

Environment Health Safety

2008-2009 Annual Report

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A Message from the Chairman

In addition to its pursuit of sustained operation, as a contributing member of the Global Village, Hermes-Epitek has endeavored to fulfill its corporate social responsibilities by playing its part in society. In light of the dramatic changes that have taken place in the world's ecological environments and the severe market recession caused by the financial crisis, we have learnt that corporate social responsibility is no longer as simple as being accountable to a specific demographic; it is about being responsible to all stakeholders; sparing no efforts in helping employees, their families, communities and even the quality of living for the entire society. Taking action to care for the environment that is essential to our survival as a species has become a duty that Hermes-Epitek must shoulder.

Environmental protection should be more than just a clichéd slogan; and we certainly can't afford to leave safety to chance. Under the premises of improving the quality of living and respecting life, Hermes-Epitek pledges to fulfill its commitment toward environmental protection, safety and health. Through practical planning and action, the company is making actual progress in energy conservation, carbon reduction while improving employees' safety and health. With a humble mindset, we have compiled this report as a means of self evaluation and improvement. Not only that, we hope it can serve as a source of inspiration for the company to keep up with its efforts in contributing to society.



A Message from the President

In retrospect, we have witnessed significant changes in the environment and markets in 2008 and 2009. As the financial crisis ravaged the world, corporations around the globe have toiled to survive the crisis through meticulous management and a significant number of companies simply went out of business, leaving countless people out of a job. Incidentally, the issues of climate change and global warming have captured just as much attention as the financial crisis. On August 8, 2009, Typhoon Morakot wiped out the entire village of Hsiaolin in Kaohsiung and many lost their homes. Unfortunately, the families of a few of us from Hermes-Epitek were also affected by the typhoon. In such a period of transition, we came to realize that we simply have to dedicate more attention and care to safety, the environment, our employees and the society we are in.

As the famous proverb goes, "to travel far one must start with a single step and to climb up high one must start from the ground," we are well aware that success in the areas of safety, environment and health must begin with ourselves. And as such, this report is a summary of Hermes-Epitek's efforts in the promotion of safety, environmental protection and health during the past two years and I am pleased to say that the company has witnessed moderate success in these areas. For example, the changes we have made to the in-house emergency response procedures have made the offices and facilities a safer place for employees to work in. While the differences we make by conserving energy and water consumption might be inconsequential in the grand scheme of things with regards to the issue of global warming, the goal of improving the environment has always demanded input and contributions from everyone.

Looking forward to the future, our primary objective lies in creating a safe work environment for all employees. With regards to environmental protection, "going green" is an impending trend and relevant improvements must go on. The health of our employees is part of the company's assets, and improving the health of our employees is another challenge we must soon overcome. It is important to note that in order to accomplish all the objectives and goals the company has set, every employee must take them seriously and play an active role in their realization. Hopefully our employees would take the concepts and behaviors they have learnt at Hermes-Epitek home and make our families, society and the environment we live in better.



01

Company profile

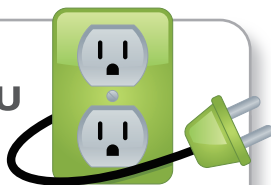
Hermes-Epitek Corp.

Initiated in 1977, Hermes-Epitek Corp. has insisted on the same spirit of service for more than 30 years. The company takes pride in delivering comprehensive value-added services to semiconductor and flat-panel display customers throughout the world, covering product distribution, installation, technical support, manufacturing process R&D, training and relocation services to ensure profit maximization for customers through comprehensive customer services.





Unplug if you don't use it



How much percentage of energy is wasted among total power consumption when home appliances are under standby mode?

(Please see P.3)

02

Commitment to the environment, safety and health

In addition to its focus on business management and pursuit of operational goals, Hermes-Epitek also takes pride in being a contributing member of the Global Village. The company is well aware of the fact that external resources are scarce and internal resources are invaluable and as such, we have endeavored to accomplish the goals of “zero disasters” and “zero pollution” in order to ensure the safety of our employees, partners and customers as they enjoy our products and services. In an effort to fulfill our responsibilities as a global citizen, the company has also taken an active stance in eco-friendly movements.

Guided by such spirit, Hermes-Epitek has outlined its environment, safety and health (henceforth abbreviated as EHS) operation guideline as:

“Create a safe and healthy working environment in order to protect the invaluable and limited natural resources”

In order to accomplish the aforementioned objective, Hermes-Epitek has made the following commitments:

- **Go beyond the legal requirements and keep abreast of international standards**
 - By complying or going beyond various territorial regulations, international covenants and customer requirements to keep up with

relevant international ESH trends and conform with pertinent international standards.

- **Value life by striving to safeguard individual safety and health**

- By enlarging the scope and depth of services through the introduction of risk assessment to strengthen the company’s response capabilities so as to facilitate health promotion. Through full incorporation of safety and health awareness, Hermes-Epitek shall prioritize individual safety and health.

- **Minimize burden on the environment by promoting green operation**

- By keeping to the international movements on environmental protection and reducing the company’s carbon footprints through efforts towards energy conservation, waste reduction and pollution prevention to promote green management.

- **Construct sound management systems to achieve continual performance improvement**

- By constructing an EHS management system, Hermes-Epitek shall be able to realize continual improvement on EHS issues and greater awareness for EHS while minimizing risks of disasters, impact on the environment and individuals’ safety and health. Hermes-Epitek shall achieve its goal of sustained development through active involvement in global EHS events and fulfillment of corporate responsibilities.

03

Current status and objectives of environmental, safety and health development

Guided by the philosophy of "Creating a safe and healthy working environment in order to protect the invaluable and limited natural resources", Hermes-Epitek shall continue to plan and promote various EHS management plans and objectives. Through implementation and tracking of progression for these items, the company shall establish schemes for continuous improvement in order to accomplish the following objectives and commitments:

	Plan/Performance Items	Objectives for 2008-2009	Results	Level of compliance	Plans and objectives for 2011-2012	References
EHS management	Environmental safety audit and inspection	Implementation of environmental safety audit at each premise	Environmental safety audit for each premise duly completed; oversights identified and rectified after follow up	○	Continue as planned	P.5
	Legal compliance	Compliance to local/foreign regulations and establish a framework of preliminary assessment for legal applicability	Compliant to pertinent regulations with legal applicability preliminary assessment and tracking of pertinent regulations	○	Compliance to local/foreign regulations on environmental protection, labor affairs and fire safety	P.5
Product safety	Client end operation safety	Establish equipment installation safety guide and implement onsite safety observation	Completion of equipment installation safety guide and implementation of onsite operational safety observation	△	Complete high-risk operation education and training accreditation	P.20
	Client end information platform	Establish an online learning platform and client end policy database	Completion of client safety policy online learning platform on a quarterly basis	○	Establish client end information system	P.21
Environmental protection	Energy conservation, carbon reduction and environmental protection	Assemble an environmental protection task force to promote relevant energy conservation and carbon reduction plan	Assembled an environmental protection task force to promote relevant energy conservation and carbon reduction plan; annual objectives met	△	Perform carbon emission calculation	P.6
	Energy consumption inspection	Comprehensive inventory for energy consuming equipment to establish an energy consumption monitoring scheme	Completion of comprehensive inventory of water and power consumption with establishment of appropriate monitoring scheme underway	△	Establish schemes for monitoring and solutions for improvement	P.7
Labor safety	Operation safety	Establish contractor construction safety management and operation hazard analysis	Completion of contractor construction management procedure and multiple in-house operational safety analyses	△	Continue to perform operational safety analysis and complete supplier evaluation	P.13
	Accident handling scheme	Routinely host emergency response drills and establish accident handling handbook	Completion of emergency response drills and emergency response plans for each premise	○	Continue to conduct drills and complete various emergency response plans	P.12
Occupational hygiene and health	Employee health check up and anomaly tracking	Health check-up data analysis and watch list for employees with conditions requiring follow up	Completion of annual employee health check-up and data analyses; continued tracking of employees on the watch list	△	Analyze and establish a watch list for employees with specific problems; implement individual tracing and health education counseling	P.18
	Health promotion plan	Routinely host health and hygiene promotional events and establish health management system	Hosted events such as health education seminars and blood donations; actively encouraged establishment of relevant clubs	○	Continue to process and establish office medical services and resources	P.18
Open communication	Continuous commitment to EHS	Publish EHS statement biennially	Routine publication	○	Continue as planned	P.2
Environmental commitment	Reduction of power use (KW/hour/per person/per day)	Reduction by 3% compared to the previous year	Reduction by 6.3% in 2009 compared to 2008	○	Reduction by 3% compared to the previous year	P.7
	Reduction of water use (ton/per person/per day)	Reduction by 2% compared to the previous year	Reduction by 35.1% in 2009 compared to 2008	○	Reduction by 2% compared to the previous year	P.8
	Reduction of waste generation (kg/per person/per day)	Reduction by 2% compared to the previous year	Reduction by 18.6% in 2009 compared to 2008	○	Reduction by 2% compared to the previous year	P.8
	Waste water (sewage) discharge monitoring	Compliant to Hsinchu Science Park's emission standards	Compliant to the target	○	Compliance to the park's emission standards	P.9
Safety and health	Lowering the frequency of disabling injuries (traffic accidents excluded)	Lower than the statistics published by the Council of Labor Affairs	1.2	○	To stay below the statistics published by the Council of Labor Affairs	P.15
EHS Investment	Increasing investment toward the funds and acquisition of equipment that are designed to improve EHS	Increase by 5% compared to the previous year	Compliant to the target; with installation of total heat exchangers and purchase of emergency response equipment	○	Increase by 5% compared to the previous year	P.7

○: Objective met △: 75% of objective met X: Failure to accomplish 75% of objective

