabhat University. Other non-formal or informal education, both secondary school and high school levels, are also organized in corporation with the Office of Non-Formal and Informal Education (ONIE) in Samutprakarn province. Others were program to improve potential of Thai employees, in particular on English for careers which the Company obtained support from Skill Development Institution Division 1 Samutprakarn province and the Natural English Learning Association. This program was to enhance knowledge and skill on English language communication for daily life. There were hundred-twenty employees participated the training.



Graduates of the Company's employee from School of Industrial Management at Dhonburi Rajabhat University in 2012.



Employees participating in the project to enrich potential of Thai labor in English communication for career

In 2012, the Company and its subsidiaries had a total number of employees of 12,220 and the total remuneration including salary, bonus and provident fund paid to employees was Baht 6,831 million. In Thailand, there were 9,836 employees with Baht 3,245 million paid for remuneration including salary, bonus and provident fund. Employees in Thailand are divided as follows.

1. Production	<u>No. of Employees (31 Dec 12)</u>
• EPSBG Product Group	5,157
• PSBG Product Group	613
• MPBG Product Group	884
• FMBG Product Group	1,601
• CPBG & Others Product Group	1,271
2. Administration and others	<u>310</u>
Total	<u><u>9,836</u></u>

Business Partners:

The Company at all times maintains good relationship with its business partners, not only perform to fulfill the agreement but also cooperate to work closely to improve the quality of raw materials and products to meet demand of both parties and prevention of material shortage

Creditors:

The Company strictly abides by its obligations and repays to all creditors as promised. Currently, the Company has gained trust and support from both local and international commercial banks.

Society and environment:

The Company prescribed social responsibility policy for management and employees to use as guidance towards business operations and to commit to develop and improve in order to create foundation of social responsibility continuously and sustainability. The policy was communicated to employees, business partners, contractors and all involved parties so they would realize importance of shared social responsibility.

The Company appointed a CSR committee to carry out policy on Corporate Social Responsibility (CSR). The Committee formulated social responsibility framework and established practical guidance in compliance with the Electronic Industry Code of Conduct - EICC. The EICC is a standard widely used among the Electronic Sector that aims to ensure safety and environmental responsibility in the production and business process. The Code of Conduct provides guidance in five critical areas: Labor, Health & Safety, Management System, Environment and Ethics.

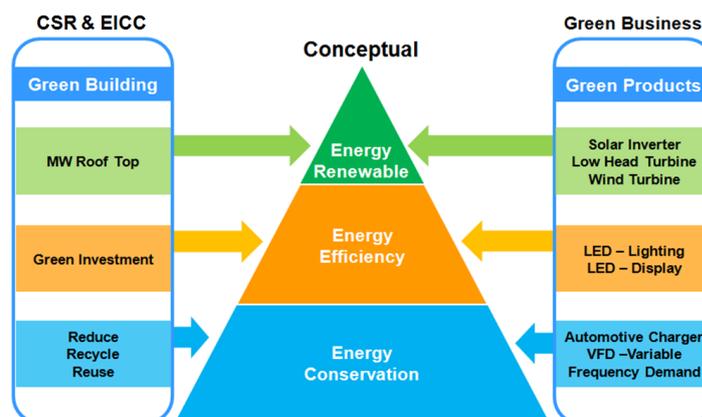
In 2012, the Company won the “CSR-DIW Continuous Award”, which acknowledged continuance of commitment on Corporate Social Responsibility from previous year. In 2011, the Company was certified “Standard for Corporate Social Responsibility - Department of Industrial Work: CSR-DIW” from Department of Industrial Work of Industrial Ministry. The award was earned from participation in DIW’s promotion programs which aimed at promoting industrial entrepreneurs to attain sustainable acceptance from society. The Company supported arrangement of variety of activities and campaigns which encouraged employee’s awareness on importance of environment such as impact from current global warming. It also implanted principle of shared environment protection and of energy consumption reduction.

