HMI HERMES MICROVISION

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漢民微測 CORPORATE SOCIAL RESPONSIBILITY REPORT 00

REGARDING THIS REPORT

Hermes Microvision, Inc. (hereunder referred to as HMI) believes in the business concept of giving the rights back to our shareholders, providing the best products for our clients and valuing the welfare and career planning of our employees. This is the second year that HMI to publish the Corporate Social Responsibility Report to share our promises and results on the contribution for sustainable development on the levels of economy, society and environment. The topics of interest listed in this report identifies the topic of sustainability in the interest of the stakeholders through systematic mode of analysis and is used as the basic references for disclosing the information in the report, topic selection and order priority decisions.

Scope of the Report

This report covers the corporate social responsibility performances achieved by HMI between the periods of January 1st, 2014 to December 31st, 2014 and there were no significant changes in the agency's operation scale, structure or ownership in the period. The indicators primarily cover our manufacturing facilities located in Hsinchu and the Southern Science Park of Taiwan. In case if the indicators of other regions are involved, it will be listed and explained within the report. All data for the year 2014 stated in this report is shown in terms of international general indicators and estimations will be explained in each relating chapters. The financial data listed have been verified by PwC Taiwan and calculated in NTD other events shown in this report were not verified by a third party notary party.

Guidelines for Copywriting the Report

The framework of the contents of the report is based on generation three (GRI G3.1) of the Global Reporting Initiative (GRI) and written according to the guidelines and framework listed, which covers the primary sustainability topics, strategies, goals and measures of the company.
The report is published in Traditional Chinese and the data uncovered in this report are the results of statistics and investigations conducted by HMI; the financial data are CPA-verified information that are publically announced; data that requires inspection by law are shown by numerical descriptions that is generally used. This particular report conforms to the standards required by GRI G3.1A and AA1000AS 2008.

Publication Date

HMI will publish a Corporate Social Responsibility Report annually and publically announce each report on the company's official website.
Previous Version: August of 2014

Current Version: August of 2015
Next Version: Planned to be published in August 2016.

Contact Information

If you have any questions or suggestions regarding this report, please contact us by using the following information:
Hermes Microvision, Inc.
Address: 7F, No. 18, Puding Rd., Hsinchu City 300
Telephone: +886-3-666-9229
E-mail: investor@hermes-microvision.com
Company Website: http://www.hermes-microvision.com

PAN, CHUNG-SHIH
President
Hermes Microvision, Inc.

Foreword from President

To partners with interest in HMI's sustainable operation:

The cost for investment in processing equipment has been increasingly expanded, because the 16/14 nm FinFET (Fin Field-Effect Transistor) generation was launched in 2014 for logic semiconductor manufacturing processes, with memory processes based on a new 20 nm DRAM (Dynamic Random Access Memory) process technology, and NAND Flash memory market players have been committed to the 3D development. With the introduction of Nano-technology, the semiconductor advanced processing has been constantly reduced; as a result, the requirement of leading semiconductor manufacturers for E-beam Inspection tools has gradually risen over the years, and both the operating income and profit of HMI have continued to grow despite depression and hit a record high.

Currently HMI's main products have been used by Nano cutting-edge logic process wafer makers since 2014 and play an important role in improving yield rate of customers. In addition, we have also developed new products successfully, with resolution of as high as 2 nm, providing customers with effective solutions during the constant evolution of state-of-the-art processing technology for semiconductor.

To fulfill the duty of environmental protection, HMI is expected to complete its manufacturing premise - a green building built of natural building materials with features of energy-saving – in 2015, in which HMI employees may work happily and we will make progress toward green governance.

Besides, HMI was granted CG6009 certification in recognition of the Company's governance system in 2014, which not only endorses our resolution to strengthen management and realize corporate governance, but also affirms our role as a corporate citizen by securing the Company's sustainability, shareholders' long-term interest and developing available corporate social responsibility strategies, with the faith of "what is taken from the society shall be given back to the society".

Summary of HMI Corporate Social Responsibility Indicators Results

Indicators	Corporate Social Responsibility Topics	Performance Judgment Indicators	Results of Previous Years or 2014	Corresponding Chapters
Economy Sustainability Growth	Corporate Governance			2.1
	Operating Risk Management			2.5
	Laws Compliance	Violations		2.7
	Financial Aid	5-year tax free plan		2.4
	Financial Information	1.Business Income 2.EPS 3.Earnings after tax 4.Cash dividends	1.35% growth 2.Up to 45.6/share 3.38.16% growth 4.$22/share	2.4
	Supplier Management	Percentage of local purchases	48%	2.9
Society Sustainability Prosperity	Remuneration and welfare	Rate of Leave	6.5%	3.1.1
	Human resource training	Training Hours	Average 69.5hrs per person per year0	3.1.3
	Employee-employer relationships	Labor and Employment Litigation Case	0	3.1
	Human Rights	Labor and Employment Litigation Case	0	3.1
	Human Rights Education	Labor and Employment Litigation Case	0	3.1
	Occupational Safety and Health	Disability Injury Frequency and Severity	No personal injuries occurred in the facility between 2012 ~ 2014	3.3.2
	Quality and Safety	Product, Service Health and Safety Regulations	No violation of product, service health and safety regulations in 2014	4.4
	Anti-corruption	Corruption Cases	No occurrence of corruption related incidents in 2014	2.6
	Public Service	Number of donating to the public	Record of 6 donating to the public in 2014	3.4
	Fair Competition	Any Anti-Competitive Behavior	No behavior that violates competition	2.7
Environment Sustainability Mutualism	Greenhouse Gas Reduction	1. Electricity usage density 2. Plant's green building	1.The electricity usage density of 2014 is 10.6% less than 2013. 2.The new manufacturing facility was constructed according to the gold level green construction	4.3.2
	Use of Water Resources	Water Consumption Density	The water consumption density in 2014 is 35% less than 2013.	4.3.4
	Environment Management	Waste material resource recycling percentage	The percentage of waste materials recycled in 2014 is 64%.	4.3.4
	Green Products	Amount of local purchases	2014 is 48% higher than 2013 in the amount of local purchases.	2.9

COMPANY PROFILE

1.1 Company Brief Introduction

Before the age of nanotechnology, optical wafer inspection machine was capable of overcoming the challenges posted by the constantly shrinking line width but it will encounter a bottleneck and be replaced by wafer defect inspection instruments with E-beam based technologies when we enter the 90 nano generation. In 1998, with the support from Chairman Mr. Hwang, Ming-Chi of Hermes Epitek Corp., four top notch scientists who shared the same vision and are confident about the growth trend and market demands of the wafer industry, established Hermes Microvision, Inc. in Silicon Valley, U.S.A. and started the development of E-beam wafer inspection instruments.

In 2003, the 1st “E-beam Inspection Tool” was successfully developed by the Research and Development team gathered from Taiwan and China. The inspection tool features exclusive world leading leap scan and e-gun technologies, providing the industry with more advanced inspection equipment and technology, assisting our clients to effectively improve the efficiency of their front end manufacturing procedures, at the same time raising the level of wafer inspection technology to enter the global high tech equipment and components supply chain. In addition, the Taiwan headquarter of Hermes Microvision, Inc. was established in 2003 and the arrangement of its global operation and business has initiated. Consecutively, branch offices were setup in Japan, Korea, China and other regions shortly afterwards.

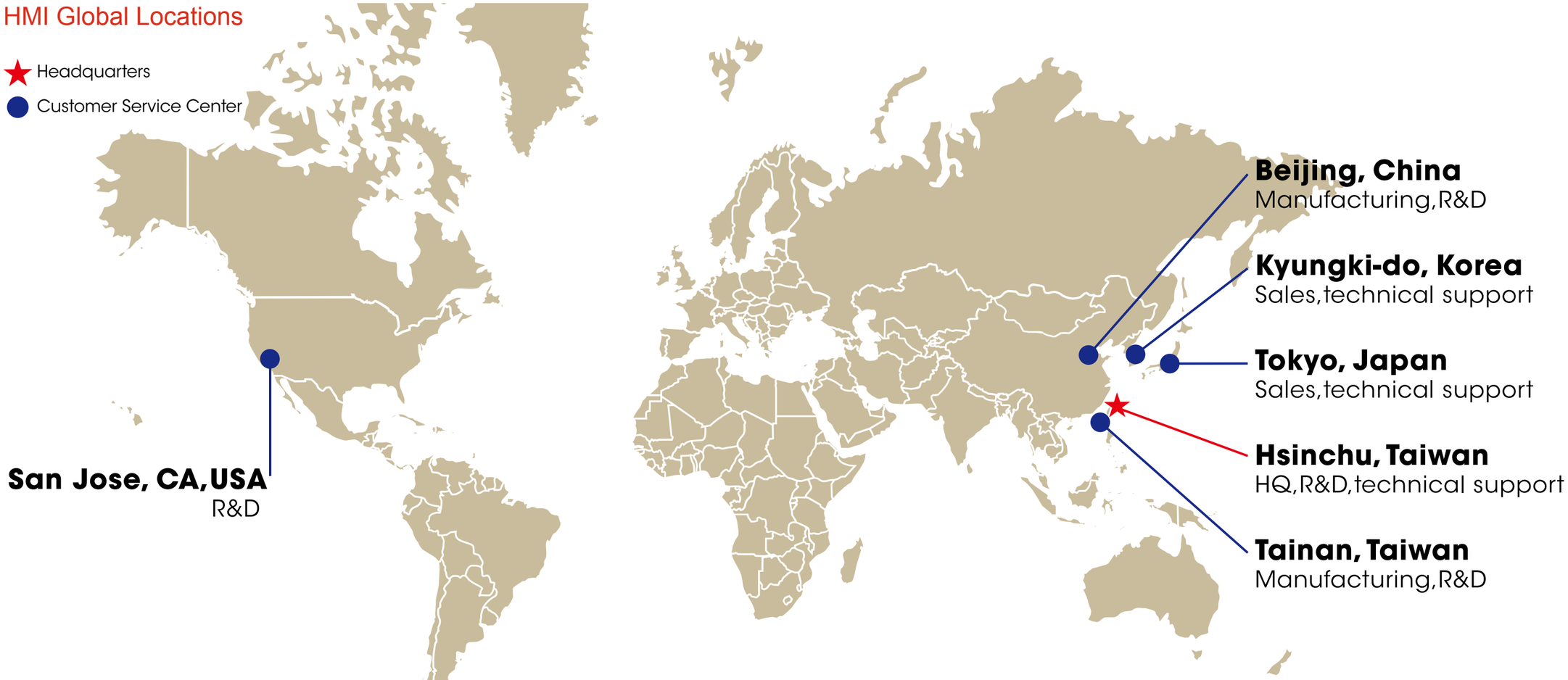
HMI insists on the concept of “Assisting Clients in Problem Solving, Becoming the Client’s Partners and Establishing a Trusting Relationship” and has provided solutions for our strategic partners in the completion of 90 nm, 65nm, 40nm, 28nm and even 20nm manufacturing procedure development to mass production, at the same time working towards manufacturing inspection equipment under 16 nm and 10nm. Today, the reliability and resolution of E-beam inspection tool developed and manufactured by HMI, has received the approval of the top 20 wafer and memory manufacturers in the global.

HMI (Hermes Microvision, Inc.) is a brand that completely participates in the R&D, design, manufacturing, international sales and services of its products, with a display of strong determination and will during the entire process. HMI is a gathering of top-notch talents from China, Taiwan, Hong Kong, Macao and the globe, with professional customer services that made HMI as one of the world class semiconductor manufacturing procedure equipment supplier in the historical book of semiconductor industry development.

Basic Information of HMI

Company Name	Hermes Microvision, Inc.
Stock Code	3658
Market Classification	Over-the-Counter Firm
Industry Classification	Semiconductor Industry
Established Date	May 19, 2003
OTC Listed Date	May 21, 2012
Paid-in capital	NTD 710,000,000
Chairman	Shu, Chin-Yung
Company Headquarter Address	7F, No. 18, Puding Rd., Hsinchu City 300
Accounting Firm	PwC Taiwan
Telephone Number	+886-3-666-9229
Fax Number	+886-3-666-9606
E-mail	investor@hermes-microvision.com
Company Website	http://www.hermes-microvision.com

HMI Global Locations



Global Headquarter

Hermes Microvision, Inc.

7F, No. 18, Puding Rd.,
Hsinchu City 300

TEL: +886-3-666-9229
FAX: +886-3-666-9339

Tainan Branch

Hermes Microvision, Inc.
STSPA Branch Company

No. 9, Dali 1st Rd., Xinshi Dist.,
Tainan City 741

TEL: +886-6-300-0777
FAX: +886-6-505-0797

USA

Hermes Microvision, Inc.

1762 Automation Parkway,
San Jose, CA95131, USA

TEL: +1-408-597-8600
FAX: +1-408-597-8601

Japan

Hermes Microvision Japan Inc.

3F Cuore Ebisu, 4-11-9, Ebisu,
Shibuyaku, Tokyo, Japan 150-0013

TEL: +81-3-5421-7007
FAX: +81-3-5421-7008

Korea

Hermes Microvision Korea Inc.

2nd floor, Taeyang Building, 345-3,
Banwol-dong, Hwasung-si,
Kyungki-do, South Korea, 445-330

TEL: +82-31-206-5032,35
FAX: +82-31-206-5033

China

Hermes Microvision, Inc., Beijing Branch

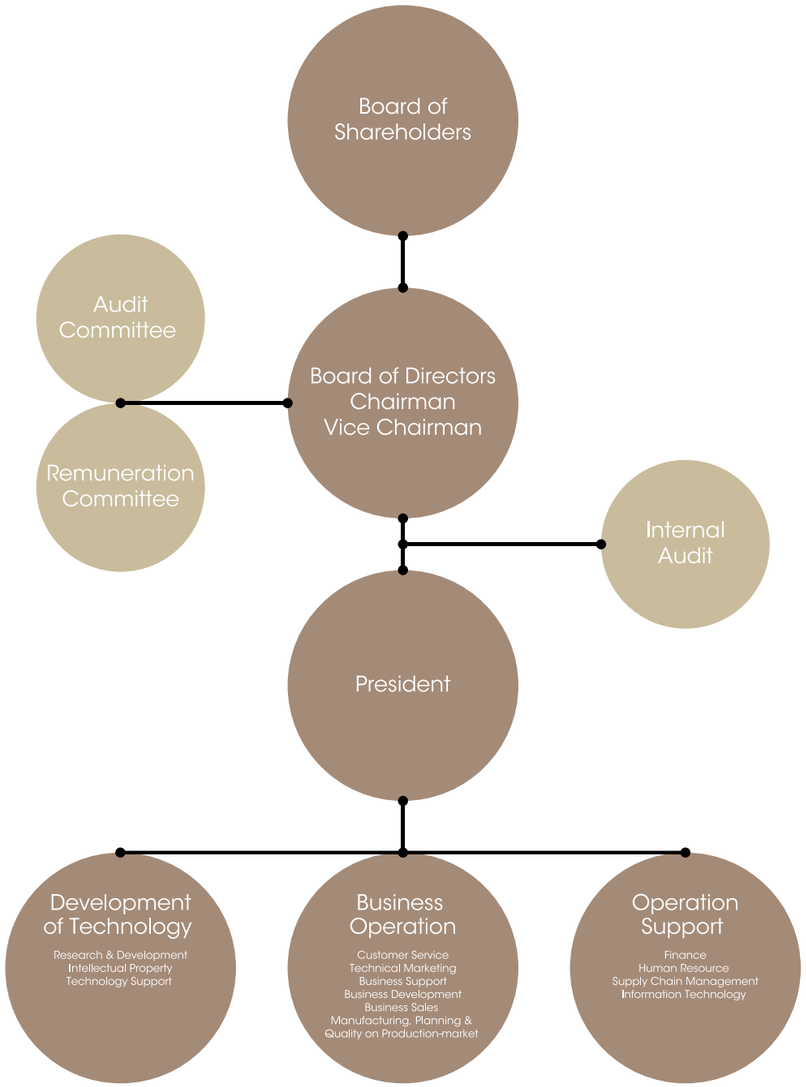
Floor 3, No.8, International Xinxi
Industries Base Liye Road, Beijing,
Dingsi Road, Changping District, Beijing

TEL: +86-10-5228-2966
FAX: +86-10-5228-2960

HMI Organization Structure

HMI is composed of several major departments including President Room, Audit Division, Financial Center, Administration Center, Global Business Center, Manufacturing Center, Support Management Center and Technical Center, which fulfill their responsibilities and perform their roles at their best. Our affiliate companies are Hermes Microvision, Inc. (USA), HMI Holdings Inc., Hermes Microvision Korea, Inc., Hermes Microvision Japan, Inc., Ansing International LLC., HMI Investment Corp., and Hermes Microvision Co., Ltd. (Beijing).

Organization Chart



Organization Chart of Affiliated Businesses

1.2 The Business Concept and Corporate Social Responsibility Strategies of HMI

Business Concept of HMI

- **Giving the Rights Back to the Shareholders**
  As a global high tech company, HMI focuses on the principle of maintaining operating performance and efficiency in the management of its global operation, continuously improve the productivity and profitability of the company while accommodating to market growth.
- **Providing the Best Products to Our Customers**
  At HMI, the core objective will always be assisting our customers to “further enhance product yield rate”. HMI focuses on developing the most advanced technology to produce highly efficient and reliable equipment while working together with the customers to upgrade the application of yield rate. The technologies and products of HMI will eventually contribute to wafer R&D and manufacturing.
- **Value of Employee Welfare and Career Planning**
  The employees are the most important asset of HMI and we acknowledge the contribution from our employees towards the growth of the company. HMI promises to provide a work environment that is safe and interactive for the entire staff while encouraging the employees to grow with the company both personally and in their field of profession.

Corporate Social Responsibility

HMI values the importance of the social responsibilities as an outstanding corporate citizen and continues to follow the developing trend of each topic of interest and the international community. In order to achieve the goal of sustainable corporate operation, HMI fully utilizes all available resources and upholding the policies listed below for continuous improvement.

Honesty and Moral

HMI upholds the spirit of honesty and obeying business morals and related regulations, in order to protect the intellectual property of the customers.

Care for the Society

HMI participates in charities and encourages our partners in cooperation to take part in social responsibility and spread ideas in regards to caring for the society and sustainable operation.

Friendly Workplace

HMI strives to build a safe, healthy and peaceful work environment that allows our employees to feel relieved, trouble-free and happy.

Sustainable Environment

Effectively manage the impacts of our operation on the environment and achieve the perfect balance between environment and economic performance, in order to increase the corporation’s ability for competition in the aspect of environmental sustainability.

・Deloitte Technology Fast500 Asia Pacific assessment

・Potential Small and Medium Sized Enterprises

1.3 Records of Annual Awards

By participating in business activities and the release of nationwide awarded products, HMI establishes itself as a benchmark company in the industry and focuses on innovations to achieve superior business performance.

・National Outstanding Small and Medium Enterprises Award

1.4 Annual history and records of Hermes Microvision, Inc.

2014

Granted CG6009 Advanced Assessment Certification.
Successfully developed eP4 products.
Published HMI's first CSR report in Aug.
Awarded 3-year renewal of ISO 14001:2004 implementation on Nov. 4.
Acquired user license for new premises in the Southern Taiwan Science Park in Dec.
Completed CMMI re-accreditation and acquired certification on Dec. 12.

2013

Winner of the 2nd Potential Taiwan Mittelstand Award.
January 16th: Passed the triennial certificate replacement for ISO 9001: 2008.
Offered 50 million NTD of new common shares in the form of global depository receipts, increasing paid-in capital to 710 million NTD.
Successfully developed eScan®500.
Started building new premises in the STSP.