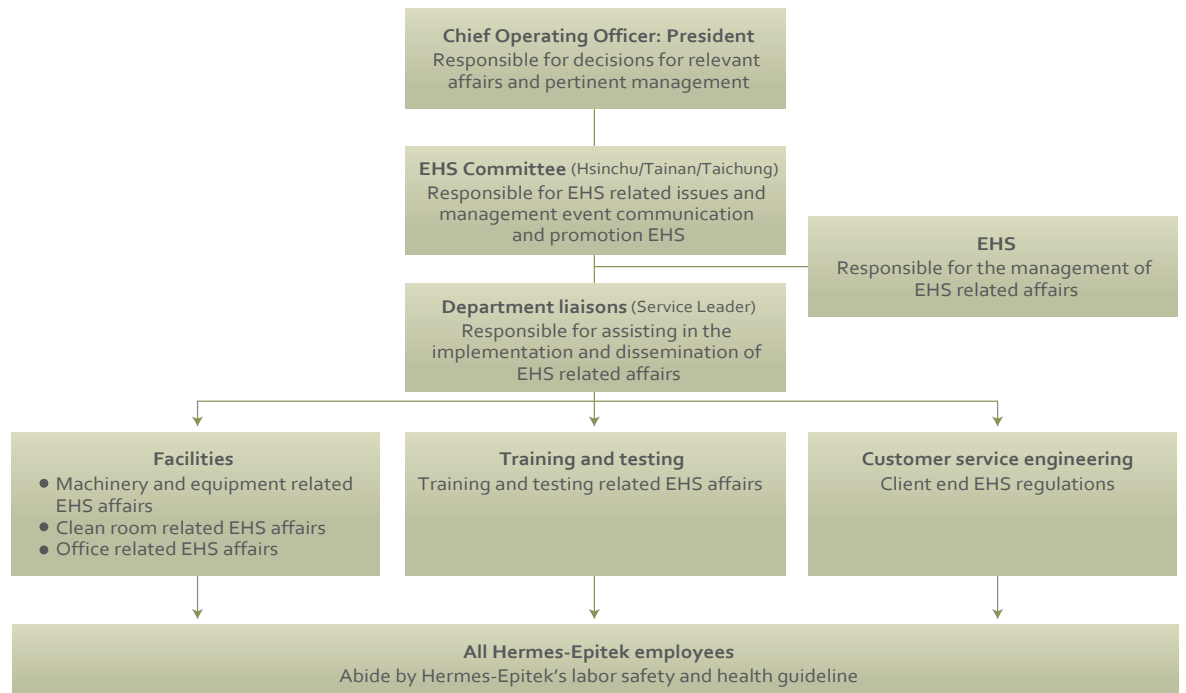
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Environmental, safety and health management

EHS organizational structure and responsibilities

■ EHS organizational structure and responsibilities

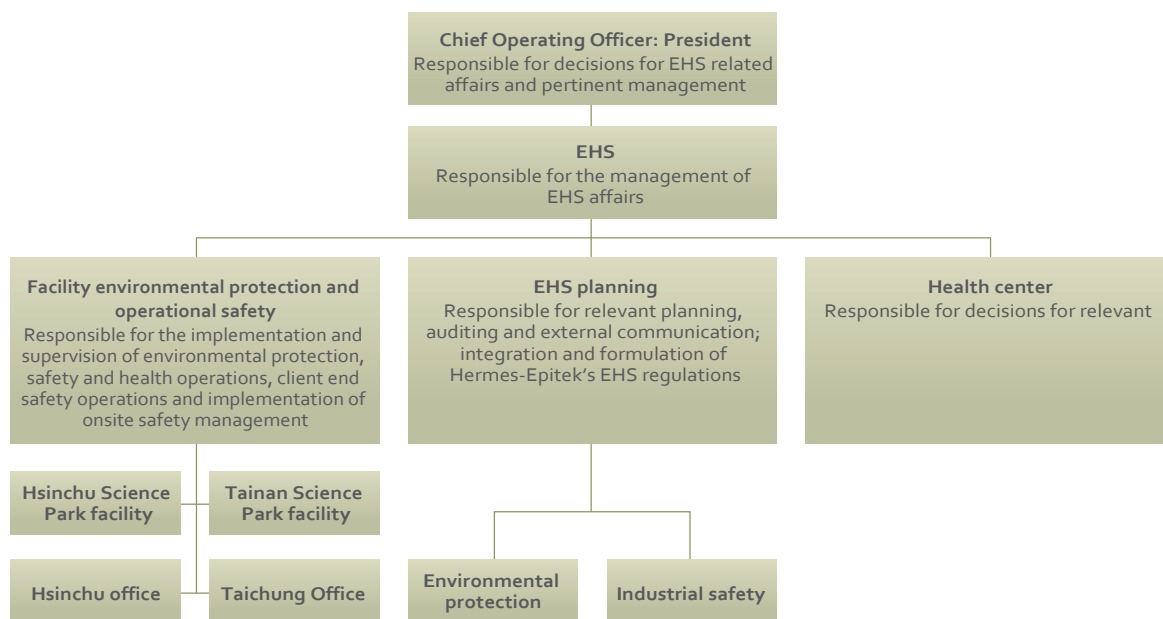
In light of the growth in terms of Hermes-Epitek's service locations and business operations, the company has appointed dedicated EHS staff at each office and premises to promote relevant EHS events and routinely convene EHS Committee Meetings to set up channels of communication and disseminate important messages. In addition, each department shall also appoint its EHS liaison so as to duly carry out and promote EHS management operations.



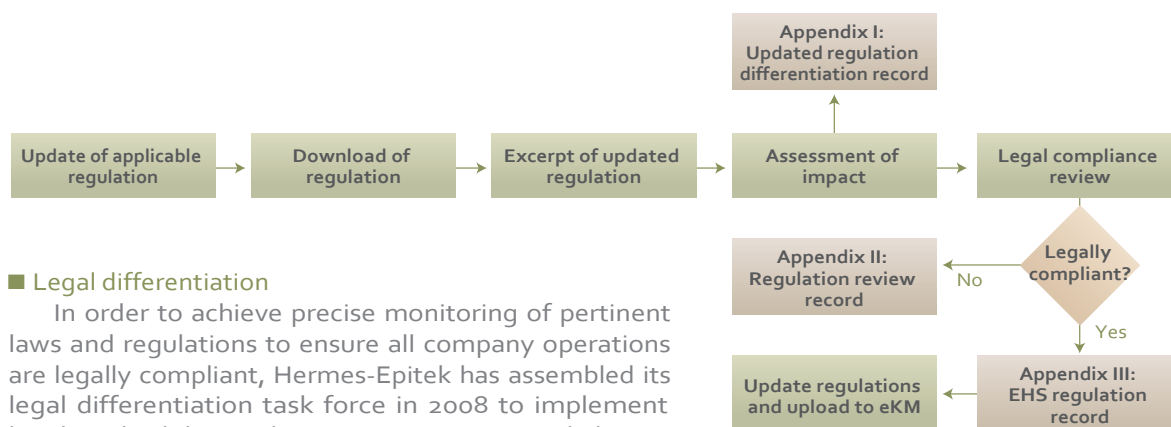
EHS Committee hierarchy chart

In an attempt to strengthen the company's organizational functions through clear definition of management responsibilities, Hermes-Epitek initiated its EHS Planning Division and Health Center at the end of 2007. The EHS Planning Division is responsible for relevant planning, auditing and external communication and its primary objective involves the integration and establishment of the company's regulations pertaining to environmental protection, safety and health. In addition, the division is also in charge of planning management and promotion of relevant activities while implementing EHS audit and guidance for contractors and

suppliers. The Health Center is responsible for the planning and promotion of occupational health promotion projects and employee assistance solutions to provide services such as medical consultation and first aid for employees on top of establishing health related regulations. Facility environmental protection and operational safety is responsible for the implementation, planning and supervision of environmental protection, safety and health operations at each premises while serving as the territorial liaison for client end safety operations so as to implement onsite safety management and promote relevant activities.



EHS departmental organization chart



Legal differentiation

■ Legal differentiation

In order to achieve precise monitoring of pertinent laws and regulations to ensure all company operations are legally compliant, Hermes-Epitek has assembled its legal differentiation task force in 2008 to implement legal applicability preliminary assessment and change assessment for pertinent regulations on EHS and fire safety. Applicable regulations and assessment results would be registered in the company's electronic document management platform for reference purposes. This will ensure that the company's information on EHS related laws and regulations are always up to date.

■ Environmental safety audit

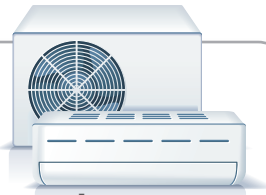
In an effort to create a safe and healthy working environment, Hermes-Epitek has adopted routine autonomous inspections at all operating areas for workplace environment safety audit. Apart from the identification of oversights for immediate rectification (and follow-up), the autonomous inspection would help employees to cultivate the spirit of autonomous safety inspection that involves taking the initiative to discover oversights for prompt rectification so that all employees foster proper safety concepts and behaviors.



Environmental safety audit



Cool down yourself • Heat up the earth



To save energy, what cooling temperature should be set on air conditioner?