The Company also focused on importance in setting up an environmental management system in order to drive business operation on the back of PDCA principle (Plan / Do / Check / Action). The system determined to cope with various context of social and environmental management that employees at all level can continue applying as part of their daily activities. At present, the Company was certified with various standards, both national and international level, as follows;

- ISO14001 – Standard of Environmental Management System
- ISO14067 – Standard of Product Carbon Footprint Assessment
- ISO14064-1 – Standard of Management System for Quantification and Reporting of Greenhouse Gas Emissions.
- IECQ QC08000 - Standard of Hazardous Substance Process Management
- ISO50001 – Standard of Energy Management System
- OHSAS18001 - Standard of Occupational Health and Safety Management

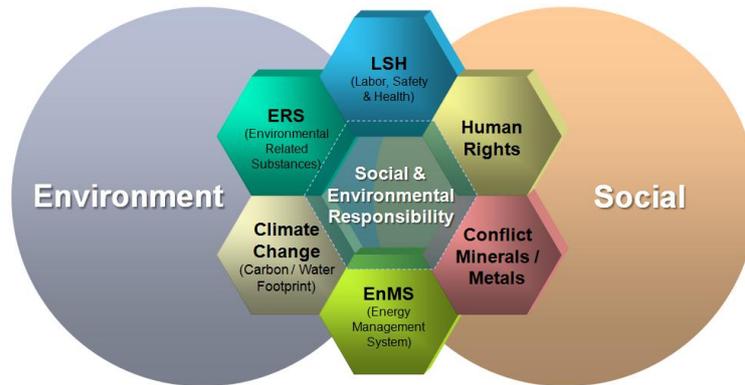
The Company is the first in Thailand being certified ISO14064-1 and ISO50001 and remains commitment to the standards in order to further enhance company’s competency towards the future.

The Company has applied the Electronic Industry Code of Conduct (EICC) and various standards as a guideline for its Green Business direction. The focus was on product development and energy conservation in a way to efficiently consume energy as well as being able to create renewable energy. The Company believed that its existing competency in the IT business would allow business expansion towards Energy Technology (ET) in the future. Current green products included LED lamps, solar energy system devices, wind turbine, and electric charger and other devices for electric vehicle.



Corporate Social Responsibility vs Green Business Practices Diagram

The Company has created activities by combining social and environmental projects to focus on living standard, safety, and health of employees, managing and monitoring the Environmental related substances, Climate change, Energy management, Human rights and Conflict minerals/metals. Some of key activities related to these projects done last year includes:-



Projects for Social and Environment Responsibility

1. Reducing impact on climate change

Global warming is one of crisis that threatens daily living of human beings. The Company recognized the importance of responding to these changes and therefore provided concrete measures to continuously implement energy management in practice in order to improve efficiency on usage of energy as well as reduce carbon emissions. The Company participated in the Carbon Disclosure Project - CDP since 2007. Started in 2009, the Company collected data on greenhouse gas emissions, both direct and indirect, and reported progress on the website of Standard for quantification and reporting of greenhouse gas emissions and removals (ISO14064-1) in 2010. And in 2012, the Company resolved strategy with performance target based on concentrations level of greenhouse gas emission (tonnes of carbon dioxide per US dollars millions of export) in a bid to achieve the goal on reducing greenhouse gas emissions. The scope of these activities was applied only to the operations of the factories in Thailand.

The program to reduce emission of carbon dioxide emissions was begun since 2009 with an aim to lower carbon emissions by year 2014. This project has been implemented along with energy conservation program which also intended to reduce intensity of electricity usage by 50% (electricity usage/production volume) by 2014.