2012

Winner of the 21st National Award of Outstanding Small and Medium Enterprises.
May 21st: Formally listed on Taiwan's GreTai Securities Market.
Offered new common shares of 60 million NTD (cash) to increase paid-in capital to NTD 660 million.
November 14th: Achieved OHSAS 18001: 2007 certification.

2011

Company headquarters moved to Hsinchu City. Branch company established at the Hsinchu Science Park.
Successfully developed eP3.
April 29th: successfully listed as an emerging stock company.
November 15th: Received ISO 14001: 2004 certification
December 16th: Received CMMI ML2 certification.

2010

Successfully developed eScan®320 and eXplore.
Offered new common shares of 190 million NTD (cash) to increase paid-in capital of 600 million NTD.

2009

Diverted investments to a subsidiary company in Mainland China as a manufacturing center of important modules.
Successfully developed eScan®400.

2008

Established Japanese and Korean subsidiaries to help manage business operations to expand the Japanese and Korean market. Closing of the Japanese branch.

2007

Reduced paid-in capital by 650 million NTD while offering new common shares of 280 million NTD (cash) for paid-up capital of 410 million NTD.
Public distribution of shares.
Successful development of the eP2, eScan Lite, and eScan®315 products.

Offered new common shares of 280 million NTD (cash) to increase paid-in capital to 780 million NTD.
Received ISO 9001 certification.

2006

Established a Japanese branch company to help manage business operations for expanding the Japanese market.
Successfully developed the eScan®310 and eScan®380 products.
Achieved the Best Product Award from Taiwan Semiconductor Manufacturing Company (TSMC).

2005

Formally entered the Japanese and Korean market as a major technological firm.

2004

Acquired the American (Silicon Valley) company Hermes Microvision, Inc. for 100% stock ownership and acquired core technologies for e-beam inspection (EBI) of wafers.
Application for entering Hsinchu Science Park approved.
Sales of the first inspection equipment (eScan®300), successfully entering the water inspection equipment market that had been monopolized by Japanese and American companies.
Established a production center at Southern Taiwan Science Park to enlarge production scale.
Offered new common shares of 499 million NTD (cash) to increase paid-in capital to 500 million NTD.

2003

Established the Hermes Microvision Precision Technology Co., Ltd with a paid-in capital of 1 million NTD in Hsinchu City. As semiconductor components become smaller, Hermes will offer wafer foundries with more advanced inspection equipment and techniques.
Company name changed to Hermes Microvision, Inc.
Successful development of the first inspection equipment (eScan®300).

1998

Hermes Microvision, Inc. was founded at the Silicon Valley, US, and begun the research and development of core technologies for electron beam wafer inspection equipment.

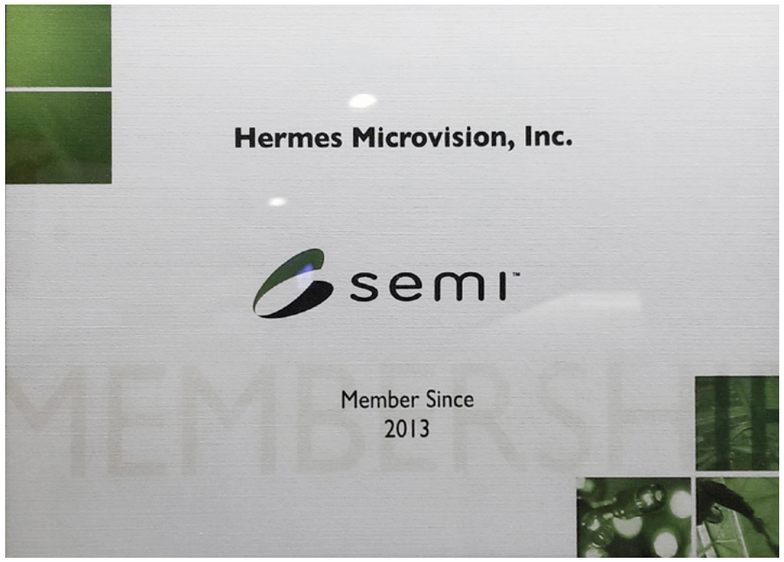
漢民微測 CORPORATE SOCIAL RESPONSIBILITY REPORT

1.5 Participating Organizations and Status

List of local organizations and associations to which HMI belongs

Table showing the Foreign / Domestic Organizations and Associations	Association Name
Domestic	The Allied Association for Science Park Industries – Hsinchu Park
Domestic	The Allied Association for Science Park Industries –Southern Park
Foreign	Semiconductor Equipment and Materials International (note 1)

Note 1: HMI has become an active member of SEMI (Semiconductor Equipment and Materials International) and provided information to SEMI.

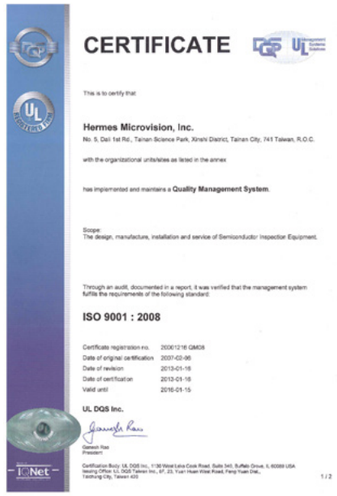


1.6 Management System

Quality System

HMI is a company that continues to seek for innovation and utilizes CMMI control procedure for quality control in order to achieve this goal. HMI also initiated the promotion of CMMI ML2 in October of 2010 and had successfully received the certification on December 16th of 2011. In addition, the ISO 9001 certificate was also granted through UL certification in February of 2007. The quality policies of this company are :

- Customer Oriented : Customer service oriented, thoroughly understand and satisfy the customer's demands
- Outstanding Quality : Seeking the highest quality product output and services with reasonable costs
- Continuous Improvement : In pursue of overall quality management with continuous innovation and improvement to raise competitive ability.


CERTIFICATE

This is to certify that

Hermes Microvision, Inc.
No. 5, Dali 1st Rd., Tainan Science Park, Xinshi District, Tainan City, 741 Taiwan, R.O.C.

with the organizational units/sites as listed in the annex

has implemented and maintains a Quality Management System.

Scope:
The design, manufacture, installation and service of Semiconductor Inspection Equipment.

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard:

ISO 9001 : 2008

Certificate registration no. 20001216 QM08
Date of original certification 2007-02-06
Date of revision 2013-01-16
Date of certification 2013-01-16
Valid until 2016-01-15

UL DQS Inc.

Ganesh Rao
President

Certification Body: UL DQS Inc., 1130 West Lake Cook Road, Suite 340, Buffalo Grove, IL 60089 USA
Issuing Office: UL DQS Taiwan Inc., 6F, 23, Yuan Hsiao West Road, Feng Yuan Dist., Taichung City, Taiwan 420

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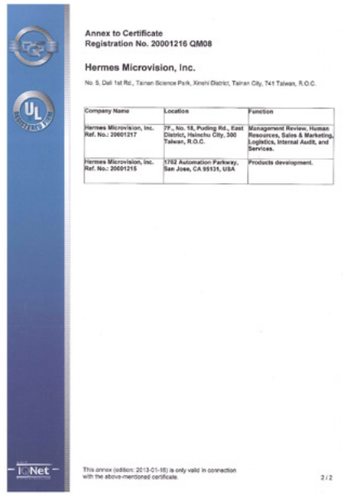
Annex to Certificate
Registration No. 20001216 QM08

Hermes Microvision, Inc.

No. 5, Dali 1st Rd., Tainan Science Park, Xinshi District, Tainan City, 741 Taiwan, R.O.C.

Company Name	Location	Function
Hermes Microvision, Inc. Ref. No.: 20001217	7F., No. 18, Puding Rd., East District, Hsinchu City, 300 Taiwan, R.O.C.	Management Review, Human Resources, Sales & Marketing, Logistics, Internal Audit, and Services.
Hermes Microvision, Inc. Ref. No.: 20001215	1762 Automation Parkway, San Jose, CA 95131, USA	Products development.

This annex (edition: 2013-01-16) is only valid in connection with the above-mentioned certificate.

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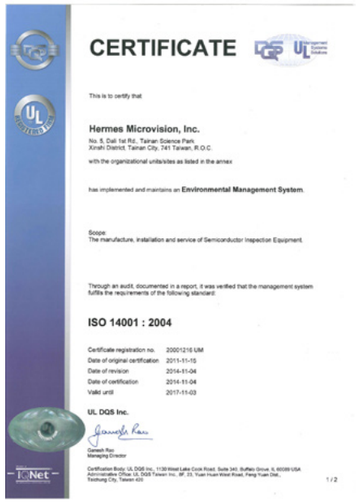
Environmental, Safety and Health System

In order to reduce the impact on the environment and lower the occurrence of accidents, HMI attempts to control the pollutions and potential hazards generated from the manufacturing process, products and services, through strict environment and safety management. Furthermore, the company received ISO 14001 and OHSAS 18001 certificates through UL certification in November of 2011 and 2012 respectively. Environment protection is not a slogan and safety cannot be achieved by chance. In order to create a safe and healthy work environment, and to protect the limited resources on earth, our policies on the environment, safety and sanitary are as follows:

- **Obey Laws and Regulations**
  Actively cooperate with governmental laws and regulation and requirements imposed by the customers to reduce the occurrence of unnecessary incidents and raise company image and customer satisfaction.
- **Energy Saving**
  Launch energy saving campaign at full scale to increase energy consumption efficiency and reduce cost.
- **Health Promotion**
  Be care about the health of our employees and actively organizes leisure activities that promotes a healthier lifestyle.
- **Continuous Improvement**
  HMI continues to improve the environment, safety and health issues in order to reduce environmental pollution and hazardous risks.



CERTIFICATE

This is to certify that

Hermes Microvision, Inc.
No. 5, Dali 1st Rd., Tainan Science Park,
Xinshi District, Tainan City, 741 Taiwan, R.O.C.
with the organizational units/sites as listed in the annex

has implemented and maintains an **Environmental Management System**.

Scope:
The manufacture, installation and service of Semiconductor Inspection Equipment.

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard:

ISO 14001 : 2004

Certificate registration no. 20001216 UM
Date of original certification 2011-11-10
Date of revision 2014-11-04
Date of certification 2014-11-04
Valid until 2017-11-03

UL DQS Inc.

Ganesh Rao
Managing Director

Certification Body: UL DQS Inc., 1130 West Lake Cook Road, Suite 340, Buffalo Grove, IL 60089 USA
Administrative Office: UL DQS Taiwan Inc., 8F, 33, Yuan Huan West Road, Feng Yuan Dist., Taichung City, Taiwan 420

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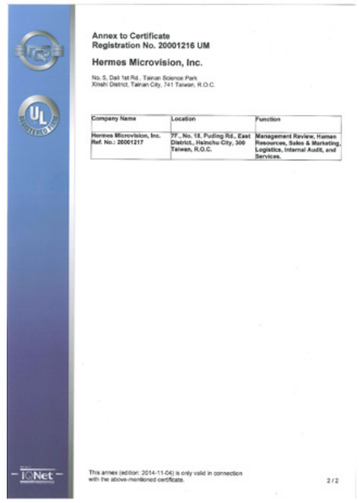

Annex to Certificate
Registration No. 20001216 UM

Hermes Microvision, Inc.

No. 5, Dali 1st Rd., Tainan Science Park
Xinshi District, Tainan City, 741 Taiwan, R.O.C.

Company Name	Location	Function
Hermes Microvision, Inc. Ref. No.: 20001217	7F., No. 18, Puding Rd., East District., Hsinchu City, 300 Taiwan, R.O.C.	Management Review, Human Resources, Sales & Marketing, Logistics, Internal Audit, and Services.

This annex (edition: 2014-11-04) is only valid in connection with the above-mentioned certificate.

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CERTIFICATE

This is to certify that

Hermes Microvision, Inc.
No. 5, Dali 1st Rd., Tainan Science Park
Xinshi District, Tainan City, 741 Taiwan, R.O.C.
with the organizational units/sites as listed in the annex

has implemented and maintains an
Occupational Health and Safety Management System.

Scope:
The manufacture, installation and service of Semiconductor Inspection Equipment.

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard:

BS OHSAS 18001 : 2007

Certificate registration no. 20001216 BSOH
Date of original certification 2012-11-14
Date of certification 2012-11-14
Valid until 2015-11-13

UL DQS Inc.

Ganesh Rao
President

Certification Body: UL DQS Inc., 1130 West Lake Cook Road, Suite 340, Buffalo Grove, IL 60089 USA
Issuing Office: UL DQS Taiwan Inc., 8F, 33, Yuan Huan West Road, Feng Yuan Dist., Taichung City, Taiwan 420

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Annex to Certificate
Registration No. 20001216 BSOH

Hermes Microvision, Inc.

No. 5, Dali 1st Rd., Tainan Science Park
Xinshi District, Tainan City, 741 Taiwan, R.O.C.

Company Name	Location	Function
Hermes Microvision, Inc. Ref. No.: 20001217	7F., No. 18, Puding Rd., East District., Hsinchu City, 300 Taiwan, R.O.C.	Management Review, Human Resources, Sales & Marketing, Logistics, Internal Audit, and Services.

This annex (edition: 2012-11-14) is only valid in connection with the above-mentioned certificate.

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To foster sustainable development in both business and environment, our missions are:

- **Providing our customers with optimized equipment**
  We provide our customers with optimized equipment by utilizing our outstanding technology, and maximize the customer's equipment investment returns.
- **Providing our customers with services that are most cost efficient**
  We aim to provide our customers with services that are most cost efficient by fully elaborating our professional ability and passion. Whether it is machine-installing, machine-moving, maintenance, components, we can quickly and effectively solve the issue for the customer, fully maximizes their equipment productivity.
- **Fulfilling the Responsibilities as a Corporate Citizen to Ensure a Sustainable Operation**
  Completing environmental protection and EHS, fulfilling the responsibilities as a corporate citizen, in order to achieve the growth of the colleagues with the public and share the prosperity together.

1.7 Interaction with the stakeholders

HMI uses the following communication platform to communicate with the stakeholders

Stakeholders	Communication platform
Corporate employees	http://tw.hermes-microvision.com/zh_TW/audit-committee-mailbox
Shareholders / investors	auditcommittee@hermes-microvision.com investor@hermes-microvision.com spokesperson@hermes-microvision.com
Corporate clients	http://www.hermes-microvision.com/ch/Contact/
Suppliers	http://www.hermes-microvision.com/ch/Contact/
Media	investor@hermes-microvision.com
Government institutions	http://www.hermes-microvision.com/ch/Contact/
Neighboring facilities	http://www.hermes-microvision.com/ch/Contact/

1.8 Identifying stakeholders and substantive analysis

In 2014, HMI has introduced substantive analysis in the corporate sustainability report in 2013, hoping that systematic analysis would help identify sustainability issues that the stakeholders are concerned or interested in. The issues identified would serve as a referential basis for descriptive contents shown in the reports in order to facilitate effective communication with different stakeholders.

Identifying the Stakeholders

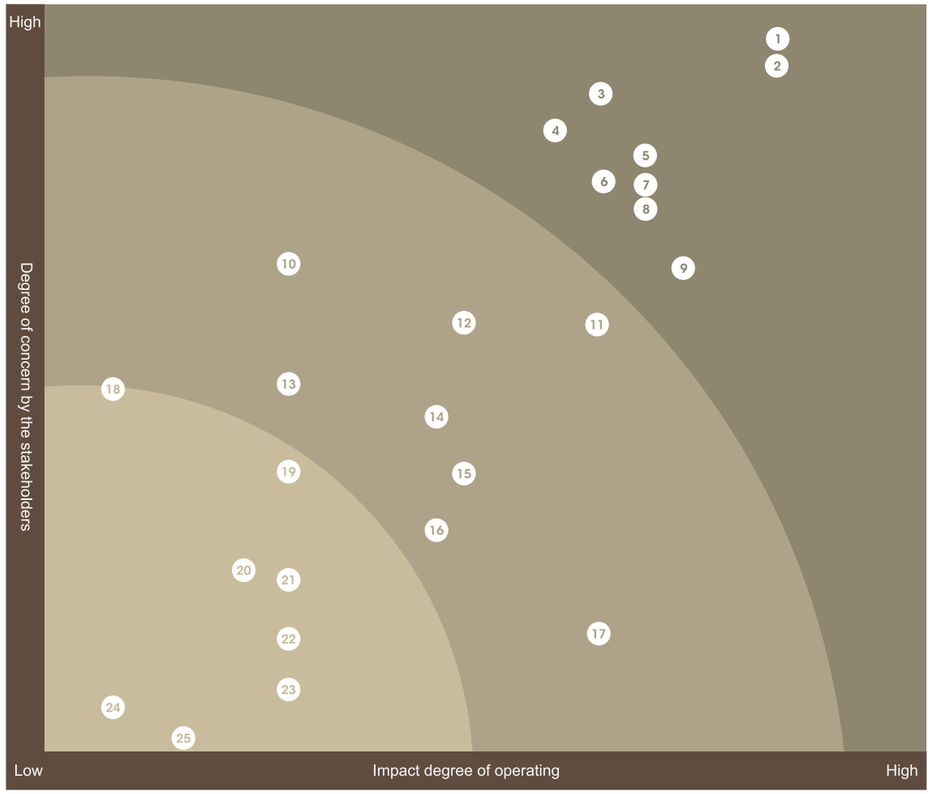
Through internal analysis and discussion, 8 stakeholders that HMI wish to communicate with have been identified. These include corporate employees, shareholders / investors, corporate clients, suppliers, contractors, media, government institutions, and neighboring facilities. The major consideration was that HMI has adopted the B2B (business to business) business model, and thus general consumers would not be included as a stakeholder category.

Substantive topic analysis

Every year, HMI distributed investigative questionnaires to different stakeholders to assess the degree of concern upon each topic. Questionnaire results were analyzed in order to determine the weight of each evaluated standard. Scores and weight of each topic under different evaluation

standards were concerned to calculate the priority rank of each topic. The top 30% of the topics with the highest scores before summation was selected and then discussed internally to provide a reference for deciding the priority ranking.