(Please see P.7)

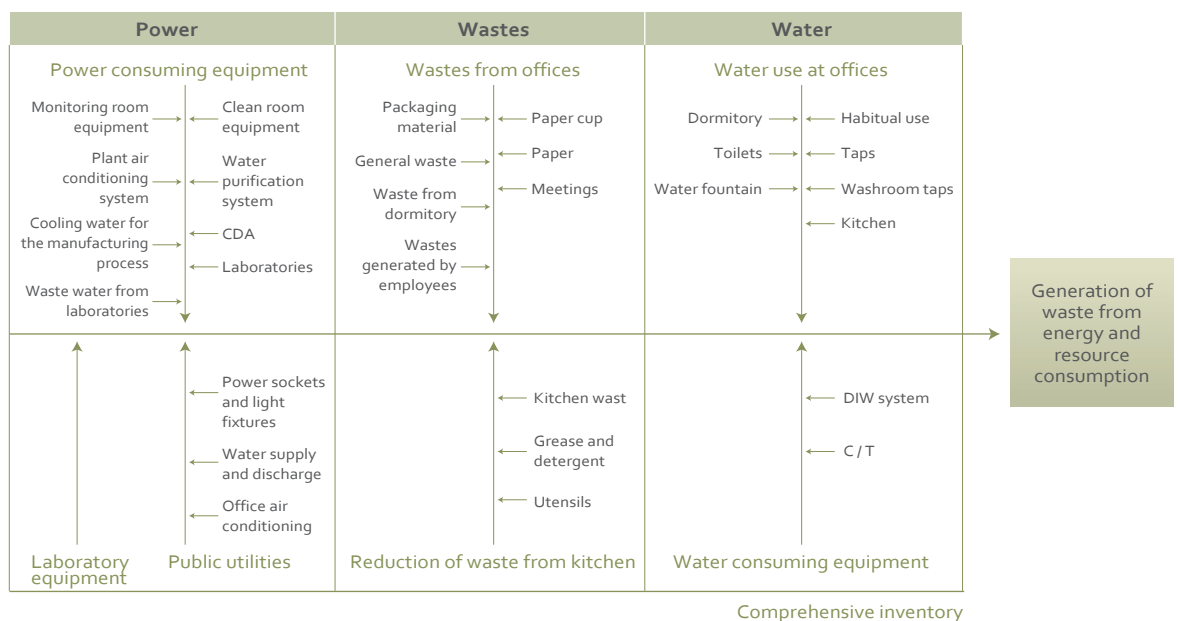
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Environmental protection

Since the initiation of the Kyoto Protocol, topics such as global warming and drastic climate change have received substantial attention as time goes by. All members of the Global Village are equally concerned about issues such as greenhouse gas emissions and waste generation. Hermes-Epitek is well aware of its responsibilities and obligations as a contributing member of the Global Village and in addition to adopting regulations that are stricter than current environmental protection laws for self-management, the company is working towards becoming a "green corporation". Through the commitment of carbon reduction, Hermes-Epitek is endeavoring to fulfill its responsibilities as a global citizen by contributing towards the cause of environmental protection.

Assembly of environmental protection task force

Hermes-Epitek has initiated its environmental protection task force in 2008 in order to achieve effective environmental protection management. The task force is comprised of the engineering unit, the administrative unit and designated employee representatives. The task force is primarily responsible for the implementation of a comprehensive inventory of all equipment and operation that use power/water and produce waste/waste water, followed by a comprehensive improvement planning and integration of relevant policies and SOPs by all members of the task force based on the results of the inventory before performance audits and verifications were conducted as planned.



A When temperature is set at 28°C, the output capacity rate of compressor can be decreased more than 40%. Raising 1 degree can saved up to 8%~10% power consumption. If we can save energy for 0.1% every month, we can reduce 15ton carbon dioxide emission each year (Source from Bureau of Energy, Ministry of Economic Affairs)

Energy management

■ Power saving measures

With regards to energy management, Hermes-Epitek has taken an aggressive approach towards hardware improvement and changing employees' work habits in order to achieve the objective of cutting down power consumption by 3%. Through an assortment of methods and means to reduce power consumption, the company hopes to accomplish its goal of energy conservation.

Hermes-Epitek has adopted the following power saving measures:

1. Schedule control for exhaust fans at Hsinchu Science Park plant

The exhaust fans were originally configured for around the clock operation; improvements were made by installing timers for the fans to operate only during office hours.

2. RO system power saving improvement

Improvement of performance by equipment upgrade during routine maintenance.

3. "Lights-off" verification during after hours

Cultivate employees' habit of turning the lights off at the office during breaks, after hours or when they have to leave the office.

4. Intake/exhaust fan power conservation (with total heat exchanger)

By installing total heat exchangers at the air intakes, the company will be able to minimize energy loss with the mechanism's heat exchange principle.

5. Energy conservation through illumination control in cleanrooms

Install light controls in cleanrooms and have employees cultivate the habit of turning off lights during after hours/when leaving the cleanroom.

6. ptimized illumination (in offices and parking lots)

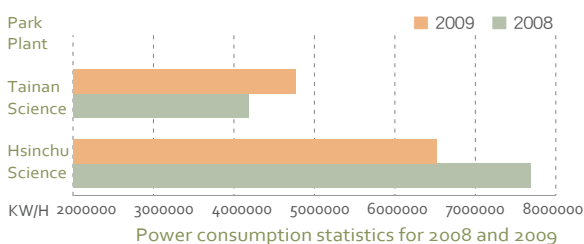
Adjust the distance between light fixtures to strive for an ideal balance between energy

7. Adjustment of facility equipment

- Adjust the temperature setting for air conditioners at electrical substations from 25°C to 30°C.
- Adjust the switchboard cooling fans' operating temperature from the default 25°C to 35°C.
- Control the peak load of power consumption for facility equipment

■ Statistics of energy conservation

With the hard work and effort from all Hermes-Epitek employees, the company's power consumption dropped by 1,050,000 kwh (from 6,540,000 kwh in 2008 to 5,490,000 kwh in 2009), which is equivalent to a reduction of approximately 730 tons of CO₂ emission. The figure also translated into a decrease of 16% in terms of power consumption in 2009 compared to 2008, signifying that the company has successfully kept its pledge of cutting power consumption by a margin of 3%~5%.



■ Water resource management

In comparison to other nations around the world, water resources in Taiwan are relatively scarce. This fact made the effective utilization of water resources a shared responsibility among us all. And as such, the Hermes-Epitek's environmental protection task force has gone to great lengths to monitor the status of water consumption and waste water discharge at all offices and implemented comprehensive inventories; the results of which were used to formulate a series of resource conservation measures in the hopes of accomplishing the target of cutting down water consumption by 2% in 2009 from the previous year's figures.



Shopping with your reusable shopping bag



How many plastic bags do Taiwanese use each year?
(Please see P.9)

■ Water consumption

Water conservation measures

Measures of improvement formulated from inventory results focused on the improvement of hardware facilities for general water consumption (35%), kitchen water consumption (27%), cooling tower (24%) and water purification equipment(14%). The following measures were implemented under the premise that no company operation would be disrupted:

Hermes-Epitek has adopted the following water conservation measures:

1. Installation of water savers (for general water consumption)

Taps on the premises were changed to sensor taps or fitted with water savers.

2. Reduction of water consumption (for kitchen water)

Cut down on unnecessary use of water.

3. RO system energy efficiency improvement (water purification equipment)

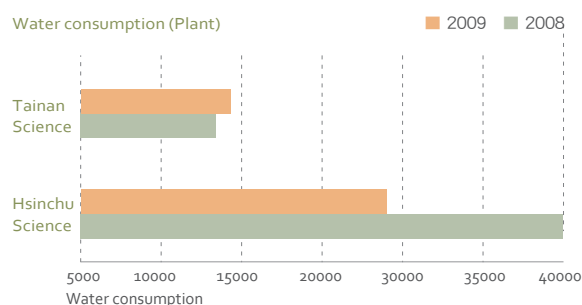
Improvement of performance by equipment upgrade during routine maintenance.

4. Installation of rainwater recycling system (cooling tower)

Increase the amount of recycled water to cut down water usage by cooling towers.

■ Statistics of water conservation

Through the implementation of water conservation measures (which involved simple methods of usage reduction and recycling), the company successfully lowered water consumption by 20,000 tons in 2009 compared to 2008. The figure translates to approximately 32.7% of less tap water consumed and the margin is dramatically higher than the 2%



Water consumption statistics for 2008 and 2009

■ Wastewater

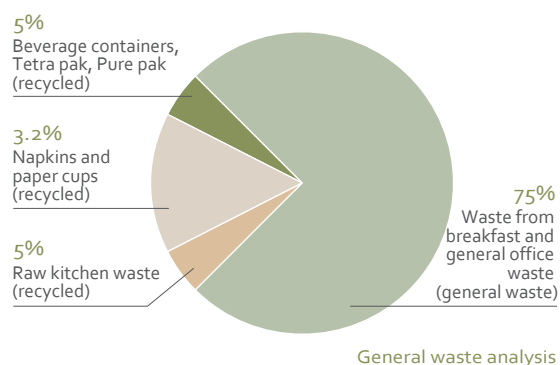
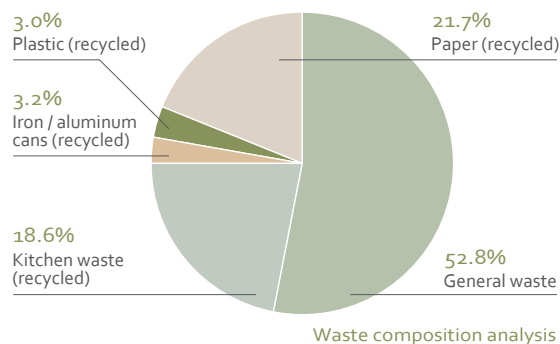
Wastewater generated by Hermes-Epitek primarily comes from kitchen and manufacturing processes. Despite its relatively simple composition, the company still takes the management and monitoring of wastewater quality/quantity very seriously. Relevant inspections are carried out biannually to ensure that waste water quality is compliant with pertinent regulations.