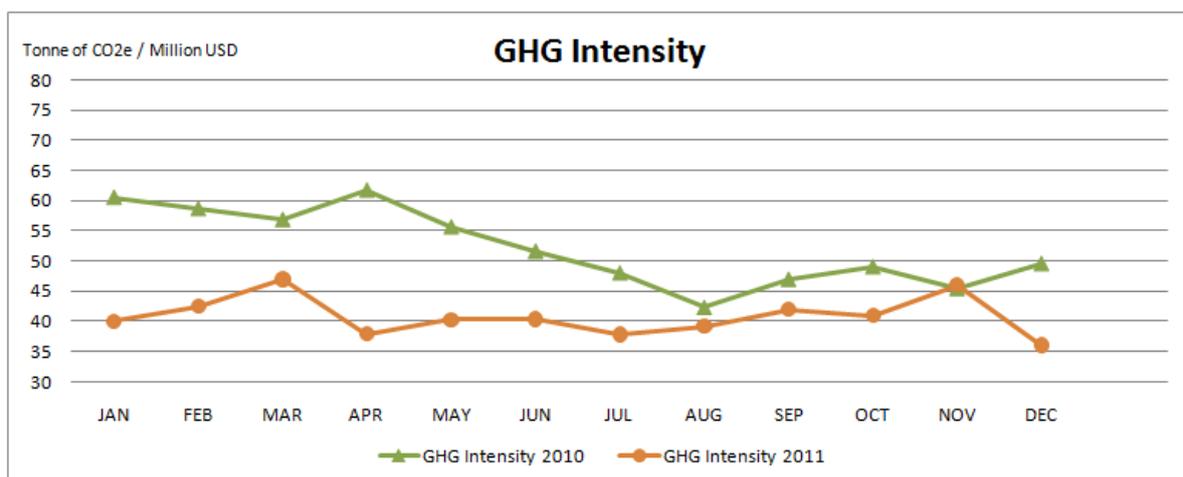


Table comparing the concentration of greenhouse gas emissions
(tones of carbon dioxide per US dollars millions of export)

2. Project development on energy conservation and environment

The Company valued energy conservation and promoted efficient usage of resources and therefore established an energy management policy with commitment for ongoing elaboration and communicated to employee at all levels within organization. The Company outlined procedures to monitor, follow-up, improve all the related projects, and sponsored training for employee to obtain more knowledge and be aware of important of energy conservation. The Company and the related companies had joint energy saving projects. Some energy management concepts have been implemented for improving air conditioning system, lighting system, and installing solar panels to generate electricity for usage inside factories. The program was carried on with continuous development, learning by doing through experience sharing on planning and efficient resource allocation. Below energy conservation projects had been implemented last year;

- Improve cooling system by installing Ball Cleaning System in order to increase the performance of the cooling system and reduce energy consumption
- Improve lighting system by changing light bulb to energy saving type, install automatic on-off sensor to avoid unnecessary lighting, and design building in a way of maximizing advantage of natural energy uses.
- Install device to lessen rotation of motor, machine, and cooling systems
- Install servo motors or control system motor on to plastic Injection molding machine in order to reduce electricity consumption of the machine and also install Smart Meter to continuously observe performance of electricity system
- Install insulation sheet to equipment with heat radiating outward to control stability of operating temperature of the engine, not only to maximize capacity of the machine but also to reduce load of the cooling system in the factories
- Install sensors in machines used along production processes to serve energy as required
- Install water-saving sanitary ware to help reduce water usage such as automatic on-off water switch and non-water urinal
- Develop solar panels to generate electricity, instead of using electricity generated from fuel, to use within the company
- Design Energy Recycling System to convert energy released from the Burn-in simulation into electrical energy. Results from the recent test showed 95% re-use rate.



Energy Recycling System

- Develop green building which effectively reduced carbon, avoided unnecessary energy loss, utilized appropriate technology, and applied simple and economical materials of environmental friendly and biological cycle.