Substantive analysis diagram of topics that stakeholders are concerned with



Key topics	Secondary topics	General topics
1. Quality and safety	10. Environment Management	18. Financial support
2. Customer satisfaction	11. Remuneration and welfare	19. Green products
3. Legal compliance	12. Human	20. Use of Water Resources
4. Financial information	13. Greenhouse gas reduction	21. Energy management
5. Supplier management	14. Human rights education	22. Environmental contributions
6. Occupational safety and health	15. Public service	23. Fair competition
7. Anti-corruption	16. Business risk management	24. Ecological conservation
8. Employee-employer relationships	17.management	25. Political donations
9. Human resource training		

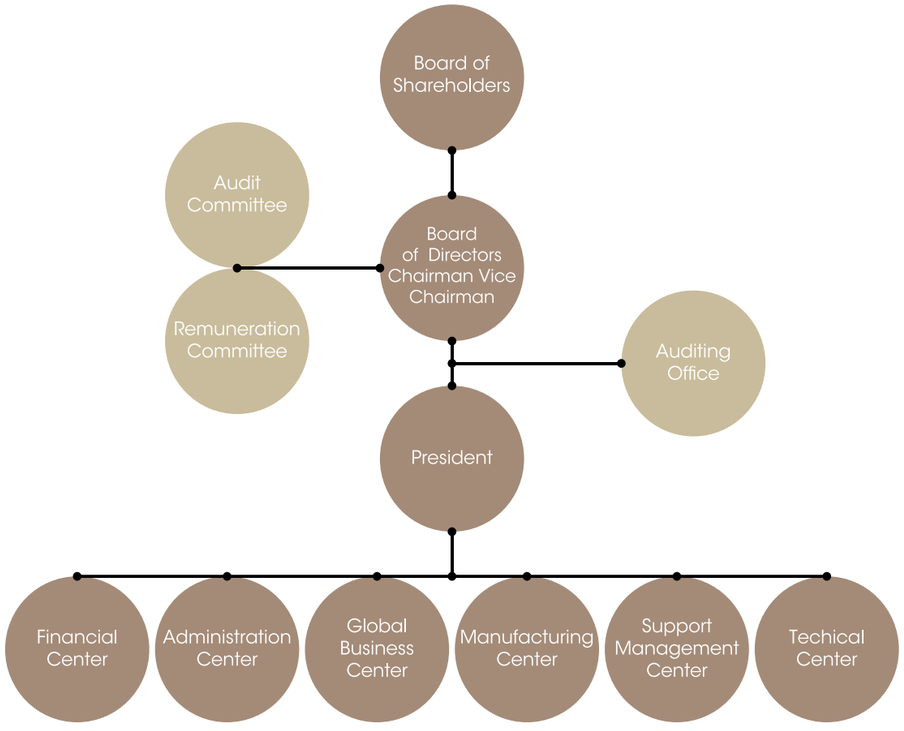
Responding to priority issues

Issue	Corresponding section
1.Quality and safety	2.5 Risk Management 2.8 Customer satisfaction 4.4 Green products
2.Customer satisfaction	2.8 Customer satisfaction
3.Supplier management	2.9 Supply chain management
4.Anti-corruption	2.6 Achieving the business value of honesty
5.Employee-employer relationships	3.1 Employee relationships
6.Human resource training	3.1 Employee relationships
7.Legal compliance	2.7 Legal compliance
8.Financial information	2.4 Status of operating and financial information
9.Occupational safety and health	3.3 Safety culture and responsibilities
10.Remuneration and welfare	3.1 Employee relationships

STATUS OF OPERATING

2.1 Company management framework

HMI believes in transparent management and prioritizes the rights of company stakeholders. We believe that having a healthy and efficient Board of Directors is the fundamental for good business management. We have faith that good business management is capable of building strong stable foundations for business development, providing the market with quality products and services, and promoting long-term business values of the company. HMI's management policy is mainly based upon regulations stipulated in laws such as Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. The supreme administrative agency under HMI has established an Audit Committee and a Remuneration Committee, functioning as a unit that monitors the Company's accounting and financial reports and audits its accounting statements, assesses management performance, develops and examines executive compensation plan, pension plan for employees and profit sharing plan, etc.



2.2 Board of Directors

Organization of the Board of Directors

The Board of Directors of HMI is composed of 9 directors with extensive business management skills or academic background in 2014. Directors serve for a term of 3 years, upon which the shareholders will vote for people with skills to the position. Directors who win the vote will continue to serve the company. The Board of Directors will convene a meeting at least once every quarter. A total of 7 Board meetings have been held in 2014. Shareholders meetings can be divided into regular meetings or provisional meetings. Regular meetings are held once every year within 6 months after the end of the fiscal year and convened by the Board of Directors in accordance to corporate regulations. Provisional meetings may be convened according to corporate regulations when necessary.

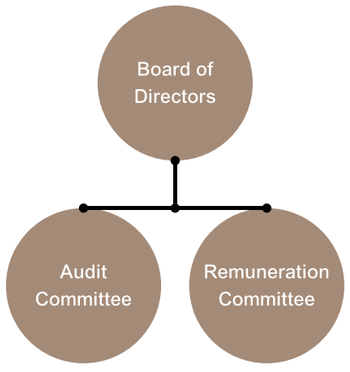
Title	Name	Gender	Academic experience	Company position (if any)
Chairman	Shu, Chin-Yung	Male	Master of Sciences, Institute of EO Engineering, National Chiao Tung University General Manager, United Microelectroncis Corporation Senior Vice President, Taiwan Semiconductor Manufacturing Company	None
Vice Chairman	Jack Y. Jau	Male	Doctoral degree in Electronic and Computer Engineering from University of Wisconsin, USA Executive Vice President Hermes-Epitek Corp. Senior Manager of Research and Development Division at KLA-Tencor Corporation USA Senior Researcher in Kodak Research Laboratories USA President of Hermes Microvision, Inc.	None
Corporate representative	Hwang, Ming-Chi	Male	Department of Electro-physics, National Chiao Tung University Chairman of Hermes Microvision, Inc. President of Tokyo Electron Taiwan Ltd.	None
Director	Yang, Chyan	Male	Doctoral Degree in Computer Science from Washington University, U.S.A. Professor of Institute of Business and Management of National Chiao Tung University Vice President (Deputy President), College of Management, National Chiao Tung University Associate Professor of Institute of Management Science, National Chiao Tung University Associate Professor in Computer Science at U.S. Naval Research Laboratory and Director of VLSI Laboratory	None
Director	Chen, Zhong-Wei	Male	Dept. of Electrical Engineering, Tsinghua University (Beijing) Master's degree in Electron Beams Exposure System, Shandong University of Technology Doctoral Degree in Philosophy, Cavendish Laboratory, University of Cambridge Senior Engineer, KLA-Tencor Corporation, U.S.A. The first Chief Scientist, U.K. Cambridge Instrument Company Research Scientist, University of Cambridge, U.K.	President of Hermes Microvision, Inc.(USA)
Independent Director	Hu, Han-Liang	Male	Master's degree in The Executive MBA Program in Accounting and Management Decision-making, College of Management, NTU Passing of CPA's High Examination	None
Independent Director	Tu, Huai-Chi	Female	Department of Economics, College of Law, National Taiwan University	None
Independent Director	Liang, Kai-Tai	Male	Department of Electrophysics, College of Engineering, National Chiao Tung University Director and General Manager, Siemens Shanghai Communications Director and General Manager, Siemens Shanghai Mobile Communications General Manager, Global Mobile Communications System Departmental, Mediaway Tech Company	None
Independent Director	Kin, Lien-Fang	Male	Dept. of Nuclear Engineering, National Tsing Hua University Master's Degree and PhD in Nuclear Engineering and Applied Physics, Columbia University, U.S.A. Senior Vice General Manager of Global Business & Service, TMSC Global Business & Service Vice CEO, Micro Computer Division, IBM Asia Pacific Vice CEO, Computer Enterprise Group, Motorola Company	None

Responsibilities of the Board of Directors

The Board of Directors serves as the center of decision making for key business strategies. The responsibilities of the Board include electing and supervising the company's management as well as the company's business performance. Remuneration of the Board members must be submitted to the shareholders, who shall then acknowledge and determine the extent of the Board's management successes. This would be the means by which HMI evaluates the performance of the highest level of management. Performance evaluation of the Board will help improve the quality and efficiency of Board resolutions and decision making to achieve the objectives of effective management and supervision of this company. Additionally, annual reports would include the directors' attendance in Board meetings as a form of demand paced upon directors to fulfill their responsibilities and obligations and perform their functions in supervising and managing this company. HMI also has stipulated clear provisions for conflicts of interests during Board meetings. Furthermore, HMI offered positions of independent directorship with transcendent powers. Independent directors will have an objective and fair vantage points of view and rely on their professionalism and experience to provide recommendations when the company considers various business strategies. Any proposal discussed by the Board would fully consider the opinions raised by the independent directors. Meeting minutes shall record the reasons for agreeing or disagreeing with the director's opinions while complying with conflict of interest principles to safeguard this company's interests.

The second responsibility of the Board of Directors is to instruct the management team. The Board of HMI would quarterly review management reports submitted. Report topics would include economics, environmental protection, and corporate social responsibility (including the analysis of risks and opportunities, compliance with international standards, and standards of business ethics). The Board also spends considerable time conversing with the management team. The management team must propose company strategies to the Board who shall then evaluate the strategies based on their potential success or failure. Progress of implemented strategies must be reviewed frequently as well. Where necessary, the Board shall also remind the management team to make adjustments.

Organization Chart of the Board of Directors andFunctional Committees



2.3 Remuneration Committee

Objective and basis

In order to ensure the comprehensiveness of the remuneration policy for the directors, supervisors, and managers of HMI, the organization rule of this Remuneration Committee (hereinafter referred to as the "organization rule") was established in accordance to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Functions of the Committee

The function of this Committee is to provide a professional and objective evaluation of the remuneration policy and system for the directors, supervisors, and managers of this company, and give recommendations to the Board of Directors to provide references for their decision making processes.

Committee Composition

Members of the committee are named by the Chairman and then appointed with the Board's agreement. The Committee may not have fewer than 3 members, with one acting as the Committee chair. Members of the Committee shall be professional and independent, and must comply with Articles 5 and 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee.

Scope of responsibilities

This Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors.

1.Regularly reviewing this regulations and propose recommendations.

2.Stipulating and regularly assessing the performance objectives and remuneration policy, regulations, standards, and structure of this company's directors, supervisors, and managers.

3.Regularly assessing the achievement status of performance objectives of this company's directors, supervisors, and managers, and recommending the contents and sum of the remuneration package for each person.

When exercising the official power in pursuant of the preceding paragraph, the Committee shall comply with the following principles:

1.To ensure that the company's remuneration policy and arrangements are compliant to relevant legal regulations and suitably attractive to first rate professionals.

2.Performance evaluation and remuneration of the directors, supervisors, and managers shall refer to the standards adopted by those in the same industry, and consider time commitments, responsibilities undertaken, objective achievement, other job positions taken, and remuneration provided by this company to those of similar rank in recent years, as well as the achievement of the goals and financial status of this company when evaluating personal contribution, company business performance and future risks, in order to ensure that these considerations are reasonably linked with performance evaluation and remuneration.

3.The Committee shall not produce an incentive for the directors or managers to engage in activities to pursue remuneration exceeding the risks that the company may tolerate.

4.The Committee shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of bonus payout to the company's directors and top managers.

2.4 Status of Operating and Financial Information

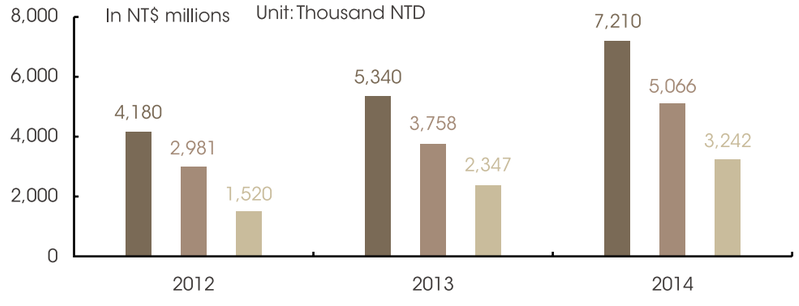
Benefited from U.S. economic recovery, consumer needs in domestic market have surged in 2014, which maintained a steady growth of the sales of semiconductor components for smartphones, tablet PCs, and automotive computers. These needs have driven the evolution of semiconductor advanced processing to a miniature of device size, increased the demand of high resolution e-beam wafer inspection tools for leading semiconductor vendors, HMI's income and profit grew against the trend and hit record high levels.

As the advanced semiconductor manufacturing technology continues to shrinks and evolves in recent years, the manufacturing threshold and difficulty rises at the same time, which made the precision of wafer defect inspection more demanded and traditional optical wafer inspection technology became limited by its resolution. The high resolution e-beam wafer inspection tool manufactured by HMI has become the leading inspection equipment for advanced semiconductor manufacturing procedure and has resulted in the steady growth of the company's annual income and profit margin. The total sales income of HIM in 2014 hit a record high of 7.21 billion NTD, which translates to 35% growth when compared to the 5.34 billion NTD in 2013. With this breakthrough, the earnings after tax in 2014, was 3.24 billion NTD and the EPS reached NTD45.60 per share.

At the end of 2014, HMI successfully rolled out the cutting-edge image processing system eP4. With the trend toward a miniature size of device, the processing sophistication and graphical miniature made the process monitoring more difficult. eP4 will provide an effective solution to these applications, therefore creating higher benefit for customers. Furthermore, HMI was certified by CG6009, which is a strict assessment system intended to introduce a self-discipline system into a business. The certification proves HMI's resolution to foster sustainable competitiveness by improving corporate governance culture.

Looking into 2015, the semiconductor market shows continuous growth and a new generation of e-beam wafer inspection products were introduced. As a result, the customer's demand for high level manufacturing procedure equipment continues to rise and competitors continues to invest in e-beam technology related fields. HMI will continue to refine our product quality and services to the customers, in order to respond to the challenges ahead. Furthermore, the new manufacturing facility of this company located in Southern Taiwan Science Park will be completed in 2014 and it is expected to increase the production massively, satisfying the demands from advanced semiconductor manufacturing procedure for e-beam inspection equipment. Besides assisting our customers in improving production yield by providing the most advanced inspection technologies, HMI is also committed on sustainable corporate operation and the implementation of our promises as a global corporate citizen. HMI will participate in the company governance evaluation and improve on corporate social responsibilities in order to achieve the goals of becoming an outstanding member of corporate citizen and develop the foundation as a sustainable corporation.

Simplified Income Statement



In NT$ millions	2012	2013	2014
Net Sales	4,180	5,340	7,210
Gross Profit/Gross Profit Margin	2,981/71%	3,758/70%	5,066/70%
Net Income/Net Profit Margin	1,520/37%	2,347/44%	3,242/45%

Production and Sales Volume

Production Numbers for the Most Recent 2 Years — Unit: Groups, Thousand NTD

	2013			2014		
	Production Capacity	Production Volume	Output Value	Production Capacity	Production Volume	Output Value
E-beam inspection equipment module	-	1,460	5,035,270	-	2,320	6,849,168
Total	-	1,460	5,035,270	-	2,320	6,849,168

Note: This Company is an equipment manufacturer and only a minimal amount of manufacturing machineries and R&D equipment are assembled by labor, thus production capacity was not calculated.

Production Numbers for the Most Recent 2 Years — Unit: Groups, Thousand NTD

	2013				2014			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
E-beam inspection equipment module	500	1,742,775	960	3,292,495	480	2,256,333	1,840	4,649,349
Others	-	126,894	-	177,879	-	132,198	-	171,770
Total	500	1,869,669	960	3,470,374	480	2,388,531	1,840	4,821,119

Note: The items listed in the Other's category are incomes generated from component sales and machinery repair or warranty services with different product categorization, thus cannot be expressively displayed.

Government Financial Support

The "Semiconductor Manufacturing Procedure Equipment" investment program of HMI can be categorized as Emerging Important Strategic Industry, which is suitable for article 9 of the "Statue for Upgrading Industries", where the newly added equipment of the manufacturer belong to capital increase expansion and the income resulting from these additional equipment is free from business income tax for 5 consecutive years. This has become effective from 2012.

2.5 Risk Management

Despite there's no assessment of major indirect economic impact, HMI aggressively adopts an adequate risk management framework and designs countermeasures against adverse events to effective prevent any potential threats. All risk control plans are developed in consideration of their current, short, medium and long-term operating situation to ensure applicability of their respective risk management. Items of risk management are provided below.

(1) Fluctuations of interest rate and exchange rates, inflation and other events that may affect company profits and loss as well as subsequent response procedures

1. Interest rates:

The major impact caused by interest rate fluctuations to HMI would be potential risks in cash flow and fixed deposits with floating interest rates. Fixed deposits of this company are usually made on a shorter duration to reduce the impact caused by floating interest rates, ensure the security of company assets, and maintain its liquidity. Generally speaking, risks caused by changing interesting rates are very low in this company.

2. Exchange rates:

Risks caused by exchange rate changes come from imports and exports that must be priced in US dollars. In addition to adopting the principle of natural write-offs, HMI has maintained close contact with corresponding banks, and designated the personnel responsible for collecting relevant information to identify future advantages in exchange rates and periodically inspect the differences in assets and liabilities in US dollars. Where necessary, long-term foreign currency contracts, currency exchange transactions and other risk mitigating tools are used to at the right opportunity to reduce the negative impact caused by changing exchange rates.

The following lists the foreign currency assets and liabilities of HMI that may be affected by major exchange rate fluctuations:

Dec. 31, 2014			
(Foreign currencies: functional monetary)	Foreign currency (In thousands of dollars)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD: TWD	$ 195,290	31.65	$ 6,180,932
USD: JPY	479	119.62	15,149
USD: CNY	1,330	6.22	42,091
Financial liabilities			
Monetary items			
USD: TWD	$ 10,089	31.65	$ 319,318
USD: KRW	232	1,082.98	251,670

Dec. 31, 2013			
(Foreign currencies: functional monetary)	Foreign currency (In thousands of dollars)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD: TWD	$ 213,128	29.805	$ 6,352,280
USD: JPY	1730	105.390	51,563
Non-monetary items			
Financial liabilities			
Monetary items			
USD: TWD	$ 14,133	29.805	$ 421,234
USD: JPY	568	105.390	16,929

The analysis on the Company's market risk denominated in foreign currencies and having material influence is as follows:

2014 / Analysis for sensibility			
(Foreign currencies: functional monetary)	Variable Range	Influence of profit / loss	To affect other consolidated profit / loss
Financial assets			
Monetary items			
USD: TWD	1%	$ 61,809	-
USD: JPY	1%	151	-
USD: CNY	1%	421	-
Financial liabilities			
Monetary items			
USD: TWD	1%	$ 3,193	-
USD: KRW	1%	$ 2,517	-

2013 / Analysis for sensibility			
(Foreign currencies: functional monetary)	Variable Range	Influence of profit / loss	To affect other consolidated profit / loss
Financial assets			
Monetary items			
USD: TWD	1%	$ 63,523	-
USD: JPY	1%	516	-
Financial liabilities			
Monetary items			
USD: TWD	1%	$ 4,212	-
USD: JPY	1%	169	-

3. Inflation:
As of the date of the printing of this annual report, Inflation would not cause significant impact to HMI business operations. However, HMI would constantly review the global economic environment and implement relevant response to any changes.

(2) Policy for partaking in high risk and leveraged investments, loaning of capital, endorsements, derivative products transactions, main reasons for profits and loss, and future response procedures:

HMI adopts a conservative approach in financial management and does not partake in high risk and leveraged investments. Additionally, HMI has stipulated documented Procedures for the Management of capital loans, Procedures for Management of endorsements, and Procedures for asset acquisition or disposition. As of the date of the printing of this annual report, HMI has not engaged in any high-risk or highly leveraged investment activities, lending funds to other parties, or endorsements or guarantees.

Also, any derivative financial products of HMI would be long-term foreign currency agreements for non-trading purposes which were acquired in order to prevent any currency exchange risks caused during business operations, with qualified banks acting as the transaction partners with no expected credit risks of significance. Given that any loss and benefits generated by changes in exchange rates could be mitigated by hedged items, there would be no major market risks as well.