Item	Effluent standard
pH value	5-10
Suspended solid (mg/L)	<35°C
Chemical oxygen demand (mg/L)	<300
Grease (mg/L)	<10
Temperature (°C)	<500
Anionic surfactant (mg/L)	<300
Biochemical oxygen demand (mg/L)	<25

A Taiwanese use 18 billion plastic bags each year, about 782 bags use by per person per year, which is 2.14 per day. Under the circumstance of 7% recycle rate, if everyone use plastic bag more than this average, it means you are one of the accomplices that damage our environment. (Source from Environmental Protection Administration Executive Yuan)

Waste management

Hermes-Epitek's efforts to reduce waste generation have progressed from the recycling of waste materials to reduction management right from the source of waste generation. Results of waste composition showed that wastes can be primarily divided into general wastes (52.8%) and recyclable wastes (47.2%). With the data from the waste composition analysis (as shown in the diagram below) and the 3R (Reuse, Reduce, Recycle) technique, the environmental protection task force has formulated relevant strategies to achieve improvement towards the objective of "consolidating resource recycling and reuse".



Waste reduction measures

1. Zero paper cup project

Use porcelain cups instead of paper cups to cut down waste generation.

2. Recycling of kitchen waste through compost heap

Apart from cooked kitchen waste, raw kitchen wastes can also be recycled to

produce organic fertilizer through compost techniques.

3. Paper usage reduction

Encourage printing and reuse of secondary paper.

4. Dormitory waste reduction

Cut down on the use of one-off products at employee dormitories.

5. Full adoption of eco-friendly utensils at the offices

Ban the use of disposable tableware to cut down waste generation.

6. Eco-friendly conferences

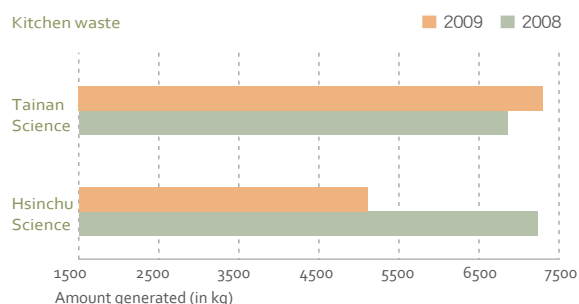
Encourage employees to bring their own eco-friendly cups to the office; adopt electronic document systems, promote video conferencing and cultivate the habit of turning lights/air conditioners off whenever possible.

6. Resource recycling and waste disposal rules

Encourage employees to take the initiative to perform resource recycling to boost the recycling rate.

Statistics of waste produced in 2008 and 2009

Thanks to the joint efforts by all employees, the amount of waste generated in 2009 was 2.4 tons (approximately 21.1% of general waste) less compared to 2008. The quantity of non-recyclable wastes generated was reduced substantially as well. In addition to fulfilling our commitment to cut down waste generation by 2%, we have also succeeded in lessening the burden of processing wastes on the environment.



Waste generation statistics for 2008 and 2009



Battery recycle and heavy metals contamination



If we don't recycle used battery, what damage will it cause to our health and environment?

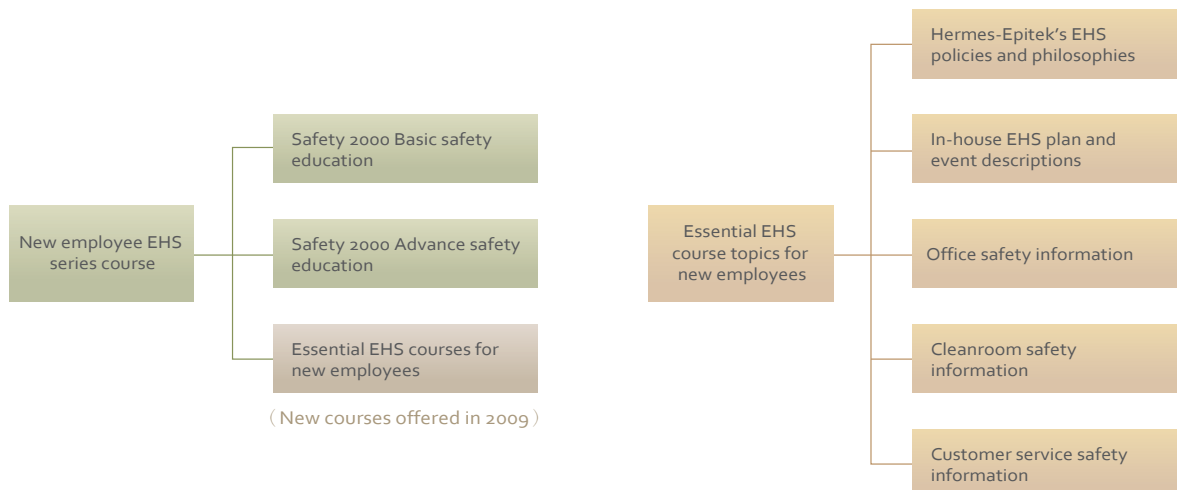
(Please see P.11)

06

Safety and health

Safety and health training

Hermes-Epitek has fostered the concepts of safety and health in every employee from the perspective of educational training and experience sharing. Programs such as new employee introductory training to routine training for current employees reflects Hermes-Epitek's continuous emphasis on work safety management and health maintenance as employees' fundamental attitude to work. We have arranged a series of safety and health courses that will help employees take care of their partners and their own safety and health while working together to create a safe and healthy working environment.



New employee Safety and health training

A Batteries contain mercury, lead and cadmium; these materials are harmful to our health. The battery recycle rate in Taiwan is about 67.26%, which means there are still 32.75% not recycled used batteries keep damaging our health and environment. (Source from Environmental Protection Administration Executive Yuan)



Safety and health publications

Disaster risk control and response

■ Fire hazard risk control

Management and maintenance of fire safety facilities and equipment

Professional fire safety companies have been entrusted with the task of fire safety equipment planning at each Hermes-Epitek plant based on their architectural scale and nature of in-house operation. Apart from ensuring compliance with the pertinent regulations, special emphasis has been placed on disaster prevention efficacy through the installation of fire hazard detection and response equipment on top of escape equipment and routine inspections.

Joint fire drill

Hermes-Epitek has collaborated with other resident companies at the park to set up a joint fire protection alliance in order to elevate the park's overall disaster prevention and response capabilities. The alliance is designed to be ready for structural reorganization and input of support at any time depending on the nature of

the situation and the scope of hazard impact. In addition, the alliance also hosts joint fire drills on a yearly basis to foster tacit understanding among different members and strengthen the alliance's response capabilities. With regards to response equipment preparation, Hermes-Epitek has also included factors such as potential elements of hazard, potential hazard types and the quantity/type of response equipment deployed at different companies at the park in the overall assessment as a reference for equipment selection and quantity planning so as to raise the interoperability of response equipment to minimize issues of operation.

Drill assessment

Hermes-Epitek has always had an active and earnest attitude in offering its full cooperation for plans promoted by relevant competent authorities. Each year, the company has taken part in the fire drills organized by the local fire brigade and also invited the fire brigade to take part in the in-house drills. In 2009, Hermes-Epitek participated in the fire drill assessment hosted by Tainan Science Park Fire Brigade and passed the exercise assessment.

Fire insurance

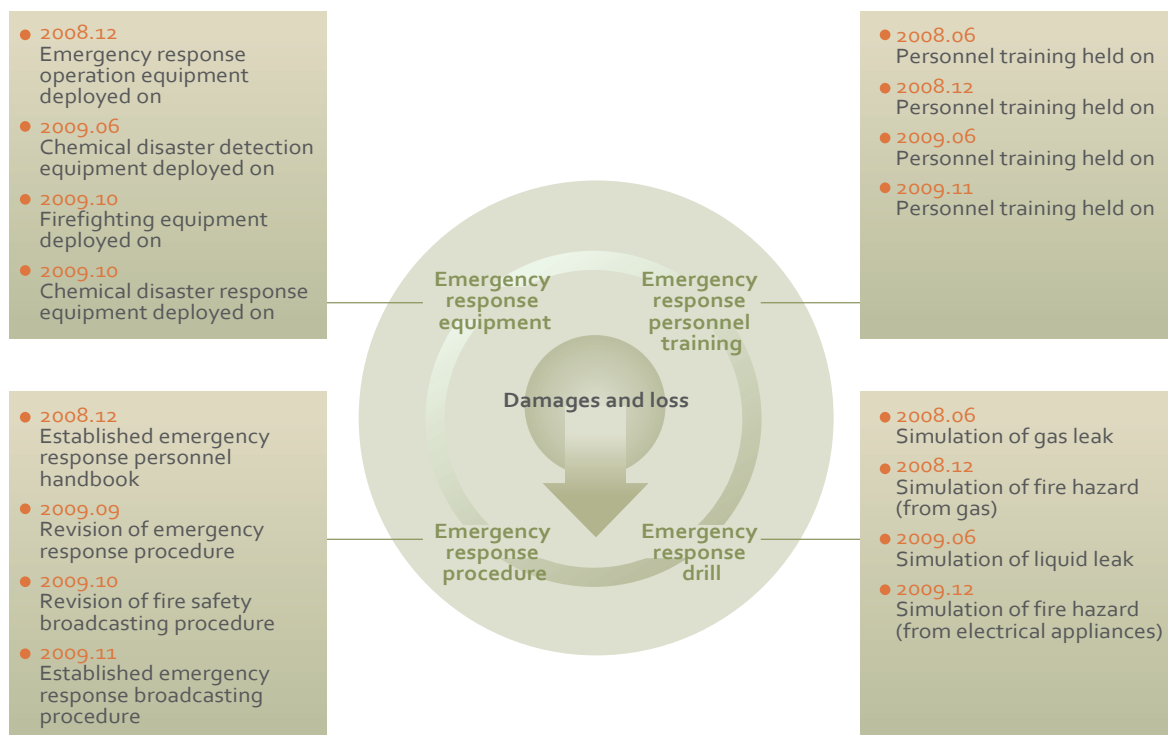
Previous incidents of fire hazard that occurred at other plants demonstrated that while comprehensive disaster preparation and sound response capabilities could effectively lower the rate of disaster occurrences and minimize losses, it is still insufficient to completely eliminate the threats of disasters. In order to protect employees' safety and secure the company's assets, Hermes-Epitek has purchased fire insurance for all plants on a yearly basis in the hopes of covering all aspects of losses in the event of fire so as to minimize the potential impacts.



