

# **HERMES MICROVISION, INC.**

## **Compensation Committee Charter**

### **1. Purpose**

This Charter is instituted in accordance with Article 3 of the "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

### **2. Explanations**

2.1 The constitution of the Compensation Committee members, the number and term of office of the members, the official powers of the Committee, rules of meeting procedure and the resources which shall be provided by the Company when the Committee exercises its official powers shall be subject to this Charter.

2.2 The Compensation Committee members shall be appointed according to the resolution adopted by the board of directors, and the Committee shall have no less than three members. The Company has independent directors as prescribed by the Securities and Exchange Act, whereas the Committee shall at least include one independent director and the entire body of Committee members shall put up the independent director as the convener.

The term of office of the Committee members shall be the same as that of members of the board of directors that appoints the Committee members.

When a member of the Compensation Committee is discharged for any reason, resulting in the number of the Committee members to become less than 3, a board of directors meeting shall be held within three months after the incident occurrence day to appoint the replacement

When there is any appointment of a Committee member or any change in the Committee members, the Company shall announce and declare the change on the information declaration website designated by the competent authorities within two days after the incident occurrence day.

2.3 Committee members shall exercise the due care of a good administrator to faithfully fulfill the following duties, and be held accountable to the board of directors, while they shall submit their proposals to the board of directors for discussion.

2.3.1 Set up and periodically review the director and manager's performance evaluation method and compensation policy, system, standards and structure.

2.3.2 Give periodical evaluation and set up director and manager's compensation.

2.4 When fulfilling the duties listed in the preceding paragraph, the Committee shall comply with the following principles:

2.4.1 For director and manager's performance evaluation and compensation, the Committee shall refer to the level of the pay adopted by peer companies, and take the correlation and rationality of individual performance, the Company's business performance and future risk exposure into consideration.

2.4.2 The Committee shall not lead directors and managers to pursue high compensation which may result in their conducting an act with risk beyond the Company's tolerance.

2.4.3 When determining the ratio of short term performance bonus and partial change of the compensation payment for directors and high-rank managers, the characteristics of the industry and the nature of the Company's business shall be taken into account.

The compensation referred to in this Charter includes cash compensation, stock options, stock-based compensation, retirement benefits, severance pay, allowances and other incentive measures. The scope shall be consistent with the director and manager compensation stated in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

When discussing the recommendations proposed by the Committee, the board of directors shall comprehensively consider the matters such as the amounts of compensation, payment methods and the Company's future risks.

Any decline or revision of the recommendation put forth by the Committee shall be adopted by a majority vote of the directors present at the meeting attended by more than two-thirds of the

entire body of directors. Also, for the resolution, the board of directors shall specifically explain if the approved compensation is better than what is recommended by the Committee according to the aforesaid comprehensive consideration.

If the compensation adopted by the board of directors is better than what is recommended by the Committee, other than stating the difference and the reason in the board meeting minutes book, the Company shall also announce and declare them on the information declaration website designated by the competent authorities within two days after approval of the board of directors.

Based on subsidiaries' decentralization, if the director or manager's compensation of a subsidiary of the Company shall be approved by the Company's board of directors, the Company's Compensation Committee shall be first requested to put forth a recommendation proposal, followed by submitting it to the board of directors for discussion.

- 2.5 The Committee shall hold at least two regular Committee meetings every year, and may call a provisional committee meeting at any time as the case may be.

The Committee shall convene a meeting by specifying the reason for the meeting in the meeting notification, which shall be served to the Committee members at least seven days before the meeting. However, it is not limited to emergency cases.

The aforesaid notification may be made in electronic form.

As prescribed by the Securities and Exchange Act, the Company has independent directors. The Committee shall at least include one independent director, and the entire body of Committee members shall put up an independent director as the convener and the meeting chairperson. In the case that the convener is on leave or cannot convene a meeting for any reason, he or she shall appoint another independent director to chair the meeting on his or her behalf. If there is no other independent director in the Committee, the convener shall appoint one of other Committee members to chair the meeting on his or her behalf. If the convener does not appoint any acting chairperson, the acting chairperson shall be elected by other Committee members from among themselves.