(3) Future R&D plans and expected R&D investments

Given the diversification of water foundry processes and continuous shrinking of circuitry dimensions, inspection methods must be updated to identify ever smaller defects, provide rapid assessment of the current status and analyze defective elements hidden within the structure. Hence, the pace of R&D must be increased to improve production yields rapidly. Such would be our targets when developing the next generation of e-beam wafer inspection equipment. Future R&D of this company shall focus on the following directions:

1. Continuing to improve imaging resolution and defect detection rates: strengthening electron-optical system capabilities, stability of wafer movement, and improve the signal to noise ratio of defect detection(S/N ratio).
2. Continuing to improve defect detection speeds: improve processing speeds of electron-optical systems and computing capabilities.
3. Continuing to improve advanced pattern comparison calculations: high resolution e-beam images with pattern recognition of semiconductor design diagrams to expose any defect. The company is dedicated to enhancing pattern comparison calculations to satisfy the clients' stringent yield requirements in advanced processing.
4. Developing the next generation inspection equipment: given that semiconductor manufacturing will be using large numbers of e-beam inspection technology to overcome the technical bottlenecks of existing optical inspection technologies, the company shall also develop breakthrough e-beam inspection technologies to satisfy the market's requirement of faster inspection speeds and higher resolutions.
5. Developing applications of emerging semiconductor technologies: new generation equipment will consider the technologies and applications required for high-end semiconductors, such as defect detection for extreme ultraviolet (EUV) masks, nano-imprint lithography (NIL), FinFET 3D transistors, the in-line monitoring of defects on wafer for high sensitive resolution and other potentials during the mass-production of wafer will likely become the main technology application in the market.

HMI is dedicated to continuous innovation and development to master key wafer inspection equipment technologies and maintain the company's competitive advantage in the industry. In 2013 and 2014, combined R&D expenses exceeded 700 million NTD and 900 million NTD separately, proving the company's R&D priorities. Annual R&D expenses shall continue to be 13-15% of total revenue in the future. This sum shall also be adjusted according to business performance and changes to the industry in order to enhance competitive advantage in the market.

(4) Changes to important national and international policies and laws, impact on corporate finances, and response measures

The Ministry of Economic Affairs has established the Semiconductor Industry Promotion Office (SIPO) according to the document number Yuan-Tai-Ching-Tzu-Ti-0910083707 released by the Executive Yuan on April 16th, 2002. The SIPO shall coordinate and manage the development, planning, promotion, and evaluation of Taiwan's semiconductor industry, providing a single contact window to coordinate various inter-ministry or inter-agency tasks, encourage investments, evaluate difficulties that may occur during investments, and actively working with agencies at various levels of the government in order to remove investment barriers.

The government is currently promoting the development of high value-added products and technology research amongst local semiconductor businesses, advocating independent development of semiconductor manufacturing equipment in order to achieve self-sufficiency in semiconductor equipment, reduce dependence on foreign equipment, and support commercialization of technologies to power the industry. HMI produces the e-beam inspection tools using exclusive jump-scan inspection and stable electron gun technology and provides the semiconductor manufacturers with a more advanced inspection tool and technology. This assists them in effectively improving the front-end manufacturing process performance. Future R&D efforts of HMI shall focus on inspection equipment required by next generation semiconductor manufacturers in compliance with public policies as well as current and future developments in the semiconductor industry. HMI business operations would complement the government's industrial policies, exerting a positive influence on HMI's financial affairs while generating win-win scenarios for both parties.

Additionally, the Financial Supervisory Commission of the Executive Yuan has stipulated that listed companies must comply with International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), the relevant interpretations and announcements (to be collectively referred to as "IFRSs" for the rest of this document) as well as Regulations Governing the Preparation of Financial Reports by Securities Issuers when generating financial reports. The impact caused by the adoption of IFRSs includes changes to the means by which a number of accounting practices for transactions and financial reports must be presented. HMI has complied with these regulations and completed the transfer to the IFRSs system in 2013. For the newly promulgated and revised standards and applicable interpretations, please peruse the company's 2013 consolidated financial report.

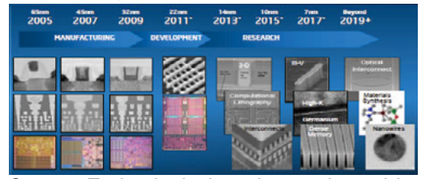
According to the descriptions given above, daily operations of HMI are compliant with both national and international laws. HMI constantly pays attention to trends and changes of national and international policies and regulations, and actively collects the relevant information to serve as reference for the business decision makers and adjust this company's business strategies. So far, the Company has not experienced any significant impact on its financial operations due to important domestic and foreign policy and legal changes.

(5) Impact and response to the company's finances caused by technological changes and industry transformation

1. Future changes in industrial technologies and its impact to HMI:

The semiconductor industry is heading towards smaller circuit dimensions in order to reduce production costs and achieve higher level IC functions and faster processing speeds.

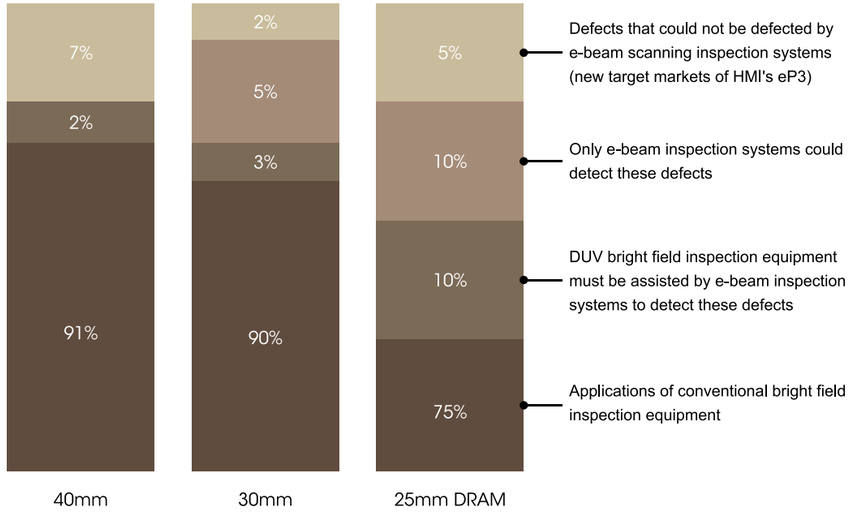
Technological roadmap released by Intel



Source: Technological roadmap released by Intel on June 2011

According to the technology roadmap published by Intel in June 2011, manufacturing capability will head towards 14 nm, 10 nm, and 7 nm by 2013, 2015 and 2017 respectively, meaning that pitch would become smaller while precision requirements would increase. These pitches would be far smaller than the extremes of detection capabilities offered by the conventional optical imaging inspection. Meanwhile, IC pattern density and manufacturing complexity are both increasing as well, posing significant challenges to process yields for products with feature dimensions below 45 nm. Hence, high resolution e-beam scanning inspection systems of HMI will play critical roles in future major semiconductor manufacturing and advanced processing.

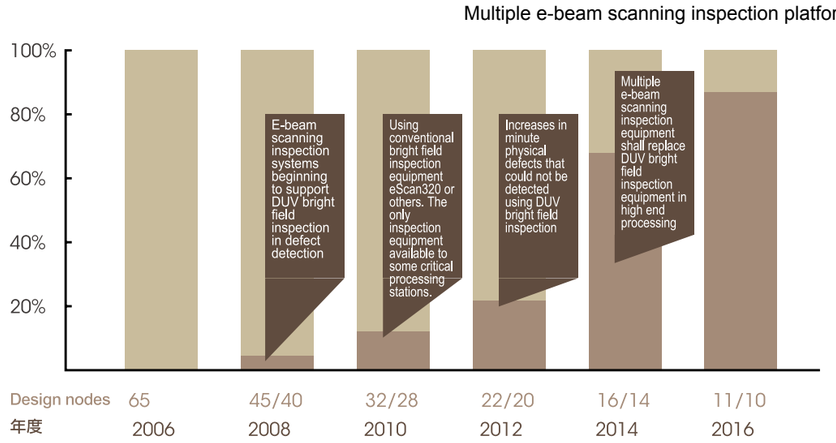
漢民微測 CORPORATE SOCIAL RESPONSIBILITY REPORT



Source: HMI

Most wafer foundry lines are still using optical inspection equipment on their production lines to detect wafer defects. In the nanotechnolgy era, however, optical inspection equipment will be facing process bottlenecks as pitch drops below 90 nm. According to the diagram above, 10% of defects in 25 nm DRAM manufacturing must utilize e-beam inspection equipment to be detected using deep ultraviolet (DUV) inspection equipment, while 10% of the defects could only be detected by e-beam inspection systems, and 5% would require HMI's eP3 process monitoring system. Hence, as advanced processes continue to shrink semiconductor feature pitches, HMI's e-beam inspection equipment will enjoy substantial potential in growth.

Defect detection program proposed by advanced semiconductor manufacturing



Source: HMI

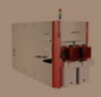
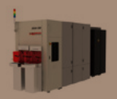
The defect detection program proposed by major advanced semiconductor manufacturing showed design nodes decreasing from 65 nm in 2006 to 45 / 40 nm in 2008, and to 32 / 28 nm in 2010. For 2012, 2014, and 2016, design nodes will continue to shrink to 22/20 nm, 16/14 nm, and 11/10 nm respectively. Conventional optical imaging detection is already unable to clearly identify wafer defects for processes below 45 nm, coupled with the fact that IC patterning density and processes are becoming increasingly complex. Hence, the high resolution e-beam detection equipment produced by HMI would serve as an indispensable tool for process development amongst major semiconductor manufacturers.

2. Response Measures

In response to advances in pixel dimensions e-beam scanners and increasingly smaller design nodes, HMI has provided a number of different products for various product characteristics to satisfy

Process Optimization-Early discovery of defect to increase yield and reduce cost

Wafer Inspection

ePTM3Series	**Product**	ePTM3		
	**Description**	Hotspot process monitoring inspection system		
	Key Advantages	・Lowest cost with high throughput ・Most advanced defect binning algorithm ・Highest detection sensitivity to electrical and physical defects ・Suitable for both early R&D and in-line monitoring in mass production fabs		
	Scan Mode	Hotspot Inspection		
	Mainstream application	Logic / Memory		
	Design / Manufacturing	In-house		
	Highest Resolution	3nm		
eScan®Series	**Product**	eScan®500	eScan®320	eScan®400
	**Description**	High sensitivity defect inspection		
	**Key Advantages**	・Longest lifetime for advanced fabs ・Highest sensitivity to defect of interest signature detection ・Highest defect location matching ・Highest confidence level on advanced device analysis ・Most advanced defect binning algorithm ・Suitable for advanced wafer manufacturers		
	**Scan Mode**	Multi-Function	Leap Scan	Continuous Scan
	Mainstream application	Logic / Memory	Logic	Memory
	Design / Manufacturing	In-house	In-house	In-house
	Highest Resolution	3nm	5nm	10nm

Defect Analysis

Supernova™	**Product**	Supernova™
	**Description**	Wafer plot analysis system
	Key Advantages	・Records every defect detection step, analyzes data, and points out problematic areas for EBI tools to inspect ・Aids EBI tools in capturing defects more efficiently

Mask Inspection

eXplore®Series	**Product**	eXplore®
	**Description**	Mask EBI system
	Key Advantages	・First EBI system specially designed for mask manufacturers ・Inspects physical defect of EUV mask and nano-imprint template ・Offers the highest inspection resolution of mask defects

Source: HMI

technological changes of this industry and requirements of different clients.

From the chart given above, in terms of the traditional continuous-scan series, HMI introduced the eScan 400 that features high resolution and high scanning output rate and has been used by world renowned wafer foundries; in terms of jump-scan series, HMI rolled out products like eScan 310, eScan 315, eScan 315xp and eScan 320 one after another, in which eScan 320 has ultrahigh resolution of 5nm of e-beam scanning, effectively helping logic wafer makers manage their yield rate in 28/20nm node; in terms of the hotspot inspection series, HMI provided eP3 with 3nm resolution to address advanced technology nodes in-line monitoring market. Besides, the eScan 500 model, an integrated system combining jump-scan, continuous-scan and hotspot scan inspection, was also successfully introduced into the market in late 2013, indicating that HMI continuously held a leading position among its competitors in the R&D technology of high-output wafer test system. eScan 500 is the new flagship model directed at the design node of 16/14 nm or even advanced manufacturing process wafer inspection machine, which suggests that HMI has remarkable capabilities in R&D technology and machine integration and can also respond to technology changes and continue to launch new models of e-beam scanning machines with higher resolutions to address the requirement for a continually reduced smaller pixel size in the market.

The previous sections show that HMI is leading the industry in high resolution e-beam scanning platforms. For product development, HMI has provided full support and even exceeded the technological roadmap released by major semiconductor manufacturers. When advanced processing technologies are released in the future, semiconductor firms will become more dependent on e-beam scanning detection equipment provided by HMI. However, the R&D trend of major semiconductor manufacturers will not stop their development of new manufacturing processes during fluctuations of the economy, because only by constant effort in developing more advanced manufacturing processes can they retain their competitive edge and broaden the gap between them and competition when the market goes on an upswing. Therefore, the Company will not experience significant fluctuations due to the economic cycles of the industry. HMI has already prepared response plans for future changes in technology. The equipment we produce shall complement future R&D and production processes of major semiconductor manufacturers. HMI also implements R&D and production according to an internal, practical development plan to ensure that changes in the technology industry would not significantly impact the company's finances.

HMI's leading products are already widely accepted by the customers and market demands are expected to keep growing. HMI is also committed to improving company production and R&D capacities, gathering dynamics and changes within this industry and market information from the competition such that the company is able to implement stable financial management strategies to maintain market competitiveness. In the future, HMI shall continue to review technological advancements and changes and subsequent impacts upon business operations in order to make suitable adjustments and strengthen HMI's business development and financial status.

(6)Impacts of Changes in Corporate Image on Company’s Crisis Management, and Their Countermeasures

The Company has been adhering to the principles of integrity and professional management, attaching great importance to the corporate image and risk management, and there were no major events that affected the Company's corporate image

(7)Potential Risks Associated with Mergers and Acquisitions, and Their Countermeasures

The Company has no present plans of mergers and acquisitions. Should there be any merger and acquisition plans in the future, the Company shall maintain a meticulous attitude with careful assessment, taking into considerations whether the mergers or acquisitions will bring specific and comprehensive benefits to the Company, to secure the Company’s interests and shareholders' equities

(8)Expected benefits, possible risks and response measures for production facility expansion

In order to satisfy the requirements of this industry and supplement this company's development plan, HMI began constructing new production sites in Southern Taiwan Science Park and installing new facility systems in Q3 2013. Failure to support additional construction, human resource and operational expenses through corresponding business revenue, would result in negative impacts upon HMI's finances. Hence, in addition to working closely with the clients, HMI maximized the potential value of technology to secure customers and market shares. HMI continued to pursue the most advanced technologies in order to satisfy increasing demands of the semiconductor industry for better performance and maintain the company's leading position for front-end semiconductor manufacturing equipment and technologies. As of the date of the publication of the annual report, the Company's plant expansion plan is progressing normally according to schedule.

(9)Risks Associated with Purchase or Sales Concentration, and Their Countermeasures

1.Risks Associated with Purchase Concentration

The Company produces the e-beam inspection tool which is mainly used in the inspection of defects through scanning of the wafer. The e-beam related modules are the key ones of the Company, mainly consisting of the power supply and the electron gun module. The e-beam inspection tools system was the original design of the Company and more than 80% of the key modules are manufactured within our own business group. The main materials purchased are the wafer transfer or carrier module, e-beam assembly, and the vacuum system components. There’s been only one single supplier from which the Company purchase in the recent three years accounted for more than 10% of the total purchases, and the purchased amount was less than 15% of the consolidated net purchases in the respective year. This doesn't constitute a purchase concentration and there were no significant unusual transactions. For ordinary components, the Company will principally maintain two or more suppliers with whom the Company keeps frequent and stable cooperation.

Countermeasures:

During any procurement, the Company, aside from following the normal procedure of price inquiries and comparisons to select vendors who can provide the best quality products and stable supply sources, observes the changes in the market situation and tries to understand the market price. We also conduct price negotiations with our current suppliers to reduce our purchase costs from time to time.

2.Risks Associated with Sales Concentration

As an upstream semiconductor equipment supplier, the Company should plan and design special machines based on their key technologies, plant configurations and manufacturing processes, in response to different needs of equipment users. Also, the Company has experience in integrating hardware and software systems and after-sales maintenance capabilities to address the needs of users. Due to the fact that the equipment produced by the Company is customized, with high precision and high price characteristics, it is easy to have a situation where sales concentration may happen if during the current year one of our customers has plant expansion and capital expenditure plans and then accordingly purchases related equipment in big volumes. However, since 2013, the Company has a good understanding and grasp of important American customers. So far we have customers including semiconductor manufacturing companies with advanced manufacturing processes, and there has been no situation of sales concentration.

Countermeasures:

In addition to establishing a good and close relationship with existing customers, the Company also aggressively engages with new customers in Taiwan and abroad to reduce the risks of sales concentration.

(10)Risks Associated with Transfer of A Significant Number of Shares by, or Changes of, HMI’s Directors, Supervisors and Major Shareholders Who Own 10% or More of HMI’s Total Outstanding Shares, and Their

Countermeasures
All the shares by the Company's directors are transferred under relevant laws and regulations for equity trading, which doesn't have any significant impact on the Company's operations.
(11)Risks Associated with Changes in Management Right, and Their Impacts and Countermeasures
The Company's management team is committed to the sustainable development of the Company, and there have been no changes in the management right of the Company in the recent years and up to the date of the publication of the annual report.
(12)Litigation or Non-litigation Events
1.In the recent years and up to the date of publication of the annual report, legal cases of the Company with decisions rendered or presently still under litigation, non-litigation, or administrative litigation where the results of which may impact materially shareholders' equity or the price of the securities, then the facts of the disputes, the amount involved in the litigation, the start date of the litigation, the major parties involved in the suit, and how it is presently being handled should be disclosed: None.
2.The Company's directors, supervisors, president, and responsible person in fact, shareholders holding more than 10% of the Company's equity shares and their affiliated companies, who are involved in legal cases with decisions already rendered or presently still under litigation, non-litigation, or administrative litigation, the results of which may impact materially shareholders' equity or the price of the securities: None.
(13)Risks of climate changes and response measures:
As of 2014, changes in climate didn't have any impact on HMI's operation or financial aspect; however, in consideration of climate change risks that might adversely affect our business operation, HMI started the BCP (Business continuity planning) in 2014, reviewing HMI's production and manufacturing/ supply chain/premises/personnel related processes and facilities to establish corresponding SOP and backup solutions to address these risks, ensuring HMI's continuous operation, and provide our customers with uninterrupted services.

2.6 Business value of honesty

The fundamental principle of HMI is trust. Honesty and integrity form the foundation of the company's operations. HMI has yet to conduct any corruption risk assessments for any functional team or organization. There has been no case of corruption, bribery or blackmailing between or among internal employees in HMI in 2014.