Joint Emergency Response War Room



Personnel evacuation and assembly for head count



■ Emergency response and relevant drills

In order to help employees become more familiar to the company's disaster response procedures and protocol, Hermes-Epitek has been holding facility emergency response drills annually to simulate the scenes of different disasters in order to train employees' capabilities for emergency rescue, control and evacuation. In light of the fact that different hazards could escalate to varying extents depending on the duration, environment and actions taken by the people involved, the company has changed the scenarios of hazard simulation on a yearly basis and gradually elevated the complexities of disasters in order to cultivate employees' response capabilities for different hazards and settings. This would help employees accumulate experience in facing disasters and strengthen their disaster response capabilities, which would in turn help the company realize the goals of minimizing personnel and asset losses.

In the 2008 and 2009 Hermes-Epitek Disaster Response Drills, the company simulated a fire outbreak at all plants and organized full personnel evacuation. By inviting principal factory employees, contractors and building administration to participate in the drills, we hope that all facility personnel and building superintendents would also be equipped with fire response capabilities.

Chemical substance management

■ Raw material management

With regards to the management of

chemical substances, Hermes-Epitek has adopted source management strategies to regulate all employees to perform hazard identification and risk assessment prior to the purchase of all chemical substances and to opt for low risk chemical products to minimize risks. With various measures such as appropriate control during the purchasing procedure, risk assessment for newly acquired chemical substances, uniform stock-in management and so forth, Hermes-Epitek is able to accurately manage the flow and usage of chemical products so as to ensure the safety and health of relevant employees.

■ Hazard warnings

The Globally Harmonized System of Classification and Labeling of Chemicals (GHS) promoted by the government requires all chemical suppliers to perform data updates and provisions along with synchronized hazard label renewal. And as such, Hermes-Epitek has completed the renewal and update of all hazard labels for chemicals and its MSDS.



Renewal of hazard labels



Updated MSDS

Operation management

■ Usage of PPE

Protective gear serves as the last line of defense for personnel safety, and this is why Hermes-Epitek is always disseminating the importance for all employees to observe the "Three-Point Protection Principle". In addition, the company has also included helmets, goggles and safety shoes as the standard equipment for various operations. When it comes to the selection and purchasing of PPE, Hermes-Epitek has chosen to go beyond the legal requirements to offer comprehensive protection for workers. The company has replaced all existing belt harnesses at facilities with full body harnesses and made it compulsory for all employees involved in elevated operations or exposed to risks of falling. The company has also provided guide and actual demonstrations on how to put on the full body harness to ensure that all employees will be able to put on the equipment properly for effective protection.

Step 1: locate the D ring and check the exterior of the harness



Step 2: wear the harness on your back



Step 3: put on the chest and thigh straps; do not cross the buckles on your thigh. Adjust all straps properly without making them too tight



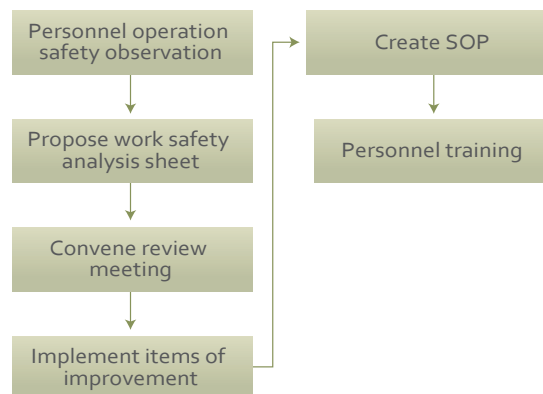
SOP for putting on a full body harness



Full body harness

■ Operational safety observation

In order to ensure effective control over risks in various manufacturing processes, Hermes-Epitek has incorporated an operation safety observation plan for new processes and newly installed machinery. The initial stage of the observation involves the joint observation of personnel operation safety by relevant department and EHS department to compile a work safety analysis sheet and convene relevant review meetings so as to provide input on high risk factors and formulate measures for improvements. Based on the results of the review, competent departments will make appropriate modifications and adjustments to the operations in question and provide training for relevant operators. In addition, the supervisor of the relevant department and EHS department are responsible for joint supervision to ensure that all personnel abide by pertinent safety requirements so as to ensure the personnel's safety and health.

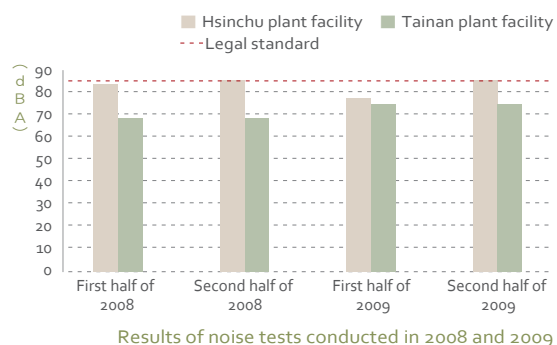


Flow of operation observation

■ Working environment inspection

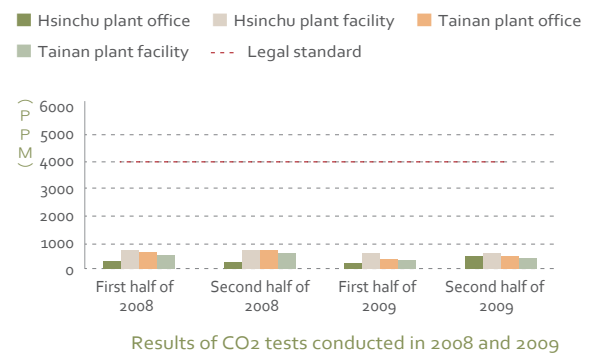
Hermes-Epitek has commissioned a qualified working environment assessment company to perform routine labor workplace environment assessments so as to obtain samples for adjustments in strategic planning when changes were made to manufacturing procedures, operation type and working environment. The implementation of working environment tests were performed in accordance with the pertinent work environment factor inspection procedures along with reference to the recommended items and standard values of indoor air quality promulgated by the EPA in order for the company to examine the work environment for Hermes-Epitek employees with a comprehensive and meticulous attitude.

With a conscious effort to safeguard the health of all employees, the company has made it a point to perform a sampling test for all newly introduced manufacturing processes after a month of operation to ensure that all work environment factors are compliant with relevant standards. Hermes-Epitek has adopted a cautious attitude and standards that are stricter than pertinent regulations in the management of the company's work environment. For areas with relatively high test values, the company would immediately summon relevant departments to conduct investigations and analyses and work with the responsible units to jointly formulate strategies for improvements. In order to verify the results of improvement, the same tests would be performed after corrective actions have been taken.



Results of work environment tests for Hermes-Epitek facilities in 2008 and 2009

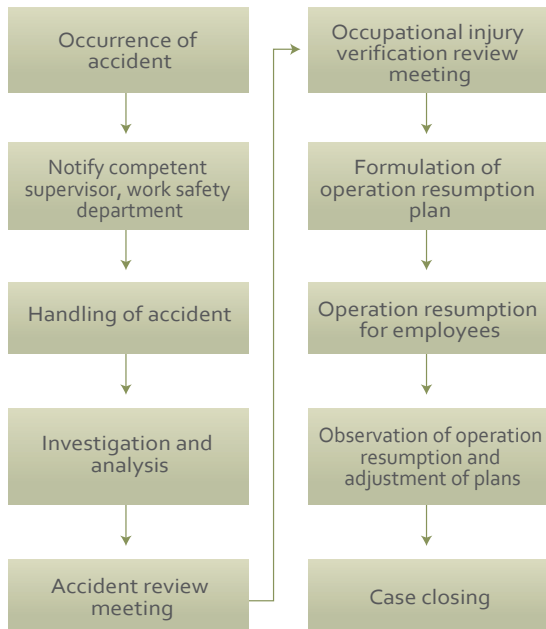
showed full compliance with pertinent regulated standards. In addition, the concentration of carbon dioxide at the offices was also tested based on EPA's recommended air quality; operating areas with CO₂ concentration near or above the 1000ppm standard would be included in the air conditioning improvement project to improve the work environment for employees. As for facility machinery rooms where noise levels are high, access to these areas have been restricted. In 2009, the company made disposable ear plugs available at the entrances of these areas for employees working in the area to minimize their exposure to high volume noise and prevent damage to their hearing.



Accident handling and statistics

■ Reporting and handling of accidents

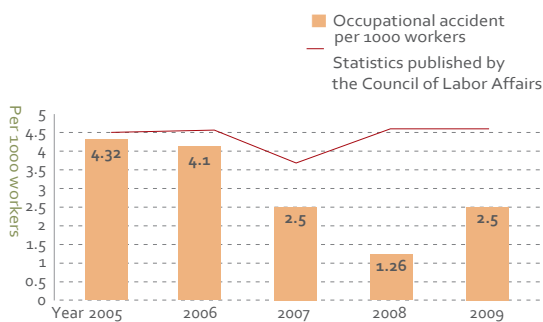
The promptness of accident reports and the control over incident status usually determine the outcome and follow up of such incidents. And as such, Hermes-Epitek has established its 24-hour operation safety emergency line (6119) as a round-the-clock channel for notification to ensure that no important messages will be missed and that when personal accidents do happen, the company will be able to provide more medical resources and assistance at the initial stage. After the Hermes-Epitek Health Center was initiated, the company also established a dedicated emergency medical aid hotline (6995) to allow employees to contact the Health Center immediately in case of emergencies and seek medical attention and information from the Health Center to ensure that all personal injuries are taken care of in an adequate and timely manner.