At present, new building of subsidiary is to be constructed and designed to meet green building standards specified by Leadership in Energy & Environmental Design (LEED). Last year, a subsidiary in India located at Rudrapur received a “Gold-Rate” certification from the LEED representative in India namely Indian Green Building Council (IGBC). Another factory located at Gurgaon is also received the highest ranked certification, “Platinum-Rate”



- Design and develop “Heating Ventilation and Air Conditioning System – HVAC” with an intention to maximize usage of natural resources and for installation inside building or factory. Air condition system mostly consumes energy and natural resources, both direct and indirect. For hot and humid weather in Thailand, air conditioning system utilizes approximately 60% of entire electricity in a building or facility. This air-conditioning system can also be designed, both size and technique, to meet specific demand of customers.
- Introduced energy saving products for business and home-use segment whose energy consumption ranked the third after transportation and industrial. This segment has increasing trend of energy consumption, partly because of daily use electrical facilities such as lighting, air conditioning and consumer’s tools.



Energy Saving Applications for Households

On top of the above energy conservation projects, the Company outlined development of clean energy products which are also environmentally friendly and energy saving. The products had been promoted and supported to produce under “Green Label” scheme which focused on environmental friendly manufacturing process. The Green Label schemes governed waste management, efficient usage of natural resources, monthly record and impact assessment, and consistent employee training.

All products and packaging of the Company are unique and compliance with international safety standards and environmental regulations such as EU RoHS (European Union Restriction of Hazardous Substances Directive) and WEEE (Waste Electrical and Electronic Equipment Directive). The Company’s products are generally labeled with environmental certification such as Energy Star (Standards for energy efficiency of IT products) and 80 PLUS (Standards for Power Supply 80 PLUS).

Ultimately, the Company believes that our energy-saving approach together with green products promotion will not only play a significant role in joining environmental conservation force but also efficiently reduce consumption of limited energy resources.

3. Human rights

The Company respects human rights and put in place policies regards unlawful practices and non-violation, and non-discrimination of genders, ethnics or physical disabilities. There is an open announcement and channels for receiving complaints. So far, no complaint has arrived.

In the past year, the Company participated in a project namely “TB-HIV/AIDS Prevention and Management in Workplace” with the Department of Labor Protection and Welfare of the Ministry of Labor, and Department of Disease Control of the Ministry of Public Health, and the Thailand Business Coalition on AIDS. The Company instituted policies and practices to HIV/AIDS infected people in workplace and disseminated information and knowledge regards AIDS and tuberculosis to employee. Employees and job applicants are equally treated without forcing for HIV infection blood test. Confidentiality is adopted for personnel who infected AIDS and tuberculosis. There is practical guidance for proper treatment to employees who are ill with AIDS and TB accurately. The Company was certified gold-rate of “ASO-T Thailand Award” that can be evaluated by Thailand Business Coalition on AIDS (TBCA) on September 21, 2012 for the above-mentioned procedures.

4. Conflict Minerals / Metals-free Policy

The ongoing war in the Democratic Republic of the Congo which appeared to be deteriorating is believed to be majority funded by mining of precious metals including tantalum, gold, zinc, and tungsten. Those rare metals are key raw materials for production of electronic devices. Given their availability in the country of human rights violations such as Congo and Rwanda, they are consequently known as Conflict Minerals/Metals.

The Company realizes the importance of human rights and therefore responds to such conflicts by examining the sources of minerals and seeks for procurement from location outside the conflict areas. The Company laid out Conflict Minerals/Metals-free Policy to address prohibits usage of minerals from the Democratic Republic of the Congo and adjoining countries, either directly or indirectly. Implementation of this policy had also been extended to all supply chains. Suppliers were required to sign up for acknowledgement on the “Minerals/Metals Source Survey” and “Declaration on Non-use of Conflict Minerals/Metals”. The signing is hold as part of managerial process of company’s business.

5. Treatment to employee

The Company recognizes the importance of all employees at all production lines and other departments and therefore treated them fairly in terms of compensation and welfare which extended to include safety and working environment. The policy and guideline have been details in the Employee section under the topic of “Role of Stakeholders”.