Anti-corruption

HMI is dedicated to integrity as a management principle and has established both corporate behavior guidelines and employee behavior guidelines, including both of these guidelines as mandatory employee training courses to ensure that the methods and principles used by employees for their work is compliant to the value of business integrity. The following rules have been clearly stipulated:
・No employee may demand or accept any payments, gifts, compensations or benefits outside the limits stipulated by this company's law from suppliers, customers, or personnel with business dealings with this company, or from any personal lien or monetary relationships.
・No employee may use their position to demand existing or potential suppliers or personnel involved with this company's business and operations to provide gifts, or may use their position to accept gifts from them, including cash payments, gifts, or other disguised monetary goods such as coupons, stock options, checks or rebates, and they shall avoid words or behaviors that may lead to misunderstanding of the other party. The acceptance of gifts through a third party shall also be prohibited.
・Gifts given to suppliers, customers, supervisors, and colleagues for the purpose of business etiquette or social customs, shall not be actively requested and be restricted to incidental circumstances, with the market value of the gift not exceeding NTD3000.
Marketing and sales personnel who must provide gifts for the purpose of maintaining normal business relationships. shall restrict themselves to gifts printed with the company's label where possible. Any gift or hospitality arranged shall be compliant to standard business etiquette and may not be excessively extravagant or frequent or generate any significant or unnecessary expenses.
To keep the faith of integrity in business and ensure the company's sustainable development, HMI always adheres to the business philosophy of integrity during its business operation and prohibits any direct or indirect provision, promise, request, or acceptance of improper benefits by any personnel of the Company or any act violating integrity or laws or any breach of faith. Furthermore, the Company sets forth relevant rules in its Code of Conduct of Employees, which is included in the training program for all HMI personnel. The ratio of trainees completing the program was 100% in 2014. New employees should execute the "Code of Conduct of Employees" to ensure that all personnel understand and comply with these guidelines.

Political contributions

HMI is politically neutral but encourages its employees to fulfill and enjoy their responsibilities and privileges as citizens of their country and exercise their voting rights. HMI has not promoted any public policies or provided any political contributions in 2014.

2.7 Legal compliance

HMI and its employees must comply with relevant business laws and policies. Employee training is one of the most important elements of the company's legal compliance program. HMI would release training courses on legal compliance routinely every year so that the employees are aware of the newest legal standards and to improve their commitment and adherence to business ethics.

Compliance to environmental protection laws

No chemical leakages or incidents that environmental protection laws violation occurred in HMI in 2014.

Compliance to product labeling and marketing laws

HMI products are compliant to the relevant regulations with none of the following violations committed in 2014:
(1)Any laws and voluntary standards on the health and safety impacts of products and services.
(2)Any laws and voluntary standards on product and service information and labeling.
(3)Any laws and voluntary standards on market promotion (including advertisements, sales, and sponsorships)

Compliance to Labor Standards Act

HMI is fully compliant to the Labor Standards Act and did not make use of under-aged laborers in 2014. There were no cases of discrimination or complaints made through official channels regarding the rights of the indigenous peoples. There was also no violation of standard work hours specified by the Labor Standards Act during 2014. HMI conducted a self-assessment of human rights in 2014 and found no violation to relevant laws and regulations or any complaint cases in connection with human rights.

Anti-competitive practices, anti-trust, and monopolistic behavior

HMI has been placing transparency, fairness, honesty and legitimacy as top rules for transactions and business operation to gain trust from customers; the Company has also developed measures protecting customer information from unauthorized access and abided by relevant laws when dealing with competitors. Over the years there have been no litigation cases involving any anti-competitive or anti-trust laws.

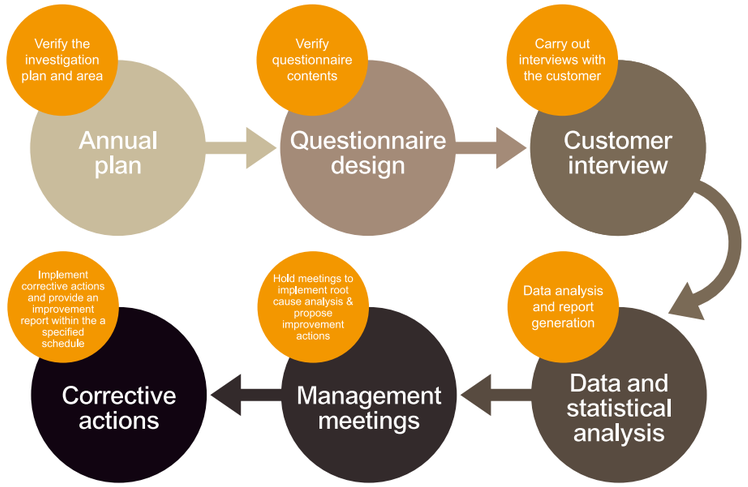
Other legal violations

In 2014, HMI was subject to three tax penalties totaled $117,121, which has been paid already. There were no major violations resulting in a big amount of penalty.

2.8 Customer satisfaction

HMI implements customer satisfaction surveys every year, using customer feedbacks to evaluate the advantages of the company's products and services and ensure that they are capable of meeting customer requirements. Questionnaire contents include product services, product performance, product safety, product technology, spare parts, product delivery, sales and technician service and all-round satisfaction.

Procedure of customer satisfaction surveys



Customer Satisfaction Survey Results:

According to the customer satisfaction survey results in 2014, HMI scored 7.1 on average and items with top 5 customer satisfaction were: Product Safety, System Delivery, Sales Process, Process Demonstration, Field Process Support and Field service support.

HMI places great emphasis on customer feedbacks and opinions. HMI will also gather the relevant functions to implement corrective measures in response to defects or investigation findings sent from the customers and provide a report on improvement results within a suitable duration. Report of customer satisfaction surveys shall also be provided to the management for strategic planning and act as a process improvement reference for related departments to achieve stability on products/service quality and continuing improvement goal.

Customer's privacy

HMI respects the customer's privacy and the confidentiality of their information. In addition to signing NDAs with the customers, employees are also required to sign confidentiality agreements in the company and comply with the relevant regulations to prevent the leakage of important customer information. There has been no violation of customer privacy or loss of customer information in 2014.

2.9 Supply chain management

HMI has continued to increase the proportion of local procurement to achieve business expansion and as part of the company's strategy to continue developing local suppliers. From 2010 to 2013, proportion of local purchases has increased by 63% while the sum of money used for making local purchases has increased by 339%. The Company maintained the same strategy in 2014 and saw a growth rate of 48% in the local procurement amount, in comparison with 2013, and also established closer relationship with upstream component and part suppliers for semiconductor equipment in Taiwan, while developing various new-type machines, HMI will continue to promote local production of key components and develop more and more competitive suppliers.

Safety and Health management of subcontractor

In order to fully comply with Articles 16 to 19 of the Labor Safety and Health Act, maintain the safety of vendor staff and equipment, and reduce the incidence of workplace accidents, HMI has specifically established an environmental safety and health management regulation for subcontractors. This regulation shall be used to manage the operational safety and health of subcontractors implementing construction work within the company's premises and ensure the rights and privileges of both HMI and the subcontractor. In addition to complying with the regulations of construction contracts, the subcontractor must also adhere to the Labor Safety and Health Act and other relevant laws.

When implementing ISO 14001 / OHSAS 18000, HMI would inform its suppliers of HMI's OHSAS 18000 policy and encourage suppliers to comply with the relevant safety and health regulations to safeguard personnel safety. The number of suppliers informed has increased from 59 in 2012 to 121 in 2013.

In 2014, HMI kept releasing the OHSAS18000 notice and propaganda to newly recruited suppliers. Besides, to further strengthen HMI’s supply chain’s capability in meeting the demands for human rights, the Company has set up the Code of Suppliers’ Conduct, under the Electronic Industry Code of Conduct (EICC) v 4.0 (2012), as follows:

A: Labor and Human Rights Standards
B: Health & Safety Standards
C: Environmental Standards
D: Corporate Ethical Standards
E: Management Standards for Code of Conduct of Suppliers
F: Standards for Supplier Assessment and Problem Solving Processes

After setting up the Code of Conduct of Suppliers in 2014, the Company will execute the “Code of Conduct of HMI’s Suppliers” with major vendors in 2015 to maintain HMI’s supply chain in compliance with requirements for human rights.

Safeguarding workers' rights of the suppliers and subcontractor

HMI has yet to review the human rights of suppliers, subcontractors and other business partners. However, the company's supplier management procedure as well as safety and health management procedures, have stipulated that suppliers and subcontractors must comply with human rights provisions listed in the Labor Standards Act, which include the prohibition of using child labor or forced labor. There were no important agreements or contracts that contained human rights provisions or the need to carry out human rights reviews in HMI during 2014. Security personnel from an external agency are employed in HMI. Human rights have been considered and stipulated in contractual agreements with respect to security work and duty. Educational training is held every month, with human rights training to be included in 2015.

FRIENDLY WORKPLACE

The employees of HMI are the most important assets of the company. HMI strictly obeys all labor regulations and prohibits any tangible or intangible sexual assault behaviors or any discrimination based on the principle of equal employment. “Sexual Assault Prevention Measures and Disciplinary Methods” was established accordingly and was publicly educated to all employees to promote gender equality in work places which was also incorporated in the training course for new recruits and the ratio of completion of training for the new recruits is 100%. No employees of HMI were discriminated for their races, religious believes, skin color, nationality, gender or other reasons and there were no incidents of disputes caused by identity discrimination in the past.

3.1 Employee Relations

3.1.1 Employee Summary

Since 2014, there are 340 employees working for HMI in TaiwanIn
In 2014, the percentage of female workers in HMI is 17.65% and 81.4% of managerial and professional personnel are male. The main reason for this is because the educational environment in Taiwan, where HMI is based at, semiconductor equipment industry related technical departments are mostly studied by male and therefore the ratio of professional personnel reflects this phenomenon.

The hiring policy of HMI’s operation in Taiwan for the year 2014 focuses on recruiting local employees and 100% of the employee are citizens of this country.

In order to respond to the growing business demand, the total number of newly employed workers of HMI in 2014 accounted for 23.8% of the total employs population with a 6.5% of demission rate, which is way lower than the industry average. (According to the “2015 Human Resource Key Operations and Performance Indicators Data Summary” published by 104 Job Bank, the total demission rate of the Electronic Industry in 2013 is 12%)

2014 年度離職及新進比率：

	Number of People	Ratio
Demission Rate	18	6.5%
New Employment Rate	70	23.8%

Note: The demission rate and new employment rate are only calculated for full-time employees.

		Male		Female		Group Total	
		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Jobs	Managers	42	15.0%	5	8.3%	47	13.8%
	Professionals	164	58.6%	42	70.0%	206	60.6%
	Assistants	74	26.4%	13	21.7%	87	25.6%
	Total	280	100.0%	60	100.0%	340	100.0%
Employment Types	General	243	86.8%	51	85.0%	294	86.5%
	Temporary	37	13.2%	9	15.0%	46	13.5%
	Total	280	100.0%	60	100.0%	340	100.0%
Age	16-20	0	0.0%	0	0.0%	0	0.0%
	21-30	82	29.3%	19	31.7%	101	29.7%
	31-40	150	53.6%	34	56.7%	184	54.1%
	41-50	43	15.4%	7	11.7%	50	14.7%
	51-60	3	1.1%	0	0.0%	3	0.9%
	60 or more	2	0.7%	0	0.0%	2	0.6%
	Total	280	100.0%	60	100.0%	340	100.0%
Education	Doctor	15	5.4%	2	3.3%	17	5.0%
	Master	98	35.0%	19	31.7%	117	34.4%
	Bachelors	141	50.4%	34	56.7%	175	51.5%
	Junior College	23	8.2%	3	5.0%	26	7.6%
	High School	3	1.1%	2	3.3%	5	1.5%
	Total	280	100.0%	60	100.0%	340	100.0%

Employee Recruitment (Including Child Labor Prohibition Policy)

HMI follows each labor related legal regulations and obeys the standards set forth by EICC. No child labor under the age of 15 is employed and workers under the age of 18 years old are not permitted to carry out dangerous work tasks. Each employee is asked to sign a labor contract during employment according to law under the circumstances agreed by both parties. In order to promote a healthy working environment, an overtime reminder function was placed in our attendance tracking system with overtime reports to assist our managers to monitor and manage the colleague’s overtime working conditions.

The recruitment of our quality associates comes from a variety of channels that source talents online, in school yards, amongst R&D replacement services and the summer internship program. Furthermore, HMI encourages our suppliers to conform to EICC regulations by promoting human rights and prohibition to child labors. This company has never hired one child labor and we strictly forbid any forced labor or allowing underage employees to engage in dangerous work.

Performance Evaluation Equity Management System

HMI utilizes a fair and reasonable performance evaluation procedure for our employee evaluation which is then used as the basis for promotions, salary adjustments, bonus issuing, employee development and training requirements. 100% of HMI employees receive performance evaluation on schedule.

Percentage of HMI Employees who Received Performance Evaluation

	Male	Female
1st Half of 2014	83%	17%
2nd Half of 2014	83%	17%

Note: Not including temporary workers

The salary of each HMI colleague is based on their responsibilities, contribution and the result of performance evaluation. It is never dependent on the colleague's gender, religion, races, nationality or political views.

3.1.2 Employee Welfare and Rights

Employee Welfare

HMI preserves our initial intents for "Balance between Life, Work and Health" and pays special attention to taking care of our employees. The starting salary of our employees (all gender) is higher than the minimum wage regulated by the Labor Standards Law of Taiwan. The payroll range for an employee is determined based on his/her academic and occupational background, professionalism an expertise, professional seniority and individual performance, irrespective of gender, religion, race, nationality, and party affiliation. The Company participates in the payroll investigation by third parties to keep its competitive advantage in the reward and payroll system. Employee Welfares Committee and personal pension accounts were also established according to the "Employees' Welfare Funds Act" and the "Labor Pension Act". We also actively promote many employee relation improvement activities and aims to establish a friendly working environment.

From Our "Hearts" Caring Program

Self-Managed Employee Restaurant

Work is a very important part of life and HMI hopes to provide a delicate living space and pleasant working environment. The employee restaurant is a preface example of the realization of our philosophies with a quality dining environment and menus that corresponds to each season, adding a sense of home and warmth to the living environment.

Comfortable Employee Dormitory

HMI has prepared a comfortable and convenient residential environment for our colleagues from afar, helping them to quickly adapt to the new environment.

Comprehensive Group Insurance

Besides the regulated labor insurance and national health insurance, HMI also provides comprehensive group insurance, providing a more complete insurance planning for our colleagues and their families. The insurance includes life insurance, accidental insurance, health and cancer related insurances.

Other Benefits

In order to encourage our employees and making them stay on post, each year we award our senior employees, organizes family day, Year-End celebration and provides travel compensation, book purchase compensations, arts and cultural compensation to encourage our colleagues to develop out of work activities and hobbies. Furthermore, bonuses are issued in the event of birthdays, holidays, marriage, child birth, hospitalization and funerals, to express our gratitude and thanks to the colleagues and their families. At the same time, family care related leaves are also put in place for our colleagues to be flexible between work and family.

2014 Wedding and Funeral Compensations

Compensation Types	No. of Applicants	Amount
Child Birth	11	59,800
Funeral	16	94,400
Marriage	14	179,200
Total	41	333,400

2014 Family Care Related Leave Statistics

Types of Leave	No. of People	Hours
Maternity	3	550
Paternity	12	317
Family Care	12	105
Total	27	971

Annual family day activity

・Year-End's celebration performance

・Awarding Senior Employee

Agreement between Labor and Employer

HMI has a complete program for employee recruitment, hiring, promotion, transfer and retirement and holds meetings to ensure the communication between labor and employer is open for the exchange of ideas, promoting a harmonious relationship between both parties without the occurrence of any disputes.

The Minimum Notification Deadline for Operation Changes

Those whose labor contract is terminated by HMI in accordance Proviso regulated in Article 11 or 13 of the Labor Standards Act, the period of notice will be given in accordance to the following:

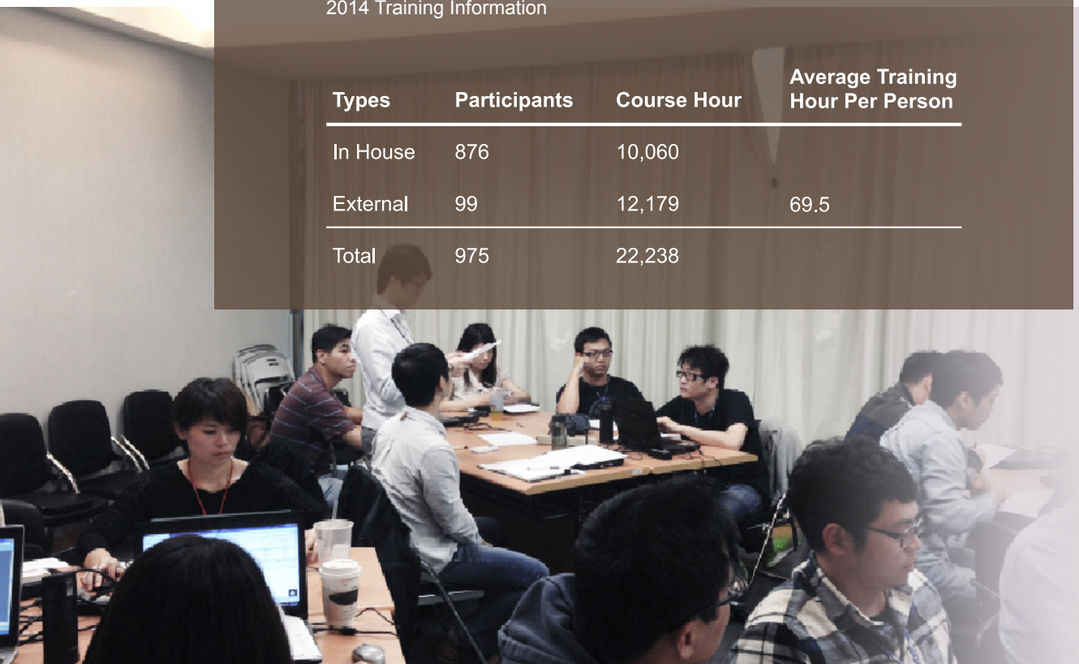
1.Worked continuously for more than 3 months and less than 1 year will be notified 10 days in advance.
2.Worked continuously for more than 1 year and less than 3 year will be notified 20 days in advance.
3.Worked continuously for more than 3 years will be notified 30 days in advance.

3.1.3 Employee Education and Training

The environment surrounding HMI is the advanced precision equipment industry. The growth and development of the employee is the key for HMI to move forward continuously. Therefore, we have established a Technical Training Center to help improving the capabilities of our professional technicians, providing plentiful and diversified resources, combining external training channels and structural on the job training, raising our colleague's professionalism and management intelligence to accommodate the complex and changing environment. In addition, by combining performance evaluation and promotional development to plan different training courses that connects with the colleague's career growth.

2014 Training Information

Types	Participants	Course Hour	Average Training Hour Per Person
In House	876	10,060	
External	99	12,179	69.5
Total	975	22,238	



3.1.4Employee Welfare Committee

HMI believes that each employee should be treated fairly with respect. Therefore we have established and promoted the Gender Equality in Employment Regulation according to the law, in order to promote a work environment that welcomes gender equality. We have provided a variety of communication networks for our employees to encourage a harmonious labor and employer relationship. There were no events which violates the right of our employees in 2014. Even though the laws of Taiwan give our colleagues the freedom to organize a workers union but so far no union has been organized by our colleagues.

Communication Methods	Communication Subject	Frequency
Employee Seasonal Meeting	All Employees	Once/Season
Managers Seminar	Managers	Twice/Year
Labor/ Employer Meeting	Representative of Labor and Employer	Once/Season
EIP Front Page	All Employees	Periodically

The Employee Welfare Committee is elected by the employees and aims to promote employee exchanges and stimulate leisure living. HMI encourages our employees in forming leisure groups and provides funding to show our supports. The purpose is to achieve balance in life and providing an energetic work place, allowing our colleagues to relieve some pressure in the midst of the busy work schedule.

· Hermes Cup Softball Competition, playing against outside groups

3.2 Employee Health Management and Promotion

Scheduled Health Checkup, Perfecting Employee Health Management

Working environment has positive or negative impacts on employees' health. Since employees are the most essential assets for the Company and there's a close association between their health and the Company's productivity, HMI cares about and is committed to promoting physical and mental health activities for its employees.