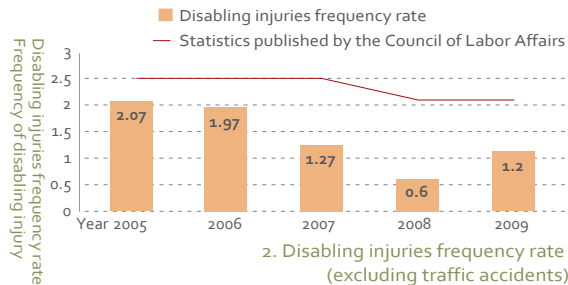
Personal accident handling process

Occupational accident statistics

The statistics of occupational accident per 1000 workers and disabling injuries frequency rate published by the Council of Labor Affairs are chosen as the benchmark in Hermes-Epitek's occupational accident analysis. For 2008 and 2009, the company's occupational accident per 1000 workers and disabling injuries frequency rate have both been lower than the figures from the Council of Labor Affairs and the numbers have been falling by the year. To illustrate, Hermes-Epitek's rate of occupational accident per 1000 workers has fallen from 2005's 4.32 to 2009's 2.5 and the disabling injuries frequency rate has also dropped from 2.07 in 2005 to 1.2 in 2009. Hermes-Epitek shall continue to work hard in this area to further lower the number of occupational accident.



1. No. of occupational accident hazard per 1000 workers (excluding traffic accidents)



2. Disabling injuries frequency rate (excluding traffic accidents)

Supplier safety and health management

EHS standards

After integrating different contractor management schemes adopted at different facilities, Hermes-Epitek established its Contractor EHS Standards in 2009 and clearly laid out the responsibilities of both parties in the "Hermes-Epitek Contractor EHS Requirements" to directly request that both the contractor and Hermes-Epitek shall fulfill their corresponding duties and responsibilities to realize the management and maintenance of safety and health at work environments so as to safeguard employees' health and safety.

In order to raise contractors' awareness and emphasis on safety and health management, copies of "Hermes-Epitek Contractor EHS Requirements" are issued to interested suppliers prior to the signing of purchase agreements. The point of this is to request bidding contractors to familiarize themselves with Hermes-Epitek's facility regulations and operation requirements prior to the commencement of the contract and to inform the bidding contractors that safety and health requirements would be included as part of the acceptance inspections. When interested suppliers take part in the bidding process, they would be required to provide their EHS management performance as a criterion in the process of supplier selection so that the company can screen the candidates and eliminate suppliers with poor management performance as a way to minimize operational risks.

In order to strengthen suppliers' risk aversion capabilities, all personnel involved are required to attend Hermes-Epitek's contractor risk awareness course before they are stationed at Hermes-Epitek's facilities for operation. During the course, they would be briefed once again on relevant facility regulations and the operational risk factors in question. In addition, the company would also take the opportunity to emphasize Hermes-Epitek's resolve to achieve EHS management as a way to foster the spirit of mutual assistance with the collaborating partners and achieve the goal of zero occupational hazard.

■ Operation control

In order to ensure the safety of employees in their operations, Hermes-Epitek has established a review scheme for personnel consigned to work at the facilities and the operations that were entrusted to them. For example, background and credentials of personnel would be fully reviewed by responsible departments to ensure their legal working status before the personnel's admittance to the facilities. Outsourced operations are separated into general operations and special (high risk) operations based on the level of risks involved and both are managed separately using different review schemes to ensure that contractors are equipped with relevant risk control measures and sound management capabilities before they are allowed to enter the facilities.

■ Communication with suppliers

After integrating different contractor management schemes adopted at different facilities, Hermes-Epitek is able to engage in effective communication and operation coordination with suppliers through pre-construction safety meetings. Through adequate preparation, we hope to minimize the hazards of onsite operation and complete the given tasks on time. In the near future, Hermes-Epitek will commence the construction of the supplier EHS management assessment system, which would allow the company to engage in direct EHS management exchange and sharing with its suppliers. The assessment system would also allow the company to better understand suppliers' internal management

capabilities so as to offer assistance at the appropriate occasion to ensure mutual growth.

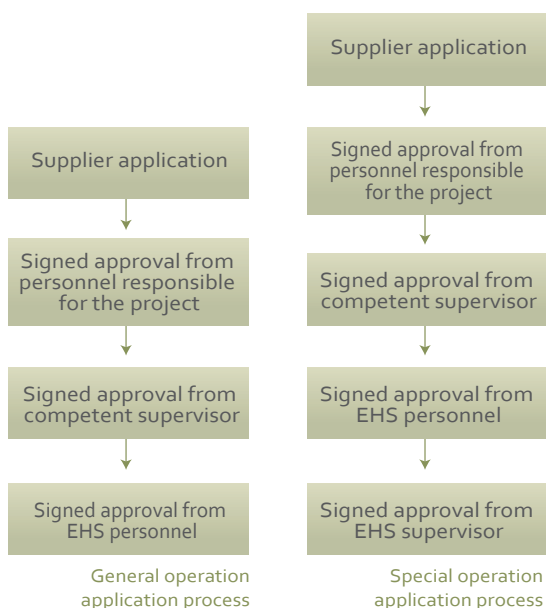
Corporate disease control solutions

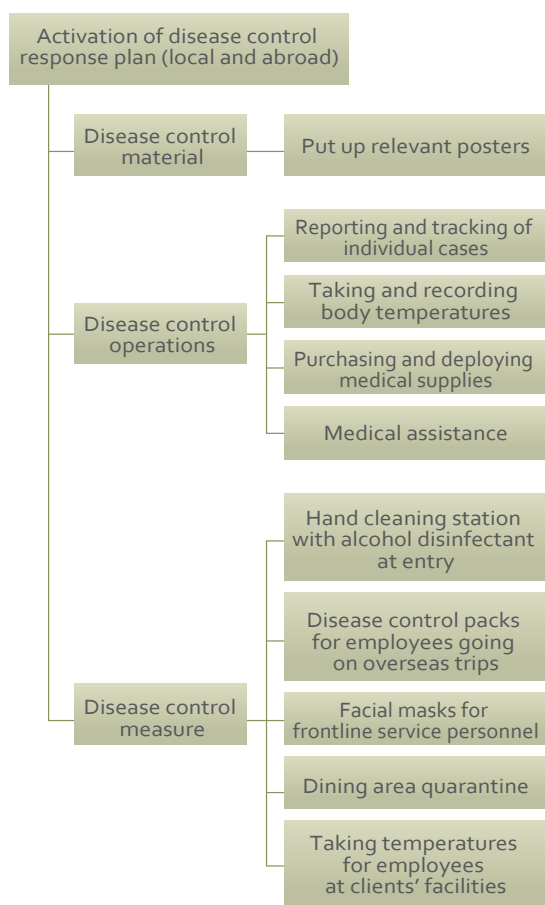
After going through outbreaks of SARS, the avian flu and H1N1, corporations around the world are now aware of the fact that epidemic outbreaks involve more than just handling cases of individual infections; no business can afford to overlook the potential impact and damages it would sustain when the situation escalates. And as such, proper planning of adequate disease control measures to effectively contain group infection while preventing disruption of business operation has become an important topic for corporations.

■ Formulation of H1N1 prevention plan

During the initial stage of the H1N1 outbreak around the world, in an effort to minimize the impact of the epidemic and safeguard employees' health, Hermes-Epitek has promptly drafted the "Hermes-Epitek Disease Control & Emergency Response Plan" to plan the most appropriate and effective disease control measures for different stages of epidemic outbreaks. In addition, the company also initiated contact with all offshore branches to establish the Hermes-Epitek Disease Control Organization. The organization was responsible for the publication of disease control materials across all branches and offices to reinforce employees' awareness for disease prevention. Not only that, but the organization was entrusted to initiate disease control measures depending on the development of the epidemic. For example, installing hand cleaning stations at company entrance/elevator entrance; requesting all frontline service personnel (i.e. switchboard operators, security guards and so forth) to put on facial masks.

In addition, the company has also enforced business trip control for offshore branches situated in the epidemic areas to reduce the number of personnel leaving and entering the epidemic areas in order to minimize the risks of exposure and infection. At the same time, the company has also offered disease control packs for personnel on overseas business trips as a measure to encourage autonomous management of individual health. Hermes-Epitek has made these efforts the company is well aware of the fact that the only way to safeguard employees' health and lower the risks of business operation is to adopt a sound disease control plan and maintain proper organization operation.





Structure of the disease control plan

■ H1N1 incidence report and tracking

In addition to the formulation and preparation required by the disease control plan, Hermes-Epitek has also established a comprehensive report and management procedure for the incidence of potential infection in order to achieve effective control of relevant risks and prevent group infections at the facilities. When employees or their immediate families show symptoms that might point to H1N1 infection, they are required to report to the Health Center immediately and take various measures of autonomous health management (i.e. wearing facial masks, taking temperatures at regular intervals and so forth). On the other hand, the Health Center will assist said employee to receive medical attention immediately for screening tests and activate various disease control measures such as regional disinfection and individual dining controls and so forth. The company will also announce relevant regional disease control management information and investigate suspect patients' recent history of contact and perform body temperature tracking for those who come into contact with suspect patients to

monitor the status of employees' autonomous health management. In addition, the company would also keep track of those who had been diagnosed with H1N1 by monitoring their physical status and progress of recovery to prevent the epidemic from spreading further at the facilities.