6. Participation in community development.

To strengthen good relationships and contribute to community and society are among the Company’s social and environmental policies that being performed consistently. One of the projects was to help communities create income generation. The Company subcontracted assembly or manufacturing products with the Company’s support on the quality control to over 50 communities in upcountry provinces across the country. Not only income distribution but also no labor migration to the capital city was achieved. Moreover, being with the family is believed to help lessen social problems.

The Company encouraged employees and their families to earn additional income by promote growing organic vegetables within the community. In turn, their community would also consume clean and safe vegetables.



The company encouraged employees to grow organic vegetables within the community

The great flood in 2011 caused serious impact to schools in vast areas. The Company again organized the “Big Cleaning Day” project. Over 100 employee and management volunteered to help cleaning, painting, planting, and improving landscape of school areas damaged by flood water on March 17th, 2012 at Rachanukroh School, Bang Pa-in district of Ayutthaya province



The second “Big Cleaning Day” at Rachanukroh School, Bang Pa-in district of Ayutthaya province

The third “Big Cleaning Day” was performed at Wat Ladsanun School in Pathum Thani province. Activities included repair and renovate restrooms, painting, planting, and improving surrounding landscape of the restroom. The Company also donated sport equipment to the school on 29 June 2012.



The third “Big Cleaning Day” Watladsanun School, Pratumthani

The Company provides financial support every year for research projects of university students such as Kasetsart University. Funding was aimed at developing skill, knowledge, and competency in research work to be beneficial to the country. The Company also provided education support to various educational institutions. In 2012, the Company presented scholarships, educational equipment, and necessary educational materials and supplies to more than 30 schools in Chiang Rai, Chiang Mai, and Chonburi. Additional also granted 15 scholarships to students at Dhonburi Rajabhat University.



200 scholarships were granted to students in Chiang Rai and Chiang Mai provinces, at the Yunnan-Chiang Rai Association and the Chiang Mai-Yunnan Association



Financial support of Baht 574,000 was given to build sport ground and buy educational materials for schools in Chiangrai and Chiangmai

For over 10 years, on a quarterly basis, the Company has organized blood donation to the Thai Red Cross Society. Correspondingly, the Company was awarded the third Class Honorary Certificates from Her Royal Highness Princess Soamsawali Phravoraratjatinuddamatu in 2012.



The Company's executive was granted the third Class Certificates from Her Royal Highness Princess Soamsawali Phravoraratjatinuddamatu for giving support on blood donation for more than ten consecutive years.

Disclosure and Transparency

The Company has the policy to disclose data and information accurately, adequately and timely so as to allow stakeholders to know about operating performance, financial position, key developments and information such as financial statements, annual report and disclosure Form 56-1, in both Thai and English language. Such information is available on websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the Company's website www.deltathailand.com. Interest persons may telephone or email to request for more information at info@deltathailand.com. The Company also has investor relations unit to provide information to shareholders, investors, securities analysts, and others and they can be reached at investor@deltathailand.com.

In 2012, the Company organized press conference quarterly to clarify its operating results to securities analysts, reporters and general investors and for those people to meet with its executives in a bid to nurture confidence of all stakeholders. Additional meetings were also arranged by Investor Relations unit from time to time in order to provide information to both local and oversea securities analysts and investors.

Responsibilities of the Board

Structure of the Board

The Board of Directors comprises nine directors, six of whom are executive directors and the other three are independent directors which accounts for one-third of the board. Qualifications of independent director have been set to meet the criteria ruled by the SEC. Currently, Chairman of the Board and the President are held by two individuals with clearly separated responsibilities. Roles and responsibility of the Board and management are also distinctively defined so as to ensure management transparency. (Please find details of the Board members and scope of duties in the section of Managerial Structure).

Director's Term of office

At the annual general meeting of shareholders, one-third of the directors or close to one-third must vacate from the office. A director who vacates from office by rotation is eligible for re-election. The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote and having shares in aggregation not less than a half of the number of shares held by shareholders attending the meeting and having the voting rights.