The Committee's convener shall externally represent the Committee.

The Committee may invite directors, the managerial personnel of the Company's relevant departments, internal auditing personnel, the certified public accountant, legal consultants or other related personnel to its meeting and provide required information.

- 2.6 The Committee's meeting agenda shall be set up by the convener. Other Committee members may also provide proposals for the Committee to discuss. The meeting agenda shall be sent to Committee members in advance.

When holding a Committee meeting, an attendance book shall be prepared for meeting attendants to sign in, and used for future reference.

The Committee members shall attend Committee meetings in person. In case that a member cannot attend a Committee meeting in person, he or she may appoint one of other members to attend the meeting on his or her behalf. Those who take part in a video conference shall be deemed to attend the meeting in person.

In the event that a Committee member appoints another member to attend a Committee meeting on his or her behalf, he or she shall issue a letter of proxy for each time of appointment, in which the scope of the authorization for the Committee meeting in question shall be stated.

Any resolutions of the Committee shall be adopted by a majority of the entire body of Committee members. If no objections from Committee members are present after being enquired by the chairperson, the resolution shall be deemed to be adopted and shall have the same effect as the voting made by casting ballots. The resolution result shall be announced on the site and recorded in the meeting minutes.

For the proxy referred to in the preceding third paragraph, an authorized member can only be appointed by one other member.

The entire body of Committee members referred to in the Charter shall be calculated according to the incumbent Committee members. Committee members having conflict of interests with the meeting agenda which may adversely affect the Company's interests shall enter recusal.

In the event that, the Committee cannot hold a meeting or adopt a resolution as a result of a proviso prescribed in the preceding third paragraph or preceding regulations, it shall be reported to the board

of directors, and the board of directors shall discuss and resolve it.

2.7 The proceedings of a Committee meeting shall be recorded into a meeting minutes book, in which the following matters shall be clearly and accurately stated:

2.7.1 Term (year), time and venue of the meeting

2.7.2 Name of the chairperson

2.7.3 Attendance of Committee members at the meeting, including the names and numbers of the members who were present, excused or absent.

2.7.4 Names and titles of the attendants who are not Committee members.

2.7.5 Name of the note taker

2.7.6 Matters which were reported

2.7.7 Matters which were discussed: The method and result of each resolution of each agenda item, and the opposed or qualified opinions from Committee members.

2.7.8 Extemporaneous motions: Name of the motion proposer, the method and result of the resolution of an agenda item, summaries of speeches made by Committee members, experts and other personnel, and opposed or qualified opinions.

2.7.9 Other matters required to be recorded.

For the matters resolved by the Committee, if there are any opposed or qualified opinions which are on record or in a written statement, other than recording them in the meeting minutes book, the Company shall also announce and declare them on the information declaration website designated by the competent authorities within two days after the incident occurrence day.

The Committee's meeting attendance book shall be part of the meeting minutes book.

A meeting minutes book shall be signed or sealed by the chairperson of the meeting and the note taker, and distributed to the Committee members within 20 days after the Committee meeting, whereas it shall also be submitted to the board of directors, kept in the Company as an important file and retained for at least five years.

If any litigation in relation to the Committee related matters arises prior to expiration of the preceding retention period, the

meeting minutes book shall be retained until closure of such litigation.

The aforesaid meeting minutes book may be produced and distributed in an electronic form.

If a committee meeting is held by the way of video conference, the audio or video data shall form part of the meeting minutes book.

- 2.8 Through resolutions, the Committee may appoint a lawyer, CPA or other professionals to conduct required audit for the matters in relation to its exercise of powers or provide counseling, for which the incurred expenses shall be paid by the Company.

The Committee shall periodically review the Charter related matters and provide the board of directors with its recommendations for revision.

The Committee may authorize its convener or other members to continue to execute the resolutions adopted in Committee meetings and related tasks. The authorized convener or Committee members shall submit written reports to the Committee during the execution period. When necessary, the execution results shall be submitted to the next Committee meeting for retroactive adoption or acknowledgment.

### **3. Implementation and revision**

The Charter shall be promulgated and implemented after being approved by the general manger and adopted by the board of directors. The same shall also apply in case of any revision.