Healthcare and management

■ Annual health check-up for employees

In light of the potential health related issues that could arise from specific models of operation adopted by equipment suppliers, Hermes-Epitek has been planning the selection of suitable annual health check-up solutions and offered the option for employees and their families to choose their own check-up items. The health check-up registration system accepts around-the-clock applications. The annual health check-ups could be done at the designated medical institutions along with the arrangement for shuttle bus services or right at the offices in the hopes of making the process more convenient and versatile for all employees. In addition, the Health Center also made an effort to disseminate relevant information and remind employees to pay attention to their own health and foster the habits of autonomous health management through website announcements, posters, individual email notifications and so forth.

The percentage of employees taking part in routine health check-ups has been steadily growing by the year and participation of employees in the company' annual health check-up has gone over 95%. As for those who missed the health check-up for various reasons (i.e. away on overseas business trips, on leave and so forth), the Health Center would keep track of employees who have not had their health check-ups and arrange make-up exams for them in order to accomplish the ultimate goal of full participation.



On premise health check-up



When drinking water, think of it source



What is Taiwan average rainfall standard compare to worldwide standard?

(Please see P.19)

■ Health data management

All measures of health management taken by Hermes-Epitek, be it prevention of occupational illnesses, health management planning, health promotion strategy formulations and so forth, have been done based on employees' health data. In order to monitor all employees' health status in an efficient manner, the Health Center has built a database to store employees' health data to incorporate data such as new employee physical check-up records, health questionnaires and routine health check-up data for management. In addition, the Health Center has also created an individual health status profile for all employees to keep track of employees' medical histories and habits of drug use in order to provide better assistance during emergencies.

Not only that, previous records of employees' health check-up data has also been converted to electronic format to enable more rapid and accurate analysis/contrast of employee's health status. The Health Center is also working with hospitals to create a symptom classification management system for qualified physicians to determine the risk groups and provide management strategies corresponding to employees' risk group levels. The Health Center would use the input from physicians as a basis to help employees seek medical attention, receive re-examinations, implement health education and tracking so as to perform trend analysis on employees' health status on a yearly basis and cross-reference the nature of employees' work and work hours to identify the cause of symptoms. When necessary, the Health Center would arrange for appropriate adjustments to employees (in risk group)'s work and implement health promotion plans. The results of employees' health check-up analysis would serve as the key basis for the following year's health management and health promotion planning in order to provide plans that would cater to the needs of employees and effectively improve their health.

■ Occupational injury/illness prevention and management

The objective of safety and health management is to effectively lower the incidence of occupational illnesses, promote and consolidate the safety and health management plan, and implement health check-ups to monitor the physiological status of employees involved in special operations in order to discover problems in advance so that improvements can be made promptly to prevent the occurrence of occupational illnesses. In light of this fact, the EHS department would review potential occupational hazards jointly with all department supervisors to accurately create a list of employees involved in special operations who should receive physical examination in conjunction with the annual health check-up for relevant monitoring, analysis and management.

For employees who have sustained occupational illnesses, the Health Center has also offered a series of health care and management procedures to provide relevant assistance for patients to receive medical treatment, follow-up care, health status tracking and recommendations for work resumption starting from the incidence of accident or discovery of symptoms during health check-ups in the hopes of delivering professional medical recommendations and assistance at the onset of illnesses. Not only that, incidence of occupational illnesses at the company would also be duly recorded and analyzed along with comprehensive review of the nature of employees' operations and their work environments for simultaneous adjustment and rectification. The incidents would be compiled into case studies and dissemination materials to inform all employees as a measure to re-educate and remind them of the importance of health management. Hopefully through education, the company would be able to improve the effectiveness of occupational illness prevention so as to reduce the likelihood of reoccurrence.

A 1/7. According to world standard, each Taiwanese can use about only 1000-ton water every year, which classify Taiwan as a country that lacks of water. There is less than 4% pure water that we can use in the world. (Source from Taiwan Water Cooperation)

■ Health promotion

Hermes-Epitek has taken an active approach to the management of employee's health in the hopes that everyone at the company will strive to improve their physical wellbeing. The company's definition of health covers employees' body, mind and spirit, and through means of health education, preventive measures and health protection, the Health Center shall endeavor to formulate the plan of health promotion for all Hermes-Epitek employees and help them to change the habits that could threaten their health and cultivate the right concepts. The Health Center shall strive to improve employees' awareness for autonomous health management and encourage employees to actively take part in various health promotional events so as to stay physically and mentally fit.

■ Health education seminar

Time	Title
2008/04	Introduction to cardiovascular diseases
2008/08	General knowledge on health examination
2009/02	Adjust yourself and fight off stress
2009/03	Metabolic syndrome
2009/03	Eating healthy
2009/11	Workshop on releasing your emotions

Schedule of health education seminars



Event poster

Time	Title
2008/11	Physician consultation
2008/11	Inoculation for influenza vaccination
2009/01	Blood donation - Hsinchu
2009/02	Physical fitness test
2009/03	Nutritionist consultation
2009/05	Three-In-One Test for female employees
2009/07	Blood donation - Tainan

Preventive care (for physical and mental health) event



Three-In-One Test for female employees



Shut down the computer when you don't use it



How much energy consumption does 1 computer and monitor cost per hour?

(Please see P.21)

07

Customer services

■ Customer site operation safety management

Since most Hermes-Epitek employees spend a significant portion of their working hours at clients' facilities, there should be little doubt on the importance of the manufacturing processes at the Customer site. Having accumulated years of experience in relevant management, Hermes-Epitek has taken an assortment of management measures and activities and these are described in the following sections:

■ Safety performance indicator

With the support of senior management, Hermes-Epitek has launched the Departmental Safety Performance Indicator in 2008. The objectives of the indicator can be summarized as: (1) to access each department's performance in terms of Customer site work safety and results of relevant management to realize internal comparison and follow-up and (2) to accomplish the mission of benchmark learning and experience sharing for all departments.

	Weighting	Indicator item
Customer site performance (relating to corporate image and personal safety)	50%	Noncompliance involving violation of client's regulation
	10%	Outstanding EHS accomplishment at Customer site
	5%	Reporting emergencies
	5%	Noncompliance at key clients
Department management and implementation (realistic anticipation of results can be made through efforts in implementation and tracking)	10%	EHS event participation rate (i.e. E-learning completion rate, participation in EHS events or courses)
	10%	Proposal of autonomous management improvement solutions/report for anomalies
	10%	Major oversight identified during office inspection
Special events		Incidents of major personal injury caused by inappropriate behavior (requiring over three days of hospitalization)

A 370Watt. If the computer is in standby mode, the energy consumption will still cost 170Watt. If you turn off the computer for 14 hours, it can decrease about 343Kg carbon dioxide emission. (Source from Bureau of Energy, Ministry of Economic Affairs)

Item	Original vendor EHS	HE EHS	Installation by original vendor	Installation leader	BU EHS
1. Calling on customer EHS Manager	★	★			
2. Calling on customer Move in relevant personnel	★	★			
3. Site Survey	★	★			
4. EHS SMBWA	★	★			
BU SMBWA			★	★	★
5. Operation safety meeting	★	★	★	★	★
6. KYM			★	★	★
7. Determine the number of personnel required			★	★	★
8. Notify subcontractors on the potential hazards involved during the installation	★	★		★	★
9. EHS Team morning briefing	★	★			
10. Requests from clients			★	★	★

★ Indicates personnel involved in the activity

■ Equipment Installation Safety Information and Guide” for clients’ new facilities

Having accumulated profound experience in the installation of equipment at new client facilities, Hermes-Epitek finished the compilation of “Equipment Installation Safety Information and Guide” in 2007 for installations to be performed at clients’ facilities. Contents include detailed descriptions on all safety activities, parties responsible for implementation, relevant notices and so forth prior to the actual installation at client’s new facilities up to the acceptance inspection period after delivery.

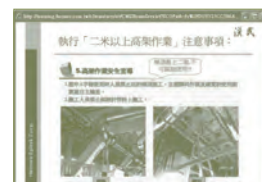
Presently, contents of this guide has been promoted to the client end to maintain zero personal accidents and reducing the incidence of noncompliance at the client end during the operation period.

■ client regulations online learning

In order to help employees who would be stationed at client end facilities to familiarize themselves with relevant client regulations

beforehand to ensure compliance while reminding them of relevant operational safety items, Hermes-Epitek has already completed five versions of online learning courses from September 2008 until now. With the system, the company could access various records such as course application, course tracking, tests and so forth through system operation.

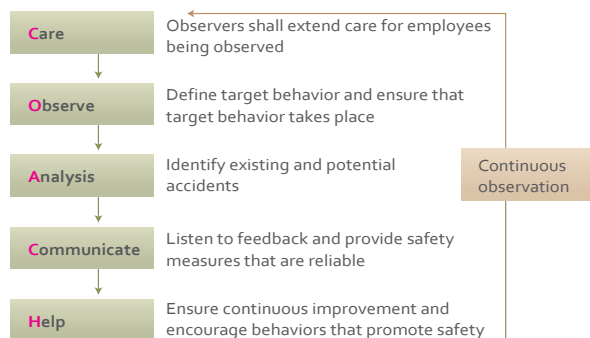
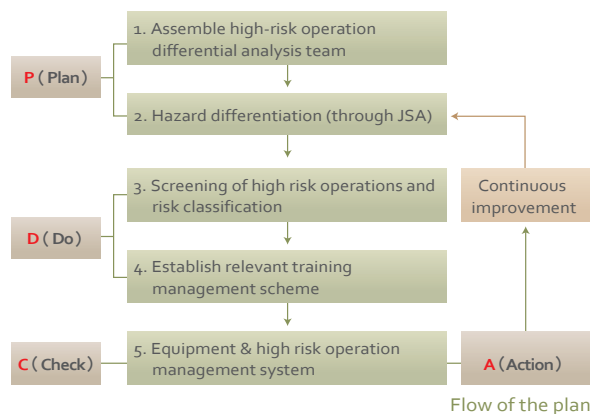
During the period, designated teaching materials from clients also expanded from 6 major clients to 11 major clients. These materials are offered in the hopes of raising employees’ awareness for safety, reducing the number of incidence of noncompliance at Customer site to ultimately enhance the company’s image.