HMI helps and encourages every newly recruited employee to undergo a physical examination upon recruitment and asks him/her to do so, which exceeds legal requirements. The Company holds an annual physical examination for all employees, and the attendance rate in 2014 was 82%. In addition, the Company also takes care of its employees and their families, by providing their family members with physical examination at a preferential price, to extend the Company's long-term competitiveness.

In terms of physical examination items, the Company does more than what the law requires by offering indicative examinations of common modern diseases such as chronic diseases, civil diseases and cancers, to cater for the health of its employees.

Providing Assistance Programs, Promoting Employee Health

A healthy body and mind is the key for a motivated life, HMI collaborates with professional agencies from the outside to provide EAP (Employee Assistance Programs) for our employees, including psychological, legal, financial, medical and managerial consultation to assist the employees overcome emotional depressions.

Setting up "Employee Assistance Programs" to provide professional psychological consultations

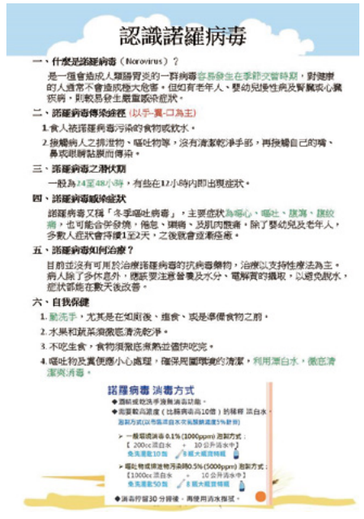
After annual physical examination, the Company holds health-related seminars based on the examination results, health trend and operational risk patterns to promote health awareness among employees. In 2014, there were two health promotion events and three epidemic disease seminars for employee care.

2014 Blood donation activity to activate blood circulation for public welfare

Metabolic Syndrome and Health Preserving in winter, Examined by traditional Chinese physicians

Due to the spread of Norovirus, dengue fever and Ebola virus in 2014, the Company particularly undertook health education on epidemic diseases.

Health education on Norovirus



Health education on dengue fever

Health education on Ebola virus

3.3 Safety Culture and Responsibilities

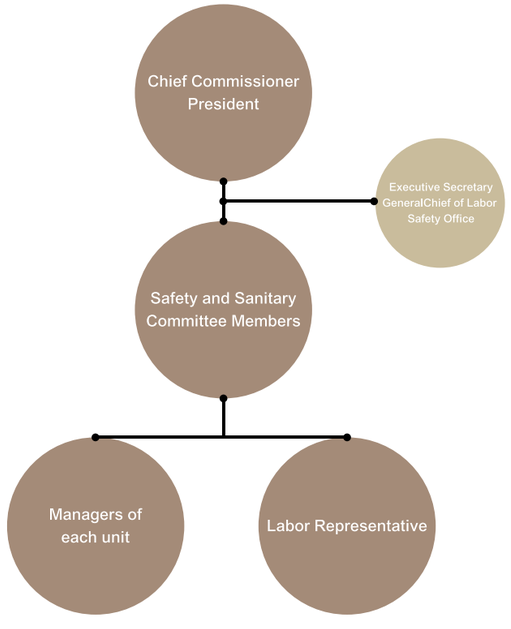
3.3.1 The Establishment and Operation of Safety Organizations at Each Level

Establishing the Headquarter Environmental Safety and Sanitary Committee

HMI emphasizes greatly on the performance of environmental safety and sanitary management that aims to provide a safer, more environmental friendly and efficient operating base for our clients, community and operating partners. A Labor Safety Office is setup directly under the President position that plans strategic environmental safety and sanitary goals then integrate resources, guide and assist production to ensure the goals are achieved.

HMI also pays attention to the continuous environmental safety and sanitary improvements by acquiring ISO 14001 and OHSAS 18001 international standard certifications, hoping to achieve the goal of continuous improvement and the implementation of each projects through PDCA management cycles. The Safety and Sanitary Committee holds a seasonal meeting to discuss safety and sanitary related issues and more than 1/3 of the committee members are employee elected, according to laws and regulation, providing an official communication channel between the managers and the employees in regards to safety and sanitary topics. In the year 2014, 8 topics related to labor safety and health were discussed during the “Labor Safety and Sanitary Committee” meeting and all of which were effectively resolved.

Labor Safety and Sanitary Committee Organization Chart



3.3.2 Safety Performance Indexes

Prevention of Occupational Hazards

In order to effectively prevent the occurrence of occupational diseases and hazards, HMI has fully evaluated the risks relating to environmental safety and sanitary in the work place and has implemented related risk control measures to create a safe and comfortable operating environment. In addition, the environmental safety and sanitary improvement operations are supervised by combining internal audit and 5S on-site inspection, with “Zero Tolerance for Occupational Hazard” as the goal for the management and operation of this company. According to the requirements of the EHS management system, HMI keeps track of work related injury data and there was no occurrence of personal injury in the production floor between 2012 ~ 2014.

Tainan Plant	2012	2013	2014
Disabling Injury Frequency Rate	0	0	0
Disabling Injury Severity	0	0	0

Hsinchu Office	2012	2013	2014
Disabling Injury Frequency Rate	0	0	0
Disabling Injury Severity	0	0	0

5S Events Publicity Poster

3.4 Society Care and Participation

As a member of corporate citizens, HMI insists on our original value of “Taken from the Society, Give Back to the Society” and focuses on the principle of “Caring for Nature, Helping the Underprivileged, Developing Education”, to give feedback to our society and neighborhood with the promotion of related activities.

- Care for education in remote area, encouragement for development of unique student clubs, and improvement in school hardware facilities.
  (1) Donation to Gian Shir Junior High School: Projectors, monocular microscope, steroscope dissecting microscope, etc.
  (2) Donation to Wu Feng Junior High School: Baseball jerseys for the baseball team of the school.

- Cultivation of higher-education talents and regular arrangement of academic exchange.
  (1) Sponsorship to NCTU (National Chiao Tung University) Alumni-Voice Magazine.
  (2) Sponsorship to students for visit to the Chinese Professional Management Association

- Sponsorship to charity performance and promotion of excellent cultural activities.
  (1) Sponsorship to the W3 Troupe Drama Group for its public charity performance - Children’s Fantasy Drama for the Parent-Child Co-appreciation.
  (2) Sponsorship to Taiwan Hsinchu Philharmonic Chorus for its concert 2014

- Emergency relief for Kaohsiung rehabilitation
  (1) Donation to Social Affairs Bureau of Kaohsiung City Government for recovery from gas explosion.

2014 HMI Donation List

	Agencies	Donation
Feb. 2014	W3 Troupe Drama Group	Public charity performance – Children’s Fantasy Drama for the Parent-Child Co-appreciation
July 8, 2014	Chinese Professional Management Association - Sponsorshipto students for visit (Students in undergraduate divisionandgraduate division of universities and colleges)	Students to visit
Aug. 2014	Social Affairs Bureau of Kaohsiung City Government	Donation for recovery from gas explosion in Kaohsiung
Sep. 2014~Dec. 2014	Wu Feng Junior High School	Donation baseball jerseys for the baseball team
Sep. 2014~Dec. 2014	Gian Shir Junior High School	Donation projectors, monocular microscope, steroscope dissecting microscope, etc.
Dec. 2014	Taiwan Hsinchu Philharmonic Chorus - Concert in 2014	Love & Music Concert
Dec. 2014~Mar. 2015	NCTU Voice Magazine	Sponsorship to issue e-paper

・Chinese Professional Management Association of 2014 - Sponsorship to students for visit

・W3 Troupe Drama Group - Fantasy Valley

・Donation baseball jerseys for the baseball team of Wu Feng Junior High School

SUSTAINABLE ENVIRONMENT

4.1 Environmental Protection Policies

HMI treats pollution prevention as one of the main responsibilities and continuously promotes environment management programs with P-D-C-A management models through our ISO 14001 environment management system, accounting for both manufacturing costs and environment protection. The policies specific to the goal of environmental protection and energy goals are as follows:

Obey the Regulation
Aggressively and actively cooperating with government laws and customer regulations, reduce the occurrence of incidents to improve company reputation and customer satisfaction.

Save Energy
Push for energy saving at full scale to increase energy utilization rate and reduce cost.

Health Promotion
Care about the employee's well-being and actively promote health related activities in the work place

Continuous Improvement
Continuously improve environmental safety and sanitary issues to lower environment pollution and safety/sanitary hazard.

4.2 Environmental Protection Management System

HMI continuous to build an active environmental management system that corresponds to the regulations stated in related domestic laws and also connects with standards recognized by the international community. HMI has acquired the following certifications in the hope to implement our environmental protection policies that brings us closer to become a world class leading enterprise in environmental protection.

4.2.1 Biological Diversity

CERTIFICATE

This is to certify that

Hermes Microvision, Inc.
No. 5, Dali 1st Rd., Tainan Science Park
Xinshi District, Tainan City, 741 Taiwan, R.O.C.

with the organizational units/sites as listed in the annex

has implemented and maintains an **Environmental Management System**.

Scope:
The manufacture, installation and service of Semiconductor Inspection Equipment.

Through an audit, documented in a report, it was verified that the management system fulfills the requirements of the following standard

ISO 14001 : 2004

Certificate registration no.	20001216 UM
Date of original certification	2011-11-15
Date of revision	2014-11-04
Date of certification	2014-11-04
Valid until	2017-11-03

UL DQS Inc.

Ganesh Rao
Managing Director

Certification Body: UL DQS Inc., 1130 West Lake Cook Road, Suite 340, Buffalo Grove, IL 60089 USA
Administrative Office: UL DQS Taiwan Inc., 8F, 7S, Yuan Huan West Road, Feng Yuan Dist., Taichung City, Taiwan 420

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Annex to Certificate
Registration No. 20001216 UM

Hermes Microvision, Inc.

No. 5, Dali 1st Rd., Tainan Science Park
Xinshi District, Tainan City, 741 Taiwan, R.O.C.

Company Name	Location	Function
Hermes Microvision, Inc. Ref. No.: 20001217	7F., No. 18, Puding Rd., East District., Hsinchu City, 300 Taiwan, R.O.C.	Management Review, Human Resources, Sales & Marketing, Logistics, Internal Audit, and Services.

This annex (edition: 2014-11-04) is only valid in connection with the above-mentioned certificate.

2 / 2

ISO 14001 environment management system certificate

HMI is located in Southern Taiwan Science Park with plenty of eco greenness; the Park was passed environmental effect consideration and evaluation and not located inside Habitat Conservation Area or Water Resource Conservation Zone. The method of planting in the zone utilizes arbor, shrubs, flowers and grass to form a mixed ecological network, connecting the greenbelt surrounding the science park and the fields mapped out by the science park management bureau, forming an ecological hallway enriched with life. The diversely planted tree species and flowers are capable of absorbing large amount of carbon dioxide each year and acting as an oxygen filter to create the best air quality. Together with the "Ecological Science Park" policy and the greening efforts of these companies in the site to build an Ecological Science Park.

4.2.2 Base Greening

Located inside the Southern Taiwan Science Park, HMI is renting the facilities constructed by Hermes Epitek in 2014. The facility was built in accordance to the construction management regulations of the Science Park and reserves setback spaces around the base with an overall floor area ratio less than 50%. The setback and reserved spaces were planted with large amounts of plantation for greening and integrated with the overall scenery. The species were planted on the setback land and the neighboring base with a planting method that naturally connects with the green field between the sidewalks, creating an open field of view, without any fencing for separation, building an ecological green environment.

For the choice of tree species planted in the site, Taiwanese autochthonous species or species that attracts butterflies or birds were considered in priority, such as Ivorywood, Golden Shower Tree and Flame Tree. Autochthonous species has a variety of advantages in landscaping applications, particularly its growth, insect resistance and high adaptability against reserve environment pressure, are all bonuses for achieving an optimum greening effects.

4.2.3 Expenses of environmental protection

In order for outsiders to understand the efforts put in by this company in the area of environmental preservation, the expenses in regards to environmental protection includes the promotion of management programs with economical benefits and environmental protection operation expenses to suit the requirements of the law, all of which are executed according to the compiled budgets, ensuring the implementation of related management programs and facility equipment operations in the plant area. The result of economical benefits are reviewed and evaluated yearly in addition. HMI continues to implement environmental and building green products management in order to conform to the environment laws and customer requirements while actively participating in the promotion of environmental protection activities. The expenses related to environmental protection for the year of 2014 are as follows:

(1) Implementation of Environmental Management, continue to improve environmental performances
Since the qualification for ISO 14001:2004 Environmental Management System on November 15 of 2011, this company has performed environmental audit and tracking management on schedule.

(2) Waste Management
Since the establishment of the Southern Taiwan plant, the wastes generated during production have been processed appropriately and becoming stable. At least 60% of the total wastes generated by the plant are recycled which effectively reduces environmental burden and resource consumption resulting from the production procedure.
The total environmental protection expense for HMI in 2014 is NTD252,000 and the total benefit from the promotion of environment management program and waste material recycle is approximately NTD137,138.

4.3 Green Production

4.3.1 Raw Materials and Energy Consumption

The statistics on energy consumption helps us to evaluate the efficiency of our raw materials. Under the trend of environmental protection and ecological design, HMI has committed to the improvement of raw material efficiency and the reduction of materials volume used. The status of consumption for raw materials being used in production is as follows:

Raw Material Consumption
In regards to the use of raw materials, HMI has always focused on the principle of reducing the amount of raw materials used in production, achieving the benefits of being economical and environmental protection by lowering the amount of waste materials generate and the cost of production. The primary raw materials used in 2014 were 72 tons of aluminum and 24 tons of iron (not including stainless steel). The characteristics of our major product make it unsuitable for recycled raw materials as it is categorized as products with B2B properties. The packing materials cannot be recycled since it needs to accommodate the requests of the dust free chamber, packing materials such as wood, paper and metal are recycled into renewable resources.

Energy Consumption

The climate change topic generated by the greenhouse effect is already a major policy guideline for governments throughout the globe and international organizations. Advanced nations around the world are all already drafting measures and directions in regards to reducing greenhouse gas to correspond to the trend of the world while contributing in the reduction of global warming.

HMI has treated this delicate issue with a cautious attitude. The primary manufacturing procedure in the plant is the inspection and testing of machinery assembly. No other sources of direct energy are being used except the very small amount of gasoline used by our company automobiles. In addition, due to the peculiarity of our industry, it is common for us to perform assembly, testing and maintenance operations at the customer's location. Therefore, only a very small amount of electricity is consumed in our plants. The total amount of electricity consumed in 2014 by this company is 1,238,287 watts which is roughly 646.38 tons/year when converted to greenhouse gas emission volume.

In the future, HMI will continue to push a variety of energy saving measures and energy efficiency improvement programs combining with continuous greenhouse gas examination to fully grasp the volume of emission, understanding the reduction spaces within the inside of the industry to reduce the volume of greenhouse gas emission.

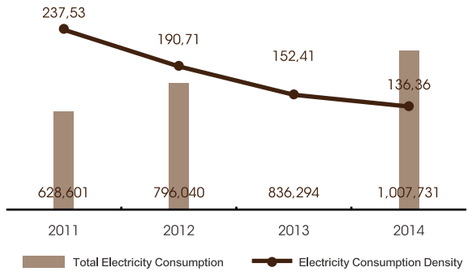
4.3.2 Energy Saving Measures

Energy Management

The main source of power utilized by HMI is electricity at a very minimal amount. The total amount of electricity consumed by the entire company in 2014 was 1,007,731 watts, which was 171,437 watts more than 2013 and was caused by increased production capacities. Even though the total amount of electricity consumption has increased in 2014, but when converted into production electricity consumption indexes per product/machine unit, the average watts consumed per machine was changed from 23894.11 watts/machine to 23,993.59 watts/machine. Converted to electricity density per unit, a trend of continuous decline can be observed from 2011 to 2014, representing the results of achieving energy saving management while increase production.

Because of the continuously increasing production capacity, HMI plans to complete the construction of the new manufacturing facility in 2014. The construction team has incorporated the best energy saving designs currently known during the building of the new facility and uses green engineering methods for energy saving and waste reduction and selects high energy-efficiency equipment. It is expected that energy would be effectively reduced after the new premise is open.

Electricity Consumption Plan of Hermes Microvision



Energy Saving Plan

In regards to the use of energy saving methods, measures relating to "equipment energy preservation" and "energy saving management" are generally put in place in order to achieve the target of lowering indirect energy consumptions besides energy saving from an architectural standpoint.

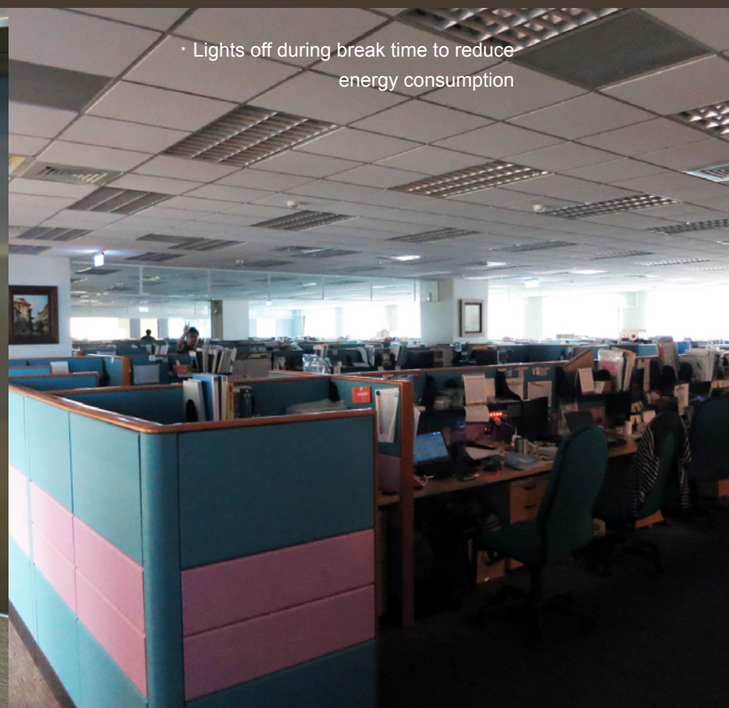
Since we are still renting the facility from Hermes Epitek，As a user, we also cooperate with HMI to promote the energy saving measures. There were two energy conservation measures in 2014, which was expected to save power consumption by 419,040 KW/year, equal to $1,257,120 /year. Specific measures for energy conservation are provided below:

Specific Measure	Investment Amount($)	Energy Saved (kw/year)	Amount of Money Saved(year)
Adjust the water chiller unit and turn off an air-conditioner to increase the efficiency of the chiller, depending on the loading of the chiller unit during the winter	0	414,720	1,244,160
Replace the T8-36W lighting fixture with LED-20W in the parking lot.	46,500	4,320	12,960

Energy Saving Management

Besides the previously mentioned methods, other energy saving techniques is used. The company encourages employees to work without ties and suits in order to raise the indoor air condition temperatures to reduce consumption; to use the stairs more and take the elevators less to reduce elevator operation while promoting exercise; to turn off the lights turn break and turn on the lightings in the office according to zones. All of these small measures imperceptibly reduce a significant amount of energy consumption.

・Take less elevator poster



・Lights off during break time to reduce energy consumption

4.3.3Water Resource Management

HMI is located at Southern Science Park, in which all water comes from Taiwan Water Corporation, the main water source is from Nahhua Dam, Zengwen Dam and Wushantou Dam so there should be insignificant impact to the water source.