At the 2012 Annual General Meeting of Shareholders, the retired directors, Mr. Ng Kong Meng, Mr. Hsieh, Heng-Hsien and Mr. Supat Limpaporn were re-appointed.

Sub-Committee

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinion on various matters. At present, there are four sub-committees including executive committee, audit committee, compensation committee and risk management committee.

Following function units have been established to support the committees.

- Company secretary

The Board of Directors appointed Ms. Duangrat Lertvorasirikul and Ms. Wilailak Funghanakun the Company Secretary. Their main responsibilities are: to prepare meetings,

inform and advise on relevant law and regulations, take care of the Board's activities, and coordinate to ensure that the Board's resolutions are put into practice. All are to facilitate efficiency of the Board's administration in order to comply with good corporate governance principle and other responsibilities as required by law.

- Internal Audit

The Internal audit department has been established for over 10 years with the main objective to support the Audit Committee who oversees internal audit tasks. They will help assess adequacy and efficiency of internal control as well as risk management. The Internal Audit reports directly to and works as assigned by the Audit Committee

The Board's Meeting

The Company schedules the board meeting at least four times a year or on a quarterly basis. An extraordinary meeting may be arranged when there is an issue to consider. The regular meeting date will be set in advance for the entire year. At least seven days prior to the meeting date, the Company will send out invitation letter with agenda to all directors, In case of emergency, invitation letter may be less than seven days. Each director is free to propose agenda. Company secretary has duties to arrange the meeting, take care and give suggestion to ensure that the meeting is in compliance with all relevant laws and regulations, minutes of meeting will be put in writing, and those endorsed by the Board are kept as evidence at the Company's office.

The independent directors may hold a meeting without attendance of management as it sees appropriate. Normally, meeting of the Audit Committee is held without executive participation. The Company's auditor generally attends the Audit Committee meeting on a quarterly basis when reviewing financial statements. In some circumstances, the Audit Committee may request particular executive to clarify issue as it sees fit.

Guidelines for Determination of Director and Executive Remuneration

The Compensation Committee will determine remuneration of directors, sub-committee members, the President and the Executives, and propose to seek approval from the board of directors. For compensation of the board of director and sub-committee, it requires approval from the shareholders' meeting. Follows are some key guidelines;

1. Guidelines for Director and Sub-Committee Remuneration

1.1 Remuneration package must be reasonable in order to attract and retain competence director. Major factors to determine director remuneration include

- Scope of works and responsibilities
- Current market rate
- The Company's overall performances
- Others specified by the compensation committee or the Board

1.2 Remuneration may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives.

2. Guidelines for the President and Executive Remuneration

2.1 Remuneration package must be reasonable in order to attract, retain, and motivate the executive to work at their best.

2.2 The compensation committee must define Key Performance Indicators (KPI) to help assess performance of the executives and propose to the Board for approval before end of each fiscal year.

2.3 Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments.

2.4 Determination of remuneration should take into account the current market rate. Market survey or advice from human resource professional may be used in consideration and at the expense of the Company.

(Please find details of the remuneration of directors and executives in the section of Managerial Structure).

Performance Assessment of the President

The Board assigns the compensation committee to determine and propose Key Performance Indicators (KPI) of the President. The KPI must be approved by the board and be reviewed annually. Appraisal results will be submitted to the Board on a quarterly basis.

Training for the Board and Management

The Company has a policy to encourage directors, executives and the Company secretary to continuously train on good corporate governance, both organized internally or externally by relevant institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD). In 2012, Mr. Supat Limpaporn, the Company's independent director and audit committee member joined of 3 programs of Thai Institute of Directors Association (IOD) including, Monitoring Fraud Risk Management (MFM), Monitoring the Internal Audit Function (MIA) and Monitoring the Quality of Financial Reporting (MFR).