Weighting	V1	V2	V3	V4	V5
Course started in:	2008.09	2009.01	2009.04	2009.07	2009.10
Course ended in:	2008.12	2009.04	2009.06	2009.09	2009.12
No. of clients (courses)	6	10	11	11	11
No. of participants who completed the course	285	1142	1048	1012	855

■ High risk operation management

In light of the specific nature and potential risks involved in semiconductor manufacturing and our profound understanding and appreciation of the fact that “people” are one of the most valuable assets for all corporations, the company has taken the initiative to collaborate with clients by promoting “Equipment Vendor High-Risk Operation Management” (henceforth referred to as “the plan”). The plan involves effective utilization and sharing of specific experience and technologies as an equipment supplier to jointly perform various safety management researches such as operation analysis, risk assessment and so forth together with clients. This would allow both parties to establish and implement professional training, safety

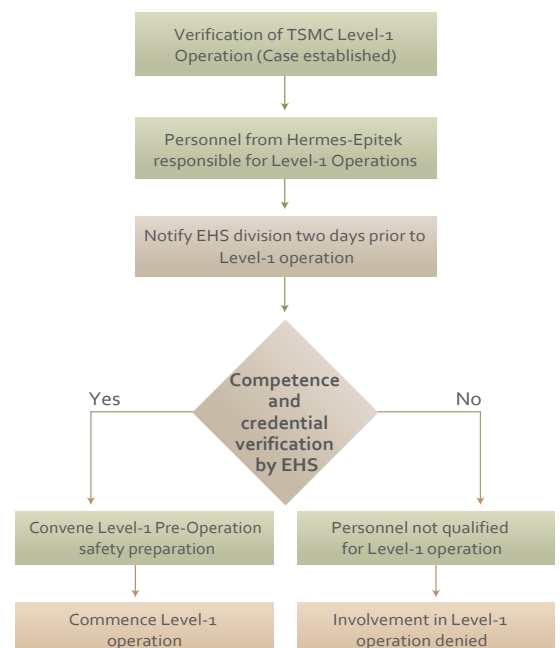


Risk ranking derived from the quantification of accident severity and likelihood for high risk operations based on SEMI-S10 Safety Guideline for Risk Assessment and Risk Evaluation Process

Risk Ranking Matrix	Likelihood					
		A. Frequently	B. Likely	C. Occasionally	D. Rarely	E. Highly unlikely
Severity	1. Extremely severe	1	1	2	3	4
	2. High	1	2	3	4	4
	3. Medium	2	3	4	4	5
	4. Low	3	4	4	5	5

1. Extremely severe 2. High 3. Medium 4. Low 5. Mild

SEMI-S10 Risk Ranking Matrix



protection, response measures and so forth to achieve a win-win situation in the area of safety management.

Through job safety analysis (JSA), the company is able to identify the actual and potential risks involved in various operations in order to establish the expertise and skills required for high-risk operations and provide professional training courses (i.e. proper operation and safety training for Piping, Fitting (Swagelok, VCR) and so forth). With hands-on training, we can ensure that trainees will acquire the skills in question (because we are well aware that any small part like a wire or valve piece could be the key that determines the safety of personnel and client assets). Employees who complete the training and receive certification from their departmental instructors would receive their high-risk operation expertise certificate; those without valid certifications will not be permitted to take part in high-risk operations.

Communication with onsite operators

■ Customer service safety committee meeting

The Customer Service Safety Committee Meeting is a monthly meeting convened by Hermes-Epitek President's Office. It is attended by all department supervisors and the EHS division is responsible for presenting



a briefing on EHS related issues on a monthly basis at the meeting, which also serves as a channel of two-way communication between the EHS division and other departments for the promotion of EHS management.

■ Customer service safety and health seminar

Starting from 2008, Hermes-Epitek has been hosting Customer Service Safety And Health Seminar with equipment vendors. The event is attended by department supervisors, onsite supervisors, department safety and health committee members and so far, the company has hosted two annual seminars.

The main objectives of the seminar include:
(1) exchange of EHS information on relevant onsite operations in order for relevant units (including those in Taiwan and Japan) to share the issues they have encountered whilst working at client's facilities and opinions and
(2) through the direct communication between EHS personnel and various department/onsite supervisors, the discussions would benefit from being more relevant to actual operations and create better results.





Drink less bottle water



How many plastic containers does Taiwan recycle every year?

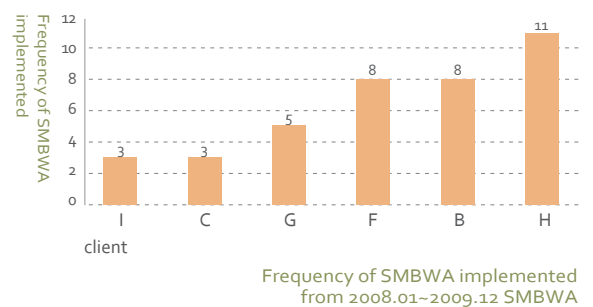
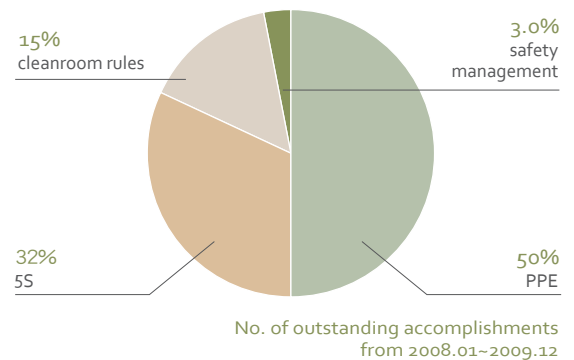
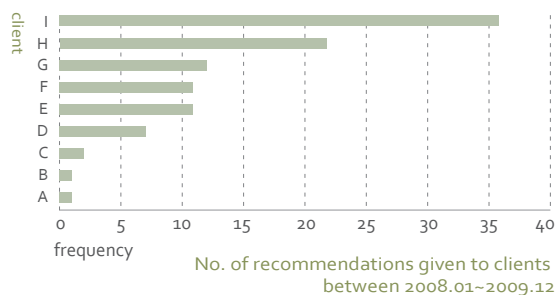
(Please see P.26)

■ Eye Contact Interview between departmental supervisors and employees

In order to ensure that all employees fully understand clients' regulations and appreciate the company's concern on noncompliance management, the EHS division has planned and implemented the "Eye Contact Interview" between departmental supervisors and employees in addition to formulating relevant training plans and estimation of anticipated results. The objective of the plan is to have department supervisors and employees engage in face to face communication and exchange in order to emphasize the company's principle of placing equal emphasis on technique and discipline so that employees have a profound understanding of the company's attention to personnel safety and noncompliance management.

■ Safety Management by Walking Around

Hermes-Epitek has continued to implement the practice of Safety Management by Walking Around (SMBWA) at its facilities in accordance to the "Equipment Installation Safety Information and Guide". This method involves the interaction between onsite inspectors and operating personnel to jointly ensure the safety of the work environment and personnel.



■ Operational safety 3D simulation course

In order to heighten operating personnel's perception of hazardous settings and eliminate the incidence of common accidents, equipment vendors have developed an "Operational Safety 3D Simulation Course" that could simulate the scenes of accidents that have occurred in the past through 3D graphic rendering. By recreating the scenes, the participating operators would be able to experience what actually took place during the accidents and learn the appropriate strategies for prevention to enhance their awareness for safety.

A 140 thousand ton. If we see one recycled plastic container as a 600cc bottle, the total amount of them equal 70 hundred billion bottles. They can fill up 4 Taipei 101 buildings and if we connect all bottles, they can circle Taiwan around 1680 times.
(Source from: Environmental Protection Administration Executive Yuan)



■ Product safety information

As an equipment supplier, Hermes-Epitek is bound by the obligations to deliver all EHS related product information to end users. In addition to notifications on equipment modification and ongoing operations, the company has also utilized other means of information delivery to keep customers informed.

■ Product safety notification

Numerous accidents in Taiwan and abroad caused by semiconductor/flat panel display equipment failures due to malfunctioning safety interlocking systems have been reported. In light of these situations, the company has issued safety notifications to all customers

and Hermes-Epitek project managers, departments and the EHS division have notified corresponding client liaisons through means of telephone, email and face-to-face conferences.

■ EHS seminar

In an effort to urge end users to appreciate the importance of EHS, Hermes-Epitek and collaborating equipment vendors hosted an EHS Seminar at Hsinchu Science Park Life Hub in May 2009. Representatives from manufacturers in Japan and domestic EHS experts were invited to the event to share their experiences in the hopes of helping end users to better understand Hermes-Epitek's concern on EHS. Not only that, the event also served as a function for the company to interact with clients to share experience and find out their needs so as to strengthen the ties of collaboration.



08

Awards and acknowledgements

For environmental protection

- Award of Outstanding Achievement for Low Carbon Emission at Hsinchu Science Park



For safety and health

- Awards and acknowledgements from clients



Time	Organization	Name of award received
2009	Chimei Innolux Corporation	Best Partner in Safety
2009	TSMC	F14 Outstanding Contractor Safety Management KPI Award
2009	TSMC	F14 Outstanding High-risk Management Performance Award
2008	TSMC	F14 Outstanding Contractor EHS Award (for Q2)
2008	TSMC	F14 Outstanding Contractor EHS Award (for Q3)
2008	Winbond Electronics Corp.	Letter of Acknowledgement from the Chairman of Taichung Science Park Equipment Vendor Initiative
2008	AU Optonics Corp.	Second place in the contractor industrial safety assessment at Taichung Science Park for third phase facilities

Awards and acknowledgements from clients