For water resources management, we focus on the reduction of water consumption and then maximize our water recycling and reuse of water. The primary use of water inside the plant is domestic water and the amount of consumption is significantly reduced with the installation of sensor type facets, water saving toilets and touch control water saving valve. The average amount of water consumed by each person is approximately 153L/day which is only 55.8 % of 274L/day in HMI in 2014, the average daily water consumption per person announced by the Water Resources Agency, M.O.E.A. in 2014.

・Touch Control Water Saving Valve ・Sensor Type Water Saving Facet ・Water Saving Toilets

There is less water used for manufacturing processes, where only purified water is used for cleaning of some components. Water consumption is 82 tons per month on average. Waste water produced from operations is sent to sewage treatment facilities for processing, and then gravitated to the sewage disposal plant of the science park through underground sewage pipelines, and shall not be discharged unless it meets the effluent standards.

4.3.4 Pollution Prevention (Air, Water and Wastes)

Air Pollution Prevention

The main unit of manufacturing of HMI is assembly where the burden on air pollution is significantly less and not categorized as a stationary pollution source that requires any application, scheduled inspection or report of emission volume. However, this company still has prevention measures in place to control the particles that can be emitted into the atmosphere during production, lowering the impact to our environment to the minimum. Our air pollution control zone are separated as indoor air quality management and air pollution emission control, all of which are to improve the employee's comfort level in the environment.

Indoor Air Quality Management

・Decrease the use of raw materials with high toxicity/volatility or use substitutes instead (such as replacing IPA with ethanol).
・Prevent the use of solvent type consumer products in the office area.
・Low-formaldehyde green construction materials are used for interior design and decoration.
・The amount of ventilation and ventilation frequency are controlled by a CO2 sensor of the Air Handler Unit to improve air quality.

Air Pollution Emission Control

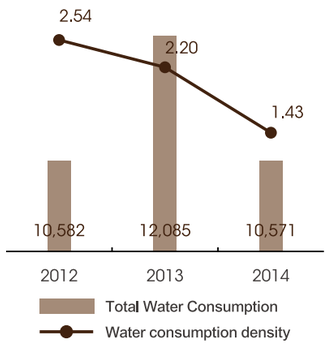
・Waste gas produced from the manufacturing process is collected in the pipeline system and discharged after the treatment of active carbon adsorption.
・Decrease or cease any production procedure that emits pollutants

Water Contamination Prevention

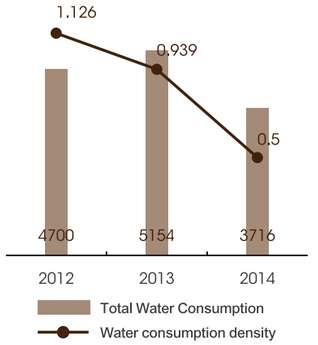
HMI is a semiconductor equipments plant that cleans the components of the manufacturing machineries with ultra-pure water converted from tap water by the water purification system. The total amount of water consumption in 2014 was 10,571 m3 which was 1,514 m3 less than 2013; the total amount of water consumption is continuing reducing. Accompanying the substantial growth in both the manufacturing capacities and revenue in 2014, even with the increase in employee numbers, the water consumption density of this company still maintained a steady decline to 1.43 m3/million NTD, which was 35% lower comparing to the 2.2 m3/million NTD in 2013. Furthermore, HMI did not consume large amounts of water resources due to the characteristics of the industry we are in, The wasted water of this company composes primarily of domestic water that is either processed by an appropriate sewage treatment facility, the water quality of discharged effluent qualifies the requirements of the management agencies of each plant area and posts no significant impact on the environment, and discharged directly to an effluent processing plant located in the underground sewage zone as regulated by law, after the treatment of the sewage disposal plant of the science park, the waste water shall not be discharged unless it meets the effluent standards, and therefore the impact to our environment is minimal.

The total amount of effluent in 2014 was 3716 m3 which is less than the 5154 m3 of 2013, decreasing 1438 m3, about 28%, and the effluent discharge density dropped from the 0.939 m3/ million NTD of year 2014 to 0.5 m3/million NTD of the year 2013.

Hermes Microvision Water Consumption Statistics



Hermes Microvision Effluent Volume Statistics

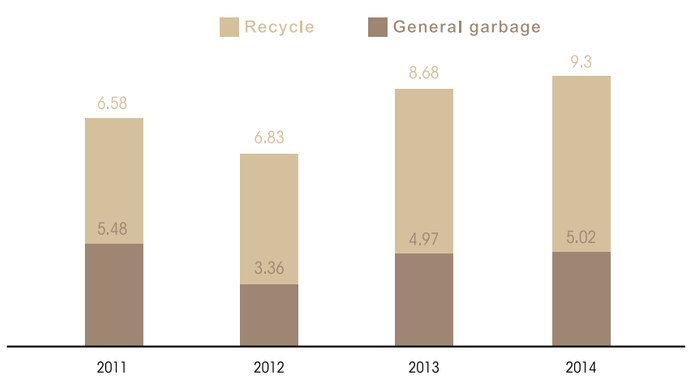


Waste Materials Management and Recycle

In order to ensure that the wastes generated during our production process can be disposed in a safe and appropriate manner that minimizes the potential impacts to the environment, HMI has a set of waste materials management principle in place that is in accordance with the laws and regulations. According to this principle, we continue to improve the waste material recycles and reuse rate and contracts outside cleaning/processing vendors for waste material recycle operations, which not only lowers the expenses endured from cleaning the wastes generated but also reduces the pollution of our environment from cleaning the wastes properly.

The source of wastes in HMI can be categorized as livelihood wastes and manufacturing procedure wastes. The management of livelihood resulted wastes is carried out through employee training which standardizes employee behavior to promote volume reduction and garbage classification, improving resource utilization and value. On the other hand, wastes generated from the manufacturing procedure are managed through the use of appropriate packing materials and the classification of disassembled electronic components, which increases the rate of recycle to lower the volume. Under waste material classification management, the recycle ratio of this company in 2012 and 2014 are as high as 60%.

Volume of Waste Materials Generated by Hermes Microvision



4.3.5 Greenhouse Gas Inspection

The climate change topic generated by the greenhouse effect is already a major policy guideline for governments throughout the globe and international organizations. Advanced nations around the world are all already drafting measures and directions in regards to reducing greenhouse gas to correspond to the trend of the world while contributing in the reduction of global warming.

HMI has treated this delicate issue with a cautious attitude. The primary manufacturing procedure in the plant is the testing and assembly of machineries, where no other sources of direct energy are being used, only a very small amount of electricity is consumed in our plants. In addition, due to the peculiarity of our industry, it is common for us to perform assembly, testing and maintenance operations at the customer's location. Therefore, a shuttle bus is offered for employees to commute between our plant and client companies to reduce carbon emissions from transportation and minimize impacts on the environment. To sum up the aforesaid, the total amount of greenhouse gas emission is roughly 647.926 tons/year in 2014.

In the future, HMI will continue to push a variety of energy saving measures and energy efficiency improvement programs combining with continuous greenhouse gas examination to fully grasp the volume of emission, understanding the reduction spaces within the inside of the industry to reduce the volume of greenhouse gas emission.

2014 CO2 Emission Volume

Category 1	Category 2	Category 3
Direct Emission (Ton/yr)	Indirect Emission (Ton/yr)	Other Indirect Energy Emission (Ton/yr)
1.582	646.38	0

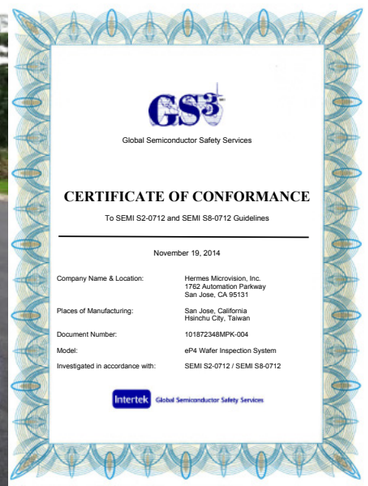
4.4 Green Products

The products of HMI strictly obey the standards regulated by the laws of each nation and 100% of the products manufactured in 2014 conform to SMEI regulation while partial products also qualify for UL and CE certifications.

・Recycle Classification Garbage Can

・Resource Recycle Trash Dump

・Site shuttle bus


Global Semiconductor Safety Services

CERTIFICATE OF CONFORMANCE

To SEMI S2-0712 and SEMI S8-0712 Guidelines

November 19, 2014

Company Name & Location:	Hermes Microvision, Inc. 1762 Automation Parkway San Jose, CA 95131
Places of Manufacturing:	San Jose, California Hsinchu City, Taiwan
Document Number:	101872348MPK-004
Model:	eP4 Wafer Inspection System
Investigated in accordance with:	SEMI S2-0712 / SEMI S8-0712

Intertek Global Semiconductor Safety Services


CERTIFICATE OF COMPLIANCE

LOW-CARBON PLANT

To improve and develop its social responsibility and commitment to environmental protection, HMI promised to comply with the requirements set forth in the gold level - green building assessment manual and designed its new premise based on EEWH-GF. The newly built green plant has been granted certification. The Company is also willing to expedite all employees to understand and achieve the ultimate goal of environmental protection.

The new premise in the Southern Taiwan Science Park was built since July 2013 and, after a construction period of one and half year, completed in 2014. The Company has used various construction methods to complete a building that meets the requirement for “alleviation of environmental burden”, “environmental friendliness” and “advantages to health of residents”. Among 15 indicators in the EEWH-GF assessment, our new plant met the requirements of 13 indicators (as shown in Table 1) and was rated the gold level.

Compliance with Indicators for the Gold Level- green building, New Premise in STSP

Ecology	Greening ■	Soil water retention ■
Energy Saving	Daily energy conservation ■	Green transport ■
	Renewable energy □	
Waste Reduction	Construction CO2 emissions reduction ■	Construction waste reduction □
	Water resources (water conservation) ■	Sewage and garbage ■
Health	Indoor air quality management ■	Sound environment ■
	Employee leisure and health management ■	Interior decoration ■
	Ventilation environment ■	
	Luminous environment ■	

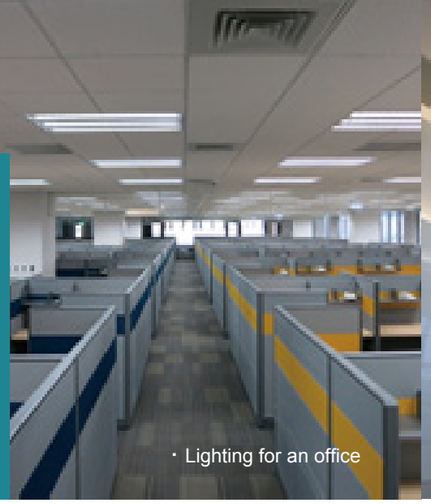
Ecological Indicators

Aside from necessary roads, statutory vacant land was developed as green space, while an ecological slope (e.g., green belt, planting slope, or bushes) , instead of a fence or wall, was established between the base and neighboring land. Green space was deployed around the base, which in turn formed a green network in combination with peripheral green land.

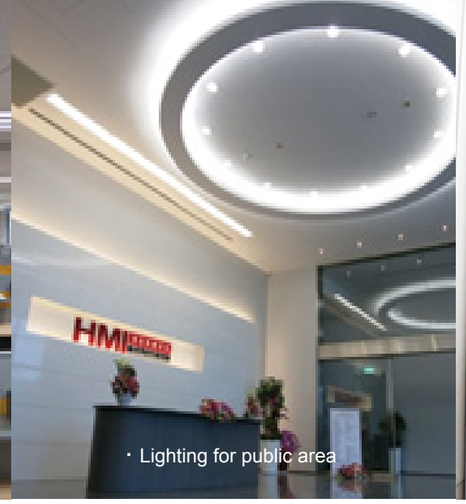
Planting included megaphanerophyte, microphanerophyte, bush, soil cover, and flowering plants. Trees were selected based on Taiwan native species such as Taiwan Golden-rain Tree, Griffith's Ash, together with other plants like bird- or butterfly-attractive plants, to establish a green ecology, with total CO2 (TCO2) absorption of 2,766,558.4 kg.

Energy Saving Indicators

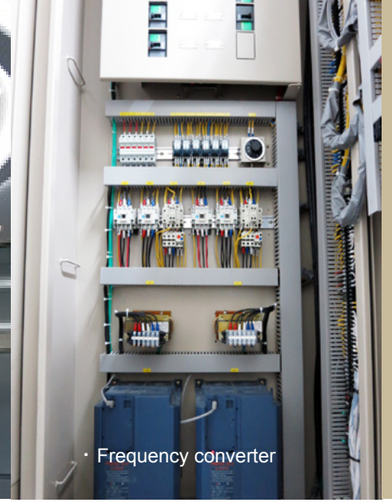
For envelope energy saving, we used Low-E glass to improve heat insulation and light-pervious effects for a bright, cool interior space. The clean room is classified as a space of energy consumption, where frequency-conversion and high-performance air conditioning units were selected as a main option to decrease the overall energy consumption. In addition, lighting was designed with features of cost-efficiency and energy saving; 25W ECO lighting fixtures were installed in offices and clean rooms, coupled with electronic ballasts that could save power



・Lighting for an office



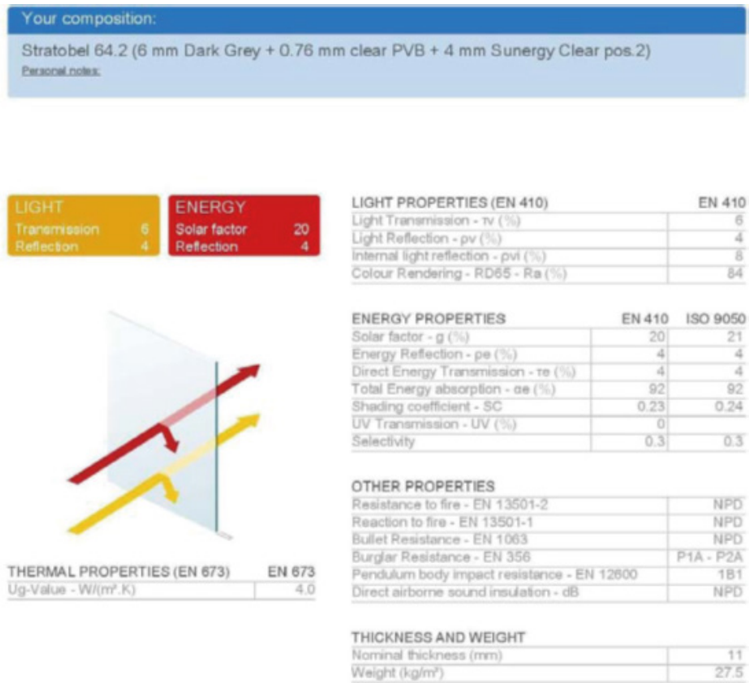
・Lighting for public area



・Frequency converter

consumption by 30%. All lamps were certified by the Energy Bureau and could effectively reduce lighting power consumption.

Energy consumption of air conditioners accounted for nearly 60% of the total electricity consumed. How to control energy consumption was an essential issue for the newly built plant. We chose water chiller units for air-conditioning equipment of the new premise, and frequency-conversion FFUs (Fan Filter Units), with a cooling tower and inverter-driven motors for clean rooms, to maximize the energy efficiency.



Your composition:

Stratobel 64.2 (6 mm Dark Grey + 0.76 mm clear PVB + 4 mm Sunergy Clear pos.2)

Personal notes:

LIGHT	
Transmission	6
Reflection	4

ENERGY	
Solar factor	20
Reflection	4

LIGHT PROPERTIES (EN 410)	EN 410
Light Transmission - tv (%)	6
Light Reflection - pv (%)	4
Internal light reflection - pvi (%)	8
Colour Rendering - RD65 - Ra (%)	84

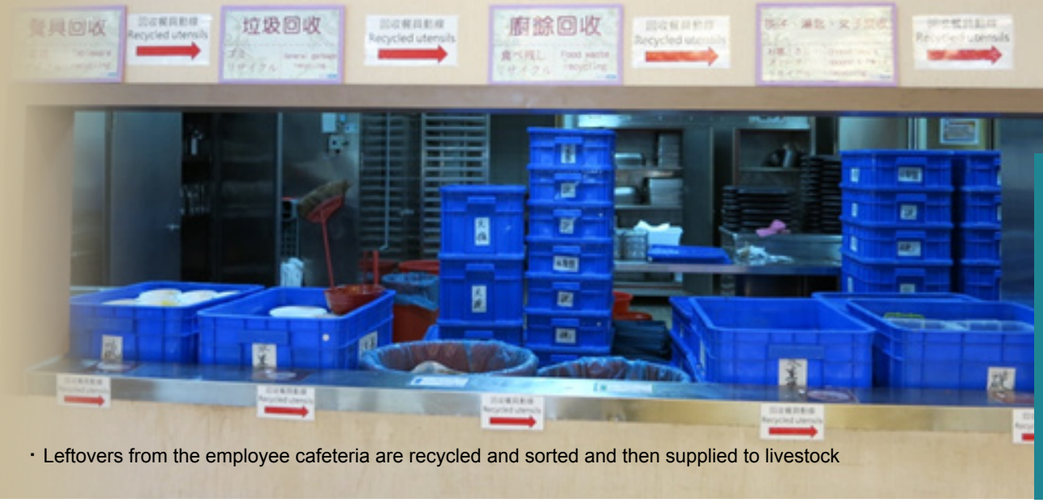
ENERGY PROPERTIES	EN 410	ISO 9050
Solar factor - g (%)	20	21
Energy Reflection - pe (%)	4	4
Direct Energy Transmission - te (%)	4	4
Total Energy absorption - ae (%)	92	92
Shading coefficient - SC	0.23	0.24
UV Transmission - UV (%)	0	
Selectivity	0.3	0.3

OTHER PROPERTIES	
Resistance to fire - EN 13501-2	NPD
Reaction to fire - EN 13501-1	NPD
Bullet Resistance - EN 1063	NPD
Burglar Resistance - EN 356	P1A - P2A
Pendulum body impact resistance - EN 12600	1B1
Direct airborne sound insulation - dB	NPD

THERMAL PROPERTIES (EN 673)	EN 673
Ug-Value - W/(m².K)	4.0

THICKNESS AND WEIGHT	
Nominal thickness (mm)	11
Weight (kg/m²)	27.5

Low-E Curtain Wall Used in A Building



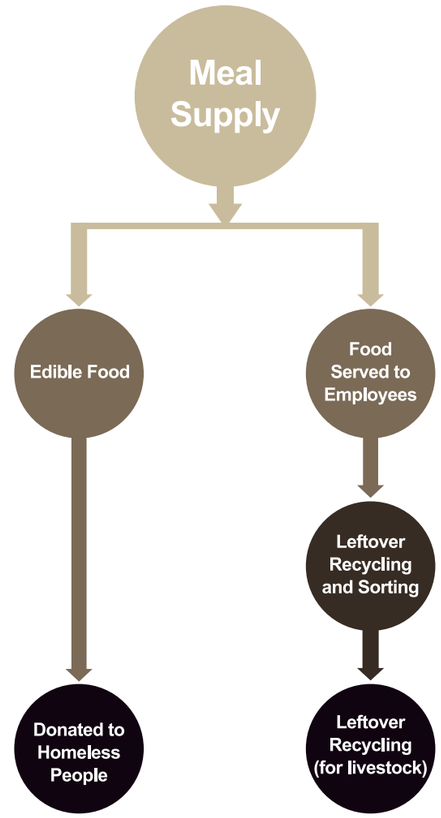
・Leftovers from the employee cafeteria are recycled and sorted and then supplied to livestock

Waste Reduction Indicators

This category focused on “opening a water source and reducing outflow”. Regarding water resources, we used facilities with water saving mark for “reducing outflow” while recycling condensed water and rainwater for “opening a water source”.

HMI has established a central kitchen, where the cook caters to employees’ dietary needs with seasonal food. All food cooked should be finished that day or donated to socially vulnerable groups.

Leftovers from the employee cafeteria should be recycled and sorted and then collected by a qualified vendor for cleaning and further processing.



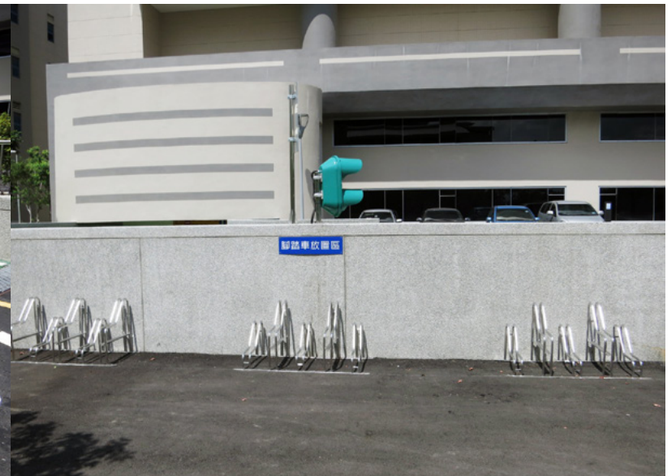
Health Indicators

Among the six indicators of the health category, the Company met all the requirements for green buildings; we used low-formaldehyde green construction materials for interior decoration. To express our concerns about the health of our employees, we have designed fitness and leisure facilities for all workers in the building.

The basement parking lot is installed with a CO sensor system that links an alarm and adjusts the air volume by directing the ventilation system to maintain good air quality.

・ CO Sensor in Basement

The newly built premise was introduced with a concept of green transport, for which we set up a battery-charging station for electric motorcycles in the factory. An independent bicycle path was also built for bike riders in the Company.



Energy consumption, water consumption and cleaning/maintenance of relevant facilities of HMI's new factory in the STSP have mostly been determined during the design phase. From a perspective of global environmental protection, we built a sustainable architecture based on a comprehensive and systemic environmental design. In the next phase when the factory starts to operate, we will make continuous improvements to develop an environmental-friendly factory by monitoring the overall energy saving performance, ecological sustainability, employees' health and environmental issues.

APPENDIX

Appendix Global Reporting Initiatives GRI Guideline G3.1

Comparison table

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
1. Strategies and Analysis					
1-1	The highest decision making authorities of the agency (such as the chief executive officer or other relative high ranking officials) are capable of the development and other strategic declaration of the agency	●	Words from president	3	
1-2	Description of the primary influences, risks and opportunities	●	Words from president	3	
2. Brief Introduction of Organization					
2-1	Name of the agency	●	1-1	5	
2-2	Main brands, products and services	●	1-1	5	
2-3	Operating structure of the agency including each primary departments, operating companies, branches and joint ventures	●	1-1	5	
2-4	Location of corporate headquarter	●	1-1	5	
2-5	The number of countries the agency is operating in, the countries with primary businesses or the countries that closely relate to the potential development mentioned in this report	●	1-1	5	
2-6	The nature of ownership and the form of laws	●	1-1	5	
2-7	The markets serviced by the agency (including market segments, industries serviced, types of client/beneficiaries)	●	1-1	5	
2-8	The size of the agency including: (1. Employee population, 2. Number of locations in operation, 3. Net sales volume (suitable for private firms) or net income (for public agencies), 4. Total market value in terms of liabilities and equities (private agency), 5. The volume of products and services provided	●	1-1 2-4 3-1-1	5 25 41	
2-9	The scale of the agency, structure or major changes to ownership within the reporting period including: 1. Changes to operating location or business structures, including the initiation, closing or expansion of facilities, 2. Stock structures, formation and preservation of other capital and changes in business direction (private agency)	●	Regarding this Report	1	
2-10	Awards and honors received during the reporting period	●	1-3	12	

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
3. Report Parameters					
3-1	Report period of which the information is provided (such as fiscal year/calendar year)	●	Regarding this Report	1	
3-2	Reporting date of previous report (If available)	●	Regarding this Report	1	
3-3	Report cycle (Such as annually or once every two years)	●	Regarding this Report	1	
3-4	Point of contact for report inquiry or its contents	●	Regarding this Report	1	
3-5	The procedure of defining the contents of the report, including: 1. Confirmation of the report's accuracy, 2. Confirmation of the priority of each topic in the report and 3. Confirmation of the beneficiaries anticipated to use the report by the agency	●	Regarding this Report	1	
3-6	Boundary of the report such as countries, departments, subsidiaries, rented facilities, joint ventures and suppliers	●	Regarding this Report	1	
3-7	Point out any limitations within the scope of the report and the boundaries	●	Regarding this Report	1	
3-8	On what basis is the entity used to report the joint venture, subsidiaries, rented facilities, contracted business and other potential researches that influences the comparability of different reporting period or agencies	●	Regarding this Report	1	
3-9	Data measurement methods and calculation criterion, including the hypothesis and methods utilized in the estimations used for the formation of indexes and other messages	●	Regarding this Report	1	
3-10	Explanation of the impact on the report messages prior to the revision and the reason for revision (Such as merger/acquisition, benchmark year/changes in between, changes to the nature of the business and measurement methods)	●	Regarding this Report	1	
3-11	Major differences between the scope, boundaries or the methods used for measurement of the new report as compared to the previous report	●	Regarding this Report	1	
3-12	Use the table to confirm the position of each standard that is shown in the report	●	Appendix	71	
3-13	The policies and existing measures of the agency in regards to seeking external experimentation. If not listed inside the experiment report attached in the continuous development report then explanations must be given to the external experiment report provided, including the relationship between the reporting agency and the certification provider	●	Appendix	1	
4. Administration, Promises and Participation					
4-1	The administrative structure of the agency, including the committees in charge of specific affairs under the supreme administrative agency, such as committees that establishes strategies or monitors the organization	●	2-1 2-3	21 24	
4-2	Point out whether the chairman of the supreme administrative agency holds other administrative positions (If so, please explain the position within the management level and the reason for such arrangement)	●	2-2	22	

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
4-3	If the agency consists of a single board of director, please list the number/gender of all the independent and/or non-executing member of the supreme administrative agency	●	2-2	22	
4-4	The mechanism for the shareholders or employees to raise concerns or suggestions to the supreme administrative agency	●	1-7 2-2	18 22	
4-5	The relationship between the compensation for the supreme administrative members, manager and administrative personnel (Including severance arrangement) and the performance of the agency(social and environmental performance)	●	2-2 2-3	22 24	
4-6	The procedure to prevent conflicts between the supreme administrative agencies	●	2-2	22	
4-7	How the supreme administrative agency and its members were decided, the qualification and profession skills required, including consideration of gender and other indexes	●	2-2 2-3	22 23	
4-8	The mission statement or value, behavioral regulations and principles in regards to the economical, environmental and social performances established by the agency, plus its implementation status	●	1-2、1-6 2-6、4-1 4-2	11、15 35、55	
4-9	The monitoring procedure used by the supreme administrative agency to confirm and manage its economical, environmental and social performances (including risks and opportunities), plus whether the agency follows the standards, behavioral regulations and principles recognized by the international community	●	2-2	22	
4-10	Procedures to evaluate the performances of the supreme administrative agency, especially the performances in regards to the economic, environment and society	●	2-2 2-3	22 23	
4-11	Explain how or whether the agency acts in accordance to the early warning measures or principles	●	2-5	27	
4-12	List the economical, environment and social conventions, principles or motion participated or supported by the agency	●	1-4 1-6	13 15	
4-13	The associations (such as industry association) and/or national/internationally acclaimed organization joined by the agency, also: 1. Possess a seat within the administrative agency of such organization, 2. Participation of the organization's projects or committee, 3. Provides large amount of donation besides the regular membership fee, or 3. Regards the organization with strategic importance	●	1-5	15	
4-14	A list of the beneficiary parties related to the agency. The beneficiary parties include: 1. Civil and social organizations, 2. Clients, 3. Employees, other workers and union, 4. Local communities, 5. Shareholders and funder, 6. Suppliers	●	1-8	18	
4-15	The basis of recognizing and choosing who to become a beneficiary	●	1-8	18	
4-16	The participating methods of the beneficiary, including the different types of beneficiaries and the participation frequency in accordance to the grouping	●	1-7	18	
4-17	The concerns and key topics proposed by the beneficiaries during the participation and procedure, plus the responses of the agency (including response in reports)	●	1-7	18	
Indicators of Economical Performances					
EC01	The economic value generated or allocated by the agency, including income, operating cost, employee salaries, donations and other community investment, retained earnings, payments to investors and government	●	2-4	25	
EC02	The financial impact on the activities of the agency due to climate changes and its risks and opportunities	●	2-5、4-1 4-3-2、4-3-3	27、55 59、61	
EC03	The coverage of funding required for the agency's pension plan	●	3-1-2	43	
EC04	The acceptance of major financial aid given	●	2-4	25	
EC05	The proportion ratio of the starting salary level of different genders and the lowest local salary level of key operating location of the agency	○	3-1-2	43	
EC06	The policies, measures and expenditure ratio of the agency towards the suppliers in each key operating location	●	2-9	39	
EC07	The procedure of hiring employees from the local communities in key operating locations and the ratio of high ranking management personnel hired from the local community	○	3-1-1	41	
EC08	The investment and services on the infrastructure through commercial activities, donations of material objects or free professional services for the development of public interest and its impacts	●	3-4	53	
EC09	The agency's understanding and explanation for its major indirect impact on the economy (Including the level of impact)	●	2-5	27	
Indicators of Environmental Performances					
EN01	The weight and volume of raw materials used	●	4-3-1	58	
EN02	The percentage of regenerated materials used	●	4-3-1	58	
EN03	The direct energy consumption of primary energy	●	4-3-1 4-3-5	58 64	
EN04	The indirect energy consumption of primary energy	●	4-3-1 4-3-5	58 64	
EN05	Energy saved through preservation and increasing efficiency	●	4-3-1 4-3-2	58 59	
EN06	Provide a plan with energy preservation benefits or products and services based on renewable energy, plus the result of the plan	●	4-1 4-3-2	55 59	
EN07	A plan to reduce indirect energy consumption and its results	●	4-3-2	59	

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
EN08	Explain the total amount of water consumption from the source	●	4-3-3	61	
EN09	Major impacts to the water resource due to water retrieval	●	4-3-3	61	
EN10	The percentage and total volume of recycled and reused water	●	4-3-3	61	
EN11	The location and surface area of the land owned, rented or managed by the agency within environmental protection zone or areas with meaningful biological diversification	●	4-2-1 4-2-2	56	
EN12	Describe the major influences of the agency's activities, products and services has on the biological diversity of the protected zone and areas with meaningful biological diversification	●	4-2-1 4-2-2	56	
EN13	Habitats under protection or restored	●	4-2-1、4-2-2	56	
EN14	The strategies to manage the impacts on biological diversification, existing actions and future plans	●	4-2-1 4-2-2	56	
EN15	According to the endangered risk level,explain how the operation of the agency affects the habitats and the number of species enlisted in the International Union for Conservation of Nature (IUCN) red list and the National Protection List	●	4-2-1 4-2-2	56	
EN16	Explain the total amount of direct and indirect greenhouse gas emission according to mass	●	4-3-5	64	
EN17	Explain the total amount of other indirect greenhouse gas emission according to mass	●	4-3-5	64	
EN18	The plan to reduce greenhouse gas emission and its results	●	4-3-2	59	
EN19	Explain the emission volume of ozone depleting substances	●	Appendix	71	No ozone depleting substances were added in 2014
EN20	Explain the emission volume for Nitrogen Oxide (NOx), Sulfur Oxides (SOx) and other primary gaseous bodies by category and mass	●	4-3-4	61	
EN21	Explain the total volume of waste water discharge according to weight and purpose of discharge	●	4-3-4	61	
EN22	Explain the total weight of waste materials according to categories and the processing methods	●	4-3-4	61	
EN23	The total number and volume of serious leaks	●	2-7	36	
EN24	According to the Basel Convention, list the weight of toxic wastes defined in the articles of appendix I, II, III and IV that was transported, imported, exported or processed and the percentage of the waste materials shipped globally	●	Appendix	71	The hazardous industrial wastes produced by HMI come from the organic waste liquid generated during the cleaning process and a minimal amount of electronic parts. All of which are disposed and processed through a legal and qualified vendor according to law and none was shipped abroad
EN25	The bio diversification value, status of protection, surface area and location of the water body and related habitats affected by the sewage and other (surface) runoff discharges	●	4-2-1 4-2-2	56	
EN26	The plan to reduce the environmental impact from the products and services and its results	●	4-3-1	58	
EN27	According to the category, explain the percentage of products sold and the recycle of its packing materials	●	4-3-1	58	
EN28	The amount of penalties paid for the violation of environmental laws or regulations or the number of occurrence of none economical penalties	●	2-7	36	
EN29	The major environmental impacts resulting from the shipment of the products, other goods, materials and the employee's transportation	●	Appendix	71	HMI utilizes a local purchasing policy and has shuttle buses in place to transport our colleagues to the customers, which reduces the carbon emission volume produced by transportation
EN30	According to the category, explain the total expenditure on environmental protection and investments 1. Relativity, 2. Essentials of organization, 3. Definitions, 4. Source of information, 5. References	○	4-2-3	58	
Labor Practice and Reasonable Job Performance Indicators					
LA01	The total amount of labor force divided in employment categories, contract and area, also categorized by gender	●	3-1-1	41	
LA02	The total number and percentage between employee r runoffs and newly hired employees divided by gender, groups and area	●	3-1-1	41	
LA03	The benefits provided only to full time employees according to key operating locations (not including temporary or part-time employees)	●	3-1-2	43	
LA04	The percentage of employees covered by group negotiation	●	3-1-4	48	
LA05	The shortest notification period in regards to major operation changes, including whether such period has been clearly explained during group negotiation	●	3-1-2	43	
LA06	The percentage of employees from the labor health and safety committee established by the employer and labor parties that is capable of assisting other employees in the monitoring and evaluation of health and safety related subjects, as compared to the total employee population	●	3-3-1	51	
LA07	The percentage of occupational injuries, diseases, job delays and absence according to area and gender, plus the number of death tolls related to work	●	3-3-2	52	
LA08	The educational, training, consultation, prevention and risk control programs in place to assist the labor and their families or community members in regards to serious illness	●	3-2	49	

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
LA09	Health and safety related topics within official agreements concluded with the union	●	3-3-1	51	
LA10	The average hour of training received by each employee per year according to gender and employee categories	●	3-1-3 3-2	47 49	
LA11	Learning programs and skills management that enhances the employee's continuous employment ability and assistance in employee job transfer and lifelong learning program	●	3-1-3	47	
LA12	The percentage of employees receiving scheduled performance and career development evaluation categorized by gender	●	3-1-1	41	
LA13	The composition of management agency members and each types of employee categorized by gender, age, minority groups and other diversified indicators	●	3-1-1	41	
LA14	The basic salary and the ratio of return of male/female employees according to employee category and key operating locations	○	3-1-1	41	
LA15	The ratio of employees that have returned to work and stayed after maternity and paternity leaves according to gender	●	3-1-2	43	
Human Rights Performance Indicators					
HR01	The total number and percentage of significant investment agreements and contracts consisting of human rights provisions or have completed the human rights examination	●	2-9	39	
HR02	The percentage of suppliers, contractors and other business partners that have completed human rights examination and the actions taken	●	2-9	39	
HR03	The total number of hours for employees who have accepted training and the percentage of trained employees according to human rights policies and procedures related to the operation of the business	●	3-0	41	
HR04	Total number of discriminations and the corrective actions taken by the agency	●	2-7 3-0	36 41	
HR05	Suppliers or operating location discovered with potential illegal conducts or have seriously offended the freedom of the association or group negotiation, and the actions taken to secure these rights	●	3-1-4	48	
HR06	Main suppliers or operating location discovered with serious child labor offenses and the measures taken to effectively eliminate the use of child labor	●	2-7 2-9 3-1-1	36 39 41	
HR07	Main suppliers or operating locations discovered with potential risk of forced labor and the actions taken to effective eliminate all forms of forced labor	●	2-7 2-9 3-1-1	36 39 41	
HR08	The percentage of trainings received by the security personnel in regards to human rights policies and procedures	○	2-9	39	
HR09	The total number of individual cases in regards to the violation of the indigenous people's rights and the actions taken by the agency	●	2-7	36	

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
HR10	The percentage and total number of operating locations that have accepted human rights examination and/or have affected the evaluation	●	2-7	36	
HR11	The number of complaints in regards to human rights solved through the official appeal mechanism	●	2-7	36	
Social Performance Indicators					
SO01	The ratio of operating locations that have implemented local community participation, influential evaluation and development plans	○	3-4	53	
SO02	The total number and ratio of business units that have enforced corruption risk analysis	●	2-6	35	
SO03	The percentage of employees who have received the agency's corruption polices and procedure training	●	2-6	35	
SO04	Actions taken in regards to individual case of corruption	●	2-6	35	
SO05	The position on public policies and the participation in the development and lobbying of public policies	●	2-6	35	
SO06	Explain the total value of financial and material contributions towards the political parties, politicians and related organizations according to each country	●	2-6	35	
SO07	The total number and result of law suits in regards to the violation of antitrust, competition laws and monopolization measures	●	2-7	36	
SO08	The amount of penalties paid for the violation of laws and regulations and the number of penalties received for none economical punishments	●	2-7	36	
SO09	Operating locations with potential or actual negative impacts on the local community	○	3-4	53	
SO10	Preventive and eliminating measures implemented on the operating location with potential or actual negative impacts on the local community	○	3-4	53	
Product Responsibilities Performance Indicators					
PR01	The evaluations conducted to improve the influence of a product or service on personal health or safety during its life cycle and the percentage of major products and service types that requires these types of evaluation	○	4-4	64	
PR02	According to the consequence categories, explain the total number of incidents in violation of products and service, health and safety related regulations and voluntary choices	●	2-7	36	
PR03	The types of products and types of service message required by the procedure, plus the percentage of key products and services that requires to be labeled with these messages	●	2-7	36	

Processes	GRI Indexes	Exposure Status	Chapters related to CorporateSocial Responsibilities Report	Pages	Notes
PR04	According to the consequence categories, explain the total number of incidents in violation of related products and services message and labeling laws and voluntary guidelines	●	2-7	36	No incidents in violation of related products and services message and labeling laws in 2014
PR05	Measures in relation to customer satisfaction levels including the results of custom satisfaction surveys	●	2-8	37	
PR06	Plans established for the purpose of following market promotion laws (including advertisement, marketing and sponsor-ships), standards and voluntary guidelines	●	2-7	36	
PR07	According to the consequence categories, explain the total number of incidents in violation of market promotion (including advertisement, marketing and promotion) laws, standards and voluntary guidelines	●	Appendix	71	No incidents that violates market promotions in 2014
PR08	Total number of proven complaints in regards to invasion of customer's privacy and misplacement of customer's information	●	2-8	37	
PR09	Explain the total amount of penalties received for the violation of laws and regulations in regards to the supply and use of products and services	●	2-7